



# **Consultancy Services for Cost Analysis of the Business Licensing Reforms and Conducting Training on the Application of the Standard Cost Model**

**PROJECT ID: 130471**

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## **Cost Analysis of the Business Licensing Reforms 2012 – 2017**

### **Final Report**

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## **List of Acronyms/Abbreviations**

AHPC	Allied Health Professionals Council
AMO	Approved Maintenance Organization
AOC	Air Operator Certificate
APL	Annual Practising License
ATD	Accounting Technicians Diploma
ATO	Approved Training Organisation
BPAF	Bank Payment Advisory Form
BLRC	Business Licensing Reform Committee
CAA	Civil Aviation Authority
CDO	Cotton Development Organization
CEDP	Competitiveness and Enterprise Development Project
CH	Classification driving permits concerning heavy goods vehicles
CIS	Collective Investment Schemes
CM	Classification driving permits concerning medium goods motor vehicles and heavy tractors
CMA	Capital Markets Authority
CME	Continuing Medical Education session
CoC	Certificate of Conformity
COG	Certificate of Good Standing
COIN	City Operator Identification Number
COMESA	Common Market for Eastern and Southern Africa
CPA	Certified Public Accountants
CSP	Certification Service Provider
DDA	Dairy Development Authority
DL	Classification of driving permits concerning light omnibuses
DM	Classification of driving permits concerning medium omnibuses
DNMC	District NGO Monitoring Committee
DWRM	Directorate of Water Resources Management
EAC	East African Community
EI(S)A	Environmental Impact (Statement) Assessment
ERA	Electricity Regulatory Authority
ESA	Electronic Signatures Act
HBV	Hepatitis B Virus
HTI	Health Training Institutions
ICAO	International Civil Aviation Organization
ICO	International Coffee Organization
ICPA-U	Institute of Certified Public Accountants of Uganda
ICT	Information and Communication Technology
IFC	International Finance Corporation
IO	Information obligation
IRAU	Insurance Regulatory Authority of Uganda
KCCA	Kampala Capital City Authority
MDAs	Ministries, Departments and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
NCHE	National Council for Higher Education

NDA	National Drug Authority
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NGO	Non-Governmental Organization
NIN	National Identification Number
NIRA	National Identification and Registration Authority
NITA-U	National Information Technology Authority
NTR	Non-Tax Revenue
OECD	Organization for Economic Cooperation and Development
OSH	Occupational Safety and Health
OTC	over-the-counter
PAEB	Public Accountants Examination Board
PCT	Patent Cooperation Treaty
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public-Private Partnership
PSV	Public Service Vehicle
PVoC	Pre-Export Verification of Conformity
QAB	Quality Assurance Board
SACCO	Savings and Credit Cooperative Organisation
SADC	Southern African Development Community
SARPs	Standards and Recommended Practices
SCM	Standard Cost Model
SDC	Securities Central Depositories
SGS	Société Générale de Surveillance
S.I.	Statutory Instrument
SNMC	Sub-County NGO Monitoring Committee
TIN	Tax Identification Number
TLB	Transport Licensing Board
UCC	Uganda Communications Commission
UCDA	Uganda Coffee Development Authority
UCSCU	Uganda Cooperative Savings and Credit Union
UEPB	Uganda Export Promotion Board
UIA	Uganda Investment Authority
UICP	Uganda Investment Climate Program
UIPE	Uganda Institute of Professional Engineers
UMA	The Uganda Manufacturers Association
UNADA	Uganda National Agro-input Dealers Association
UNBS	Uganda National Bureau of Standards
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
UWA	Uganda Wildlife Authority
VAT	Value Added Tax
WTO	World Trade Organization
ZBM	Zero Baseline Measurement

## **1. Introduction**

High administrative costs are known to be one of the major barriers for growth to small and medium-sized enterprises in Uganda. At the same time, one of the key priorities of the Ugandan government is to transform Uganda into a competitive investment destination by, among others, improving the business climate for better private sector competitiveness.

Business licenses are a major factor in administrative costs incurred by businesses. Until recently, 790 different business licenses existed in Uganda. Reducing the compliance burden of business licenses is expected to have a major impact for businesses. In 2012, the Ministry of Finance, Planning and Economic Development (MFPED) through the Uganda Investment Climate Program (UICP) and with the technical assistance of the International Finance Corporation (IFC) performed a comprehensive inventory and review of all business licenses in Uganda, culminating into a two-volume Report on Uganda Business Licensing Reforms<sup>1</sup>. This included recommendations for reforms.

The goal of these reforms is firstly to reduce licensing compliance costs to businesses, secondly, to establish an electronic registry as the sole repository for all valid business licenses, and thirdly, to adopt a regulatory impact assessment approach to business licensing that should ensure that future licenses do not eradicate the efforts made by the reforms. To achieve this, full implementation of the legal and administrative reforms needs to be ensured, and all of the recommendations on business licenses have been authorized to be implemented by decision of the Cabinet in August 2013.

As a result, a series of legal and administrative business licensing reforms across government have been implemented since early 2012. However, the impact of these reforms on costs of compliance to businesses is not known. Hence, this report provides a comprehensive analysis of the implemented business licensing reforms since early 2012, and calculates the compliance costs changes of these reforms.

## **2. Methodology**

The objectives of the project are to conduct an analysis of the business licensing reforms that have been implemented since March 2012, and its effects to business compliance costs, and with that to the economy as a whole. The methodology providing the means to analyze these reforms and to calculate compliance costs, is the approach and application of the **Standard Cost Model** (SCM). The SCM both provides a highly analytical research method as well as a quantitative indicative method for the costs of administrative procedures that businesses have to incur, in order to comply with government regulations.

### ***Standard Cost Model***

The Standard Cost Model (SCM) is the OECD-adopted standard tool for calculating compliance costs of administrative procedures. As such, the Standard Cost Model is designed to measure administrative consequences for businesses and is today worldwide the most employed method to do so. The SCM has been developed to provide a simplified, consistent method for estimating the administrative costs imposed on business by the different tiers of government.

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<sup>1</sup>Reports 'On Sector Analysis of Business Licenses in Uganda', Volume I-II, as prepared by the Business Licensing Reform Committee, appointed by the Minister of Finance, Planning and Economic Development, March 2012.

Its pragmatic approach to measurement provides estimates that are consistent across policy areas.

The Standard Cost Model (SCM) method is a way of breaking down regulation into a range of manageable components that can be measured. First, compliance costs analyzed through SCM are costs arising from an obligation to produce and communicate information to public authorities (or, consumers): the Information Obligations (IO). Information Obligations result in Data Requirements, and more further detailed: Administrative Activities. The SCM does not focus on the policy objectives of each regulation. As such, the measurement focuses only on the activities that must be undertaken in order to comply with regulation and it does not deal with whether the regulation itself is reasonable or not. Calculations are usually done with the aid of standardized SCM Reporting Sheets.

*How to use it?*

Information obligations:

Information obligations (IO) are the obligations arising from regulation to provide information and data to the public sector or third parties. An IO does not always mean that information has to be transferred to the public authority or private persons, but may include a duty to have information available for inspection or supply on request. A regulation may contain many information obligations.

*Examples of IOs are:* Reports, Notification of any updates in activities or data related to the entity, entry in a register, information to third parties (e.g. labelling, financial data), etc.

Data requirements:

Each information obligation usually consists of one or more data requirements. A data requirement is each element of information that must be provided in complying with an IO.

Administrative activities:

To provide the information for each data requirement, a number of specific administrative activities must be undertaken. The SCM assesses the costs of completing each activity. Activities may be done internally or be outsourced (i.e. done externally). It may be necessary to make acquisitions to complete a specific activity and where these are only used in complying with the requirement they are included in the estimate. Examples of administrative activities: familiarization with information obligations, information retrieval, filling in forms, but also training to comply with regulations, cooperation with inspection authorities, labelling of products, etc.

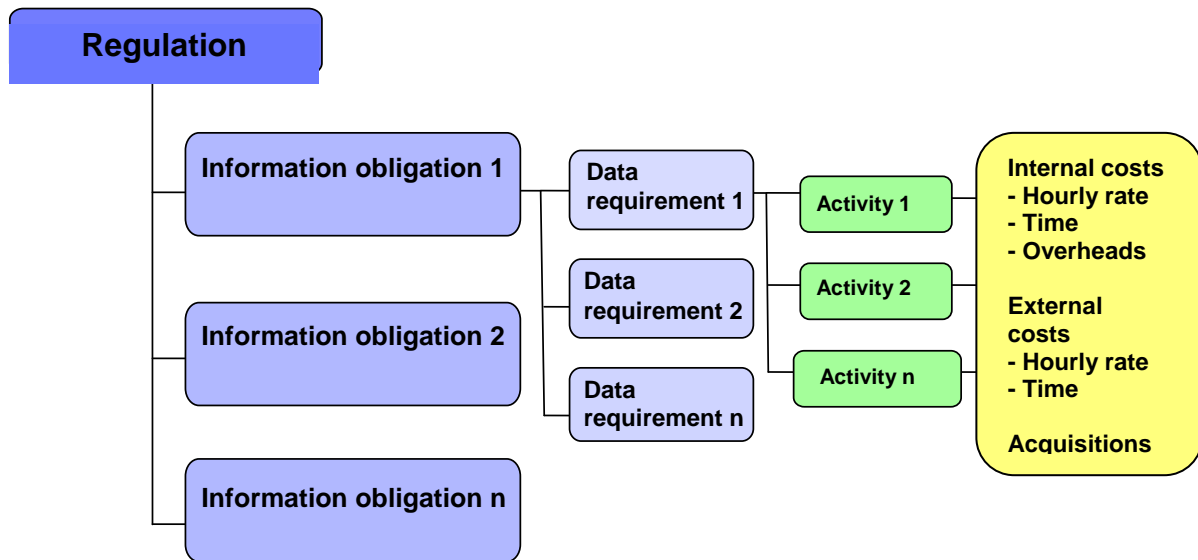
For each administrative activity a number of cost parameters needs to be collected (see also Figure 1):

- Price: Price consists of a tariff, wage costs plus overhead for administrative activities done internally or hourly cost for external service providers.
- Time: the amount of time required to complete the administrative activity.
- Frequency: that the activity must be completed each year, and
- Quantity: Quantity comprises of the size of the population of businesses affected.

**Combining these cost parameters give the basic SCM formula:**

Cost per administrative activity (or per data requirement) =  
Price x Time x Frequency x Quantity (population of the regulatory target group).

**Figure 1. Structure of the Standard Cost Model.**



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Cost per administrative activity (or per data requirement) =  
 $\text{Price} \times \text{Time} \times \text{Frequency} \times \text{Quantity (population of the regulatory target group)}$ .

Step-by-step breakdown of applying the Standard Cost Model Measurement:

Step	Action
1	Identification of Information Obligations (IOs) from the legal text
2	Break down IOs into necessary actions to fulfil the requirements.
3	Identify target group(s) or entities (i.e. enterprises – whether large or small, citizens, etc.)
4	Identify the frequency of required actions per year.
5	Identify associated cost for all parameters in each required action.
6	Calculate the cost for each required action based on the following formula:
7	Price (hourly rate, external fee) x Time (no. of hours) x Frequency of action x Quantity (Population of regulatory target entities).
8	Calculate the total administrative burden of a regulation (which is equal to the cost of all related actions).
9	Extrapolate to whole population of the affected regulatory target groups

### *Zero Baseline Measurement 2012*

The SCM in this report is used as an ex post analysis of the effects of business licensing reforms on the compliance costs, between 2012 to date. For this, the Zero Baseline Measurement of the BLRC<sup>2</sup>-reports of March 2012 is used as a basic reference, the identified reforms are applicable to. The compliance cost changes are calculated on the current situation after implementation of the reforms, and are expressed in annual costs.

In 2012, the total cost incurred by businesses in complying with licensing processes is conservatively estimated at UGX 725.73, representing 3.49% of GDP. The Report 'On Sector Analysis of Business Licenses in Uganda', prepared by The Business Licensing Reform Committee, March, 2012, Volume II contains estimated costs of compliance for every then legally operational business license in Uganda. Local government appears to be responsible for half of the business license compliance costs. Apart from Local Government, the most burdening sectors were: Agriculture, Trade (Import and Export) and Transport and Logistics.

### *One-off and recurring costs*

In carrying out a Standard Cost Model analysis a distinction is made between one-off and recurring costs. One-off costs are the costs that are only sustained once in connection with the businesses adapting to a new or amended legislation/regulation. This does not include the costs that a business may have in relation to complying with existing regulations for the first time, e.g. as a consequence of increased turnover or expansion with new areas of activity in the business. As such, only the introduction of a new or amended regulation can give rise to one-off costs. Recurring costs are the administrative costs that the businesses constantly have in complying with the information obligations from regulation. They may be costs that arise at regular intervals, such as VAT returns, or annual license renewals. They can also be costs that arise at irregular intervals for the individual business, e.g. if they are to apply for an export subsidy or submit a planning application.

### *Full or actual compliance*

To measure businesses' administrative costs by following a set of regulations, it is important to make clear assumptions about compliance. The costs of complying fully or partial compliance with a regulation may be measured. There can be many different reasons why a regulation is not implemented fully by all the businesses that are covered by it. One possibility is that the legislation is misunderstood by the businesses, while another is that the businesses consciously fail to follow parts of the provisions of the set of rules.

- *Full compliance:* A measurement of the costs that all the businesses concerned have in following the rules completely. It is thus not the actual number of businesses that observe a rule that is measured. The factor being captured is how many businesses are to follow the rule and what costs these businesses typically have (would have) in following those parts of the set of rules that they are required to.
- *Actual compliance:* A measurement of the actual costs that the businesses concerned have in following the rules. Thus, the size of the population that is calculated with, is only the number of businesses who in reality comply with the rule (even though a larger number of businesses are required to observe the rule). As a rule of thumb, and for the sake of comparability, this report follows the approach of actual compliance applied in the Zero Baseline Measurement of 2012, that in assessing the compliance costs in most cases focused on the actual number of issued licenses per year.

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<sup>2</sup> BLRC: Business Licensing Reform Committee.

### Measurement of digital solutions

For a growing number of information obligations, digital solutions or online applications are made available to the businesses whereby applicants are able to retrieve the relevant information on for example license requirements, and the application process for licenses, permits, etc. This report makes a distinction between government providing online information (one-way) - for example a form that the businesses can download from a homepage, and which subsequently has to be printed out and submitted by letter or fax, or a digital solution that the businesses are able to send in the required information via digital communication (interactive).

The effect of these digital solutions has also been measured as part of the administrative reforms, in particular through the identification of two distinct categories: government providing relevant licensing information online, and government providing online services facilitating the full online application process. The actual compliance cost measurement of such a digital solution is carried out in the same way as the measurement of the corresponding manual solution, i.e. how much time do the businesses employ on the administrative activities that are involved in complying with the information obligation(s). To assess the effect of realistically, online penetration of the business community have been estimated, and sector differentiations where applicable have been made.

### Extrapolation

With the aid of the Standard Cost Model, indications can be made on the relative weight of simplifications and improvements. For example, an administrative activity takes 3 hours to complete (*time*) and the hourly cost of the member of staff in the business completing it, is UGX 8,500 (*tariff*). The *price* is therefore  $3 \times 8,500 = \text{UGX } 25,500$ . If this requirement has to be met twice a year (*frequency*) and applies to 1,000 businesses (*population*), the *quantity* would be 2,000. Hence, the total cost of the activity would be  $25,500 \times 2,000 = \text{UGX } 51 \text{ million}$ .

There, where applicable this report has applied extrapolation through population figures obtained from the most recent business census of the Uganda Bureau of Statistics Census of Businesses Establishments 2010/2011, or Sector Profile reports from the Uganda Investment Authority. In some cases, extrapolation has been achieved by looking at the frequency only, for example in case of the number of verification inspections on weights and measures, conducted annually by the Uganda National Bureau Of Standards (UNBS).

### Data Collection

The SCM needs empirical data from the field to assess the administrative costs of administrative procedures. This is usually done either by in-depth interviews, workshops (focus group sessions) or surveys (see also Table 1). This report applies a mix of the first two data collection techniques. Based on the interviews and workshops results in terms of administrative procedures and their information obligations, their respective frequency and time consumption, with SCM it has been able to calculate business compliance costs and extrapolate to an indicative, aggregate level.

**Table 1. Collecting Data Techniques used in SCM.**

Technique	Advantages	Disadvantages
Interviews	Relatively quick information collection (depending on scope), it may be aimed at specific groups and can collect information that is inaccessible for other techniques	Limited in terms of information. Expensive, Complicated in terms of alternatives elaboration.

Focus groups/Workshops	Business focus groups may require little time and collect and compare information on costs/benefits	Information quality problem. It requires thorough preparation and good relations with all stakeholders.
Surveys	Efficient way to collect information from a large number of stakeholders. Fast data collection for targeted groups and for information otherwise unavailable. Permits through statistical means to ensure reliability. Validity, Representativeness, and Statistical significance. Flexible, because of the range of information that can be collected.	Limited in the range of information (cost data but little benefits data) Reliability can be suspect. Quality dependent on response rate. Standardization for statistical significance means general questions for all stakeholders. Costs can be high.

### *Interviews*

In obtaining information from government's side, a series of interviews have been conducted. Drawing on these interviews, the changes in administration processes conducted were analyzed and compliance costs incurred by businesses due to the business licensing reforms were calculated provisionally, in all of the 15 relevant business licensing sectors, for the period 2012-present.

The Standard Cost Model measurement is based on a high degree of involvement by a range of stakeholders who, in different ways, have detailed knowledge of the rules to which the businesses are subjected and how compliance with these rules affects businesses. The relevant government departments are an important resource in the Standard Cost Model measurement, as it is the departments that possess the detailed knowledge of the structure of the rules. It is therefore important to have involved the relevant government departments in connection with mapping the licensing procedures and the effects of the reforms, validation of the legislation, the breakdown of it, the bringing to light of populations and frequencies, as well as in connection with the identification of relevant segmentation variables. In this way, it has been ensured that the measurement's qualitative (and quantitative) results were constantly assessed and validated. In total, 19 interviews have been held with government stakeholders.

### *Workshops*

In close collaboration with the Government of Uganda the coordinates of the targeted firms have been obtained, including all necessary information to locate businesses to collect and validate the information and identify barriers to compliance and operation by businesses as far as business licenses are concerned and the effect on the recommended reforms implemented between 2012 and present. The consulted private sector representatives have been practitioners in the various businesses who, in the capacity of their daily work, have developed expert competence in relation to how their business deals with the various administrative duties. They have therefore also been able to contribute with crucial information regarding the extent of the administrative costs in the businesses.

A series five workshops were conducted: in Kampala, Mbarara, Arua, Gulu, and Mbale. In total some 120 businesses or private sector organisations participated in these sessions. The group of businesses consulted was sufficient to gain a good impression of compliance practices and impediments in both urban and rural areas.

### *Key figures*

In case the result of empirical data collection may have been insufficient, a set of key figures

on time and costs have served as substitute in specific situations. Where required, these key figures have been derived from the Zero Baseline Measurement of 2012, assumed 'universally applicable' for the domain of the project, and/or have been applied for those administrative activities of administrative procedures for specific sectors where data was lacking. They consist of for example an estimation of the time needed to conduct (recurring) administrative activities, or average hourly rates of the various actors in the relevant administrative procedures (including external parties, such as accountants, lawyers, etc.).

### 3. Analysis of Licensing Reforms

#### 3.1. Introduction

This report provides an analysis of licensing reforms that have been implemented **since the start of 2012** and have estimated the **aggregate administrative burden reduction** in UGX of these reforms (see Table 2). This compliance cost reduction has been estimated through application of the Standard Cost Model.

**Table 2. Total Compliance costs of business licenses in Uganda.**

	Total compliance costs of business licenses (in UGX), March 2012	+/-	%
March 2012 - present	725.73 billion *	?	?

\*3.49% GDP.

#### 3.2. Implemented Business Licensing Reforms

##### *Implemented Reforms*

This report expressly focuses on the actual implemented business licensing reforms by government. It is recognized that currently the Government of Uganda is engaged in many initiatives for legal reforms, indeed part of these reforms are instigated by the recommendations of the BLRC-reports of 2012. However, most of these initiatives are still in a draft stage. And even then, it is noted that once legal reform has become Act, and approved by both cabinet and parliament, this does not necessarily mean that the Act will be implemented, and come into effect, immediately.

In some cases, it may still take considerable time before an Act is actually put in practise. An example is the Building Control Act of 2013. This Act is not operational yet, in anticipation of the completion of the National Building Code that set the minimum requirements and standards.

##### *Development of the Business Licensing Regime in Uganda, 2012-2017*

The role of regulation is acknowledged as increasingly crucial in "unlocking investment" for fostering the right investment climate<sup>3</sup>. Also, regulatory reform and non-tariff barriers are increasingly seen as key to (regional) trade development (see for example: COMESA, EAC,

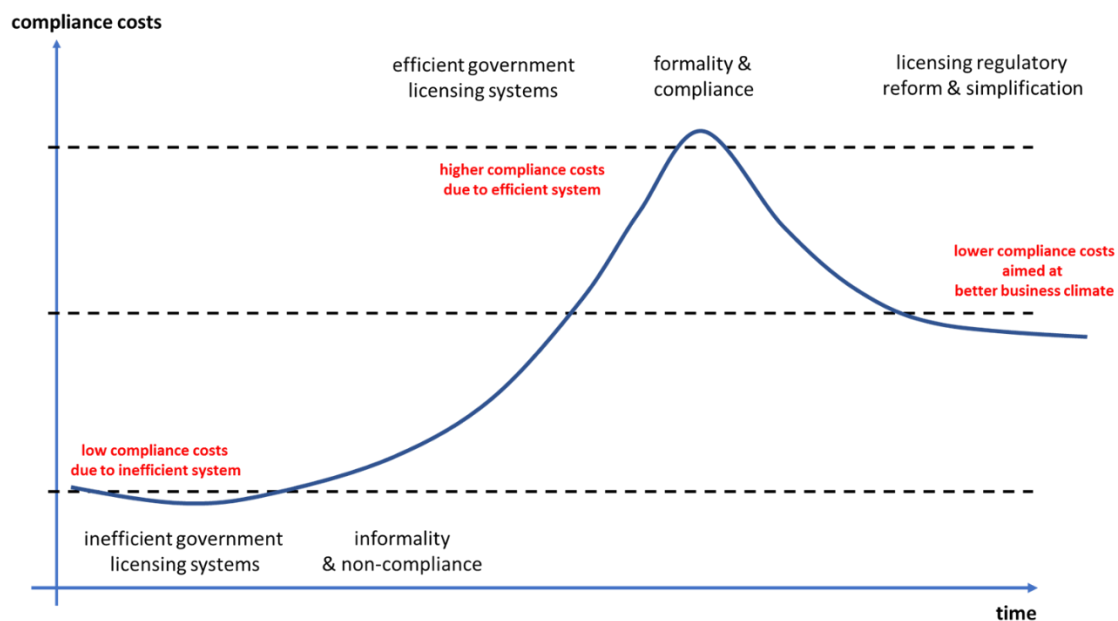
<sup>3</sup> OECD, 2015.

SADC, and the Tripartite Free Trade Area). Moreover, all the challenges of implementation that better regulators are familiar with, are key to integrated policies such as Sustainable Development Goals (see for example: Uganda Agenda 2030, Uganda Vision 2040).

Uganda aims for a better business environment and recognizes business licensing as one of the main regulatory obstacles for achieving that goal. In support of lowering the cost of doing business, government is looking at eliminating and streamlining regulation, and it takes steps to improve government services by automation, decentralization, and capacity increase. At the same time, as is the case in other countries around the world, Ugandan Government is in the process of ‘maturing’ its licensing regime. Coming from a situation where there is an inefficient government licensing system characterized by low compliance and a high rate of informality, the Government of Uganda seeks to introduce new regulation, to revise and update old regulation, and to streamline administrative processes, in order to arrive at a more efficient government licensing system.

This means that the Government of Uganda appears to be primarily focused on achieving such an efficient licensing system, than that it is interested in lowering compliance costs for businesses. Before being able to effectively take on licensing simplification, the Government of Uganda is more concerned with achieving a licensing system, that allows for efficient and transparent enforcement, higher quality of sector performance and better compliance. In concurrence with the latter goes that the Government of Uganda is still widely regarding business licenses as a necessary and welcome revenue funding source. As a further illustration, see also figure below.

**Figure 2. Compliance costs, and the development towards an efficient licensing system.**



### 3.3. Legal Reforms

Between 2012 and 2017, 116 legal reforms have been implemented in the field of business licensing (acts, regulations), and these are distributed over the different sectors as follows:

- Agriculture (4)
- Tourism, Wildlife (5)

- Trade, Commerce & Cooperatives (14)
- Transport & Logistics (18)
- Housing (3)
- Energy, Mining, Oil & Gas (11)
- Manufacturing (3)
- Financial Services (11)
- Health & Nutrition (12)
- ICT & Media (6)
- Education (2)
- Water, Sanitation & Environment (1)
- Employment, Labour & Industrial Relations (2)
- Professional Services (2)
- Local Government (3)
- Other (19)

### ***Reservations on the Implementation of Legal Reforms***

- **Reservation 1:** Legal reforms sometimes are not fully adhered to by (local) tiers of government, or government agencies as they are supposed to. For example, during the workshops with private sector it was observed that although the Cess on Produce and the Bicycle license have been repealed in the Business Licences (Miscellaneous Repeals) Act 2015, regular accounts were made that on a local level the Cess on Produce and Bicycle license fees are still in place. Also, the new Grading System of the Trade Licensing (Amendment) Act 2015, containing the introduction of lower-fee Grades III and IV, was not always yet applied by local government. There have also been accounts of municipality council and municipal division both charging trade licensing fees, for the same trade license.
- **Reservation 2:** Legal reforms often are aimed at, and result in an expanded licensing regime, rather than a leaner licensing regime. For example, licenses were introduced to cater for new professional services. Such as in the health professionals sector: new/additional licenses have been introduced for nutritionist, dietitians, optometrists, etc. Likewise, a new license for medical laboratories has been introduced. Another example comes from the financial sector. The Financial Institutions (Agent Banking) Regulations, 2017, and the Insurance (Bancassurance) Regulations, 2017 introduce new licenses for agent banking and bancassurance services. The Capital Markets Authority (Amendment) Act, 2016 introduces new licenses for fund managers, investment houses, collective investment schemes, market advisers, representatives, trustees, custodians or depositories have been introduced. Previously, the Capital Markets Authority only granted licenses to brokers, dealers and investment advisers.
- **Reservation 3:** Legal reforms often appear to expand the licensing regime towards increased revenue collection. For example, the Trade Licensing (Amendment) Act of 2015 includes the full services sector into the trade licensing regime<sup>4</sup>. Rather than this being a substitute for other licenses, it is an extra license sometimes indeed formalizing an already existing practise. For a service sub-sector like the health professionals, this for example means that these businesses need a sector-specific practising license, in some case a second license to operate in clinics of medical laboratories, and on top of that since 2015 they need to obtain the annual trading license. The trading license is required based on the

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<sup>4</sup> Some sections of the services sectors were already part of the 'old' trading license regime.

rationale of the local government providing area-, or location-based services. Hence, the height of the license fee is determined on where the business is located, together with type of business.

### **3.4. Administrative Reforms**

The main administrative reforms conducted by government institutions between 2012 and 2017 are:

- Improved **information dissemination** and **information systems**. Effect: Reduced turnaround time in license application, reduced erroneous applications. Application forms online. Online newsletters. Use of SMS, radio, etc.
- **Client Charters** are published to improve information provision to the private sector on the legal requirements of licensing and the licensing processes.
- More physical information activities: **Clinics** with hard-copy application forms. Registrar with team travelling around the country. Workshops, Info Dissemination Sessions, move with all sorts of forms disseminated (incl. Application forms).
- Also cost savings in **finding reliable business partners**. The business name searches are automatized and made online available, costs: UGX 20,000. Search business names used to go via middlemen, costs: UGX 200,000.
- Many licenses are **issued instantaneously**.
- **Online payment systems**.
- Often government has **increased capacity**: a new location, more space, more staff recruited in licensing, more capacity in quality assurance, accreditation, and inspection. At times when inadequate space was available, on a regular basis license applicants would have been sent away as they had to come back another time to proceed with the license application process. These situations now in many instances have been solved by increasing government licensing staff. For example, the National Council for Higher Education increased its licensing staff from 4 officers in 2011, to now 12, and added a quality assurance and accreditation unit.
- **Decentralization** of license-related government services: application, submission, issuing. Effect: Reduced travel time and costs, since no longer travel is required to one central point (usually, Kampala). Decentralization of registration and licensing has saved businesses a considerable amount of time and money, particularly in the license application process.
- Most of the reforms have been undertaken on a **national level**, esp. by the URSB.
- **Differentiation in license fees**: allowing for more differentiation in fees benefits the smaller lesser capital-strong companies. Example: trade licenses changed its classification from 2 to 4 different classifications.

### **Reservations on the Implementation of Administrative Reforms**

- **Reservation 1**: Most of the administrative reforms are process improvements, of which many are not yet implemented in law. This may mean that even when administrative procedures allow otherwise, law still may require an applicant to apply or pay for a license in person at a government counter. At the same time, process revisions are not always fully implemented yet. For example: the pilot programme by which the Land Information System aims to bring services closer to businesses was established, but has been installed in 6 out of 21 local offices. A dedicated e-licensing system for health professionals was still in prototype in 2017, after 2 years in development. It is expected to launch in 2018.

- **Reservation 2:** Automation of government information and/or services may not always necessarily be perceived as an improvement. There have been accounts of businesses indicating that sometimes government online services even have made the licensing application process more complicated. Websites are in English only, disregarding local languages, online services are often unreliable because of government servers being down, or - now that government services are provided online - government officials are less willing to assist businesses in person.
- **Reservation 3:** Sometimes decentralization is not always in sync with the regular, legal, regional administrative entities, this runs the risk of introducing an extra administrative layer, at times with no legal basis. For example: the regional offices of the Directorate of Education Standards Mbale, Mpigi, Mbarara and Gulu, are operational entities, however not legally established. Discretions between regional and district offices are vague, with little regional coordination, for example on the inspection regime. In this instance, lack of authority runs the risk of leaving these regional offices redundant.

### **3.5. Main Characteristics of the Legal and Administrative Reforms**

In conclusion, the main characteristics of the legal and administrative reforms are:

- Ugandan government aims to implement mechanisms to achieve a robust, credible, and reliable business licensing regime.
- Government's predominant reasons for business licensing are: improved sector performance (and continuous professional development), improved government services, and higher revenue collection.
- This mainly manifests through measures and procedures aimed at increased control, quality assurance, better enforcement, and better information provision, and better facilitation of the licensing processes through automation, decentralization and capacity increase.
- Easier application and registration is often revenue motivated.
- Improved inspection regimes aimed at increased revenue collection.
- Despite good initiatives on decentralization, there are still coordination challenges.
- Licensing fee changes mean an increase in fees.

### **3.6. Results**

There has been a 12.9% compliance cost reduction in business licensing regulation since 2012. At the same time, there has been a compliance cost increase of 20.9%. This means that overall, the business licensing reforms have resulted in a 8.0% compliance cost increase since 2012, with a total value of UGX 58.1 billion.

The administrative reforms all yielded compliance cost reductions, in particular due to automation of licensing processes, decentralization, and increase of capacity of government licensing personnel.

The effects of the legal reforms show a mixed picture, and have resulted both in reduction, and increase in compliance cost. The reduction has been caused by elimination of licenses, such as the Cess on Produce, the Bicycle license, the Fishing license, Angling license, the repeal of the Mining licenses fees, and the introduction of two lower fee-grades as part of the Trade Licensing fee structure, aimed at better accommodating poorer businesses.

Yet, many business licensing regulations implemented in the period 2012-2017 also have resulted in considerable compliance cost increases. The three main reasons for compliance

cost increases are the introduction of new licenses - because of lack of regulation or to capture new (sub-)sector players, expanded regulations via more extensive licensing requirements, and licensing fee increases as is the case in many instances of reform.

Ultimately, the business licensing reforms as implemented between 2012 to date have resulted in an overall increase of compliance costs with 8.0% (see Table 3).

**Table 3. Total Compliance costs of business licenses reforms in Uganda, 2012-2017.**

Type of Reforms	Compliance Cost Reduction	Compliance Cost Increase	+/-
Legal Reforms	64,125,496,795	151,523,110,228	87,397,613,433
Administrative Reforms	29,276,663,182	0	-29,276,663,182
<b>Total</b>	<b>93,402,159,977</b>	<b>151,523,110,228</b>	<b>58,120,950,250</b>
<b>Percentage of total compliance costs 2012, UGX 725.73 billion</b>	<b>-12.9%</b>	<b>20.9%</b>	<b>8.0%</b>

### 3.6.1. Which Sector Achieved Compliance Cost Reduction since 2012?

The sectors Agriculture, Housing, Education and Sports, and Local Government achieved *per saldo* business licensing compliance cost reductions in their implemented reforms between 2012 and 2017. The other 12 identified sectors (including 'Other' which comprises of PPP/PPDA regulation, NGOs, and Pool Betting and Gaming), all experienced a compliance cost increase. The sectors Trade, Commerce & Cooperatives, Water, Sanitation & Environment, and Transport & Logistics show the highest overall compliance costs increase of respectively UGX 48.97 billion, UGX 26.4 billion and UGX 11.2 billion (see Table 4).

Of course, not a whole lot of conclusions may be drawn from this. Many Bills, and regulations are currently still in draft, and/or Acts are still in the final approval process. Also, once an Act is introduced, it often requires further regulation to become effective, for example this is the case with the Building Control Act of 2013, that still requires completion of the National Building Code to become ready for implementation.

**Table 4. Compliance Costs Reduction and Increases of business licenses reforms in Uganda, 2012-2017, per sector.**

Sector	Compliance Cost Reduction (in million UGX)	Compliance Cost Increase (in million UGX)	+/-
1. Agriculture	585	97	-488
2. Tourism & Wild Life	0.28	270.68	270.40
3. Trade, Commerce & Cooperatives	15,326	64,298	48,972
4. Transport & Logistics	231	11,426	11,195
5. Housing	204	7	-197

6. Energy, Mining, Oil & Gas	955	6,159	5,204
7. Manufacturing	0	2.74	2.74
8. Financial Services	688	4,380	3,692
9. Health & Nutrition	597	4,511	3,914
10. ICT & Media	395	4,956	4,561
11. Education and Sports	1,338	0	-1,338
12. Water, Sanitation & Environment	28	26,449	26,421
13. Employment, Labour & Industrial Relations	278	0	-278
14. Professional Services	10	62	52
15. Local Government	72,684	28,425	-44,261
16. Other	79	478	399
<b>Totals</b>	<b>93,402,159,977</b>	<b>151,523,110,228</b>	<b>58,120,950,250</b>

### 3.6.2. Compliance Cost Reduction

Table 5 shows the sector breakdown of the annual compliance cost reductions achieved between 2012 to date. Local Government appears to have achieved the highest share of the total compliance cost reduction (79%), through a series of both legal and administrative reforms. Legal reforms resulting in substantial, if not huge, compliance cost reductions are the elimination of the Cess on Produce (36.1 billion per year), the Bicycle license (UGX 6.1 billion per year), and the Fishing license (UGX 4.1 billion per year), as part of the Local Governments (Amendment of Fifth Schedule) Instrument, 2014. The elimination of these three levies/licensing fees, totals UGX 46.3 billion, per year. Also, the introduction of two new low-cost Grades to the Trade License (Grade II & IV) has resulted in compliance cost reductions of an UGX 9.74 billion per year. In addition, administrative reforms in the trade licensing process, mainly through automation and decentralization, has yielded an estimated UGX 1.93 billion per year. Other administrative reforms in Local Government have resulted in compliance cost reductions of in total UGX 14.7 billion.

Legal reforms of the Companies (General) Regulations, 2016, the Companies (Powers of the Registrar) Regulations, 2016, the Companies (Single Member) Regulations, 2016, and the Partnership Regulations, 2016 have yielded a substantial compliance cost reduction in the Trade, Commerce & Cooperatives sector, totaling UGX 6.8 billion. Improved administrative processes in this sector, in particular those achieved by URSB, have been responsible for UGX 8.5 billion compliance cost reduction. With this result, the Trade, Commerce & Cooperatives sector is responsible for 16.4% of the total compliance costs reduction.

Through decentralization, capacity increase and automation, the Ministry of Education and Sports has achieved UGX 1.17 billion compliance cost reduction. And, the repeal of the Mining license fees under the Finance Act 2013 and the Finance Act 2014, and as repealed by the Finance Act 2016, has been largely responsible for the substantial compliance cost reduction of UGX 955 million in the Energy, Mining, Oil & Gas sector:

**Table 5. Compliance Costs Reduction of business licenses reforms in Uganda, 2012-2017, per sector.**

Sector	Compliance Cost Reduction	% Total Compliance Cost Reduction
1. Agriculture	585,541,560	0.63%
2. Tourism & Wild Life	279,649	0.00%
3. Trade, Commerce & Cooperatives	15,326,243,597	16.41%
4. Transport & Logistics	230,933,640	0.25%
5. Housing	204,073,338	0.22%
6. Energy, Mining, Oil & Gas	955,487,753	1.02%
7. Manufacturing	0	0.00%
8. Financial Services	687,983,715	0.74%
9. Health & Nutrition	597,246,426	0.64%
10. ICT & Media	394,732,800	0.42%
11. Education	1,337,818,986	1.43%
12. Water, Sanitation & Environment	28,330,769	0.03%
13. Employment, Labour & Industrial Relations	278,742,188	0.30%
14. Professional Services	9,749,850	0.01%
15. Local Government	72,685,796,831	77.82%
16. Other	79,198,875	0.08%
<b>Totals</b>	<b>93,402,159,977</b>	<b>100.00%</b>

### 3.6.3. Compliance Cost Increase

Notwithstanding considerable compliance cost reductions, the Trade, Commerce & Cooperatives sector has also experienced a huge compliance cost increase caused by the following Regulations: the Weights and Measures (Testing and Stamping Fees) Rules, 2017; the Stamps (Amendment) Act, 2016 - most fees doubled from UGX 5,000 to UGX 10,000; and the Uganda National Bureau of Standards (Import Inspection and Clearance) Regulations, 2015 - introduction of an import Clearance Certificate (or, PVoC Certificate<sup>5</sup>). These Regulations account for UGX 7.94 billion, UGX 14.82 billion, and UGX 41 billion respectively, of the compliance cost increase.

In the Transport sector, the mandatory Motor Vehicle Inspection introduced by the Traffic and Road Safety (Motor Vehicle Inspection) Regulations, 2016 accounts for UGX 880 million compliance cost increase. The Finance Act 2015 amends the fees of operator's license vehicles and vessels, resulting in a compliance cost increase of UGX 145 million. And in spite of the simplified application process for a Driving Permit introduced in 2016, resulting in an estimated UGX 100 million compliance cost reduction, the changed fee structure for Driving Permits is responsible for a compliance cost increase of no less than UGX 6.4 billion.

<sup>5</sup> PVoC: Pre-Export Verification of Conformity.

Furthermore, compliance costs have increased due to the Traffic and Road Safety (Driving Tests and Special Provisions for Drivers of Public Service Vehicles and Goods Vehicles) Regulations, 2012 and the Traffic and Road Safety (Vehicle Registration, Licensing and Third-Party Insurance) (Amendment) Regulations, 2012, with respectively UGX 2.4 billion and UGX 1.7 billion.

The Trade Licensing (Amendment) Act implies that all service-related sectors (in addition to the goods sectors) are to be captured in the trade licensing regime of Local Governments. This means an immediate compliance cost increase of UGX 28.42 billion.

The Water (General Rates) Regulations, 2017 represent a full review of the water usage, and sewerage fees, resulting in a substantial across the board increase of compliance costs. The total compliance cost increase is huge, estimated at UGX 26.45 billion.

The discovery of petroleum in the country, in 2006, has created excellent opportunities that required an updated, and expanded regulatory framework. This has resulted in two new Acts that were introduced in 2013. A series of regulations in 2016 followed, to implement and operationalize these laws. These new regulations has caused considerable higher compliance costs in the Energy, Mining, Oil & Gas sector of UGX 5.9 billion. Also, the revised electricity fees have caused a compliance cost increase, of nearly UGX 300 million.

Commencing the Financial Year 2016/17, in the ICT & Media sector, all providers of Information Technology (IT) services and products are required to be certified by the National Information Technology Authority (NITA-U). This requirement applies to all Companies that are registered in Uganda and Ugandan Nationals or permanent residents. Furthermore, all partners, sub-contractors (or, otherwise) of foreign ICT Services and Products providers shall have to be certified. In the slipstream hereof, the introduction of mandatory authentication of information technology training through the National Information Technology Authority Uganda (Authentication of Information Technology Training) Regulations, 2016 comprises of substantial compliance cost increases.

In 2014, the National Drug Authority doubled their license fees for pharmacies, and drug stores. Also, the site inspection costs and the costs for ascertaining suitability of premises have been doubled. These fee amendments have been responsible for half of the compliance cost increase in the Health & Nutrition sector. The other half consists of the mandatory Public Health Vaccination of Health Workers against Hepatitis B, introduced in 2014.

In the Financial Sector, apart from new licenses for fund managers, investment houses, collective investment schemes, market advisers, representatives, trustees, custodians or depositories under the Capital Markets Authority (Amendment) Act, 2016, the introduction of the SACCO license in the Tier 4 Microfinance Institutions and Money Lenders Act, 2016 represents the main compliance cost factor with UGX 4.2 billion. See Table 6.

**Table 6. Compliance Costs Increase of business licenses reforms in Uganda, 2012-2017, per sector.**

Sector	Compliance Cost Increase	% Total Compliance Cost Increase
1. Agriculture	96,752,750	0.06%
2. Tourism & Wild Life	270,688,000	0.18%

3. Trade, Commerce & Cooperatives	64,298,268,650	42.43%
4. Transport & Logistics	1,1426,214,500	7.54%
5. Housing	6,821,340	0.00%
6. Energy, Mining, Oil & Gas	6,159,778,288	4.07%
7. Manufacturing	2,741,050	0.00%
8. Financial Services	4,380,020,600	2.89%
9. Health & Nutrition	4,511,488,000	2.98%
10. ICT & Media	4,955,868,800	3.27%
11. Education	0	0.00%
12. Water, Sanitation & Environment	26,450,000,000	17.46%
13. Employment, Labour & Industrial Relations	0	0.00%
14. Professional Services	61,827,500	0.04%
15. Local Government	28,424,550,000	18.76%
16. Other	478,090,750	0.32%
<b>Totals</b>	<b>151,523,110,228</b>	<b>100.00%</b>

## 4. Compliance Cost Analysis of the Business Licensing Reforms 2012-2017

### 4.1. Introduction

#### *Assumptions made*

The following assumptions have been made in the Cost Compliance calculations:

- The legal and administrative reforms identified in this report have been fully implemented. This means for legal reforms that the listed acts and regulations have been approved and implemented in all relevant governmental organizations: ministries, departments and agencies, as well as local government entities.
- The specific regulatory target groups have full access to, and knowledge of legal and administrative reforms that affects them.
- Unless specifically and explicitly stated otherwise, or other proof has been found during the consultations, the number of annually issued licenses per (sub)sector has assumed to be the same as in the baseline measurement of 2012. New licenses of course will be captured, as the number of these annually issued licenses will be estimated accordingly.
- Unless specifically, explicitly and legally based found elsewhere, license fees have assumed to be the same as the baseline measurement of 2012.
- Administrative Reforms that affect business' compliance costs may divided into the following main categories:
  1. **Online license application information**, resulting in an estimated 15% compliance cost reduction, for the share of the regulatory target group who has online access;
  2. **Online facilitation of the licensing process**, with license application forms, online payment facility and online issuing of licenses resulting in an estimated 90% compliance cost reduction for the share of the regulatory target group who has online access;
  3. **Capacity increase in government licensing services**, resulting in an estimated 25% compliance cost reduction for the whole of the regulatory target group.
  4. **Decentralization of government licensing services**, resulting in an estimated 80% compliance cost reduction for the share of the regulatory target group that has no online access.
- It is estimated that 25% of the business have access to the internet. However, based on private sector feedback, on average currently **only a maximum of 5% will actually use the internet in the licensing process**<sup>6</sup>. Moreover, apart from the prerequisite of having online access and knowledge on how to use a computer, the online processes are helpful for only those who are literate in the English language.
- Any relevant business licensing Regulation found in the period 2012-date is considered to be a reform. This also assumed the case, when the regulations deal with Statutory Instruments (S.I.'s) that effectuate or materialize an Act dated from before 2012. After all, these are the first manifestations of the intended regulatory change stemming from such

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<sup>6</sup> Exceptions were made for the following sub-sectors, dental & health, the regulatory target group of the National Drug Authority licenses, PPDA service providers (online penetration estimated at 25%), the financial sector (online penetration estimated at 50%), and the regulatory target group of the Uganda Communications Commission (UCC) (estimated online penetration 80%). Also, it is assumed that the online penetration with regard to online use of business licensing services in Kampala is higher than the country's average of 5%; it is estimated at 15%.

an Act, and may also mean a reform against the version of the Act (if existent) before the Act the S.I. is referring to, or corresponding with.

### **Structure of Reporting**

Per sector, the following elements are reported:

- Stated Legal Reform: title and analysis of the reform.
- Change in Compliance Costs due to the Legal Reform.
- Administrative reforms: either by government institution, regulation, or administrative activity.
- Change in Compliance Costs due to the Administrative Reforms.

## **4.2. Agriculture**

### **4.2.1. Legal Reforms**

- **The Plant Protection and Health Act, 2015.**

**Reform: Plant Import Control.** A person who holds an import permit issued under this section to import the item or items in quantities, shall only do so upon such conditions and for such a period as may be stated in the permit. Any plant or plant products, culture or beneficial organism imported under a prescribed permit issued under this section shall be held, grown and maintained in strict compliance with the conditions stated in the prescribed permit, and shall be made available to the Inspector for examination at all reasonable times. The Minister may, by statutory instrument, prescribe procedures, fees and other matters pertaining to the application of grant of an import permit and phytosanitary certificate for the plant or plant products, harmful organisms, beneficial organisms, soil, living cultures of genetically modified organisms, any fungus, bacterium, or any other microorganism or any other materials or substances specified under this Act.

*Phytosanitary Certificate.* The Plant Protection and Health Act, 2015 includes the introduction of the requirement of a phytosanitary certificate, issued to protect plant health and regulate the exports from Uganda. A person intending to export a consignment of plants or plant products to another country which requires such plants or plant materials to be accompanied by a phytosanitary certificate on importation shall submit the consignment for examination by an Inspector. If the inspector is satisfied that the requirements for the issuance of a phytosanitary certificate have been met, he or she shall recommend for the issuance of phytosanitary certificate.

#### **Change in Compliance Costs due to the Legal Reform**

The Plant Import Permit and the Phytosanitary Certificate were not captured in the Zero Baseline Measurement of 2012.

*Plant Import Permit.* This permit is issued to regulate the import of plants and agricultural commodities into the country. The law applicable is the Plant Protection and Health Act, 2015. The processing time is commodity specific, the minimum being 15 minutes and the maximum 72 hours. The license fee is UGX 5,000 and the same upon renewal. The application should contain information on the consignor, consignee and the quantity of the consignment, the entry port and country of origin of the consignment. The permit is valid for 6 months. **The**

**estimated compliance cost is: UGX 3,103,500<sup>7</sup>.**

*Phytosanitary Certificate.* The processing time ranges from 10 minutes to 1 hour of filling the application form. The fee for the certificate is UGX 5,000. The duration is commodity specific (e.g. 3 days to 120 days for vanilla). The application should contain full address of the exporter, the details on the consignee, the country of destination, the port of entry (which airport or seaport), the treatment applied to the export and the commodity scientific name and labels. **The estimated compliance cost is UGX 2,901,750<sup>8</sup>.**

- **The Plant Variety Protection Act, 2014.**

**Reform:** An Act to provide for the promotion of development of new plant varieties and their protection as a means of enhancing breeders' innovations and rewards through granting of plant breeders' rights and for other related matters. This Act makes provision with respect to protection of plant varieties and plant breeders' rights, the improvement of plant varieties, the promotion of fair and equal sharing of benefits arising from the use of plant varieties, knowledge and technologies, and related matters. It applies to: a) plant varieties under both in situ and ex situ conditions; b) derivatives of the plant varieties; c) plant breeders; and d) export of seeds of plant varieties. A breeder of a new plant variety may make an application to the office. The Registrar shall receive an application filled in respect of breeder's rights on being satisfied that: the application is in the prescribed form, the prescribed application fees (yet to be determined in value, in follow-up regulations) have been paid, and the national variety testing and evaluating requirements prescribed in the regulations made under this Act have been complied with.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Business Licenses (Miscellaneous Repeals) Act, 2015.**

**Reform:** Fish Act Section 11 (2) and (3): the angling license requirement is repealed. The Hides and Skins (Export Duty) Act Cap. 339 Sections 3 and 4, concerning requirements for export, are repealed. Section 3 states that hide and skins only may be transported via rail from Kampala and Mbale railway stations or through a hides and skins exporting center appointed under section 7<sup>9</sup> of the Hide and Skin Trade Act, whereas Section 4 stated that a monthly furnishing to the regional commissioner of customs and excise, Kampala, is required, within thirty days of the close of the last preceding month a return in the form and manner specified by the commissioner showing the total weight, number, kind and destination of all hides, skins and game hides exported.

***Change in Compliance Costs due to the Legal Reform***

The repeal of Section 11 (2) and (3) of the Fish Act, concerning the Angling License yield an annual compliance cost reduction of **UGX 7.4 million<sup>10</sup>.**

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<sup>7</sup> An average of 5 hours \* 8,495 (hourly rate) + 5,000 (license fee) \* 2 (twice a year) \* 30 (number of issued licenses to importers) = UGX 3,103,500.

<sup>8</sup> An a average 0,5 hours \* 8,495 (hourly rate) + 5,000 (license fee) \* 10 (10 times a year) \* 30 (number of issued licenses to importers) = UGX 2,901,750.

<sup>9</sup> Section 7 of the Hide and Skins Act: Restrictions on export of hides and skins. The commissioner, by statutory instrument, may appoint places in Uganda to be known as hides and skins exporting centers, and after the exporting centers have been so appointed, no exporter shall export any hides or skins except through a hides and skins exporting center or through a place specified under section 3 of the Hides and Skins (Export Duty) Act.

<sup>10</sup> Compliance costs for the Angling license, as calculated in the Zero Baseline Measurement, 2012.

The Hides and Skins (Export Duty) Act Cap. 339: Sections 3 and 4, concerning requirements for export, are repealed. There were no compliance costs identified with these particular sections, hence no compliance cost alteration is associated with this reform.

- **Finance Act 2013.**

**Reform:** Amendment of license fees for: Cattle Trader's license, Cattle Exporter's license, Hide and Skin Buyer's license and a Hide and Skin Export Buyer's license.

***Change in Compliance Costs due to the Legal Reform***

License fees amendments:

- Cattle Trader's license, was: UGX 1,500<sup>11</sup>, amendment Finance Act 2013: UGX 100,000.
- Cattle Exporter's license, was: UGX 40,000<sup>12</sup>, amendment Finance Act 2013: UGX 100,000.
- Hide and Skin Buyer's license, was: UGX 2,000<sup>13</sup>, amendment Finance Act 2013: UGX 100,000.
- Hide and Skin Export Buyer's license, was: UGX 40,000<sup>14</sup>, amendment Finance Act 2013: UGX 100,000.

Based on the numbers of licenses issued annually as reported in the Zero Baseline Measurement of 2012<sup>15</sup>, **the total compliance cost increase of these license fee amendments is UGX 91 million per year.**

#### ***4.2.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses**, within the Ministry of Agriculture Animal Industry and Fisheries:

- **Animal Resources subsector:** *Online license application information.* Licenses under this department are issued instantly as long as the applicant has the necessary documents. There has been establishment of a single window of inspection of imports under Trademark East Africa. Under the same system (asycuda system) imports can be checked and verified online, information can also be readily retrieved online. There has been recruitment of 13 inspectors at all ports of entry including Port Bell Luzira.
- **Crop Protection Department:** *Decentralization of government licensing services.* The licensing process has been made easy by delegating District Agricultural officials to do the inspection and the clients just go to Entebbe for licensing. And at some point, inspection can be done at the farm for clients who have established rapport with the Ministry officials. The department established a working relationship with Trade Mark East Africa which has helped to establish a programme that will enable the process of online application. Clearing goods can be done by mobile phones.

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<sup>11</sup> The Finance Act 2013 includes an amendment to the Cattle Traders Act, Cap. 43 of 1943. Statutory Instrument (S.I.) 43-2 of the Act concerns with the license fees. The Schedule of this S.I. states that the license fee for a Cattle Traders License is UGX 20, and the fee for an export license is UGX 1,000. Updated and more realistic license fees, are included in the Livestock Sector Profile, of the Uganda Investment Authority 2009. The license fees stated in this Sector Profile have been used as a basis to calculate the license fee changes.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> Number of Cattle Trader's licenses issued: 500, Cattle Exporter's licenses issued: 500, Hide and Skin Buyer's licenses issued: 60, Hide and Skin Exporter's licenses issued: 100, see Zero Baseline Measurement, 2012.

- **Fisheries Directorate of the Ministry of Agriculture Animal Industry and Fisheries:** *Capacity increase in government licensing services.* The Directorate has been elevated with three departments- Aquaculture, Fisheries resource management and development and Fisheries regulation control and quality assurance. This has shortened the licensing process for businesses.
- **Dairy Development Authority:** *Online catering for the licensing process.* Have a functional website with licensing information and application forms/procedures and clients can make online applications at option, where business used to be required to physically visit a government office to obtain application forms.
- *Decentralization of government licensing services.* The Authority has offices established at border posts – Malaba, and Entebbe, south western- Mbarara, Eastern region – Soroti, Midwestern –Hoima, Masindi, Kyankwanzi, Kiboga, Mubende and West-Nile, with the border post of the Northern Region yet to be opened.
- **Uganda Coffee Development Authority:** *Online catering for the licensing process.* Have automated the procedures for the issuance of certifications, issuance of quality certificates, ICO certificate of origin and yet to automate laboratory services this is being done with support from Chemiphers. Timelines for the license application were reduced from 2 weeks to 4 days or even hours. It has decentralized offices both at regional and sub-regional level eastern region we have Mbale (Kapchorwa, Iganga, Jinja and Kamuli), South western Bushenyi (Ntungamo and Kanungu), northern Uganda Gulu, and western Mityana, then sub-regional offices in Arua, Zombo, Lira, Apach.
- **Cotton Development Organisation:** *Online catering for the licensing process.* Licensing information is available online. For all applicable licenses payment is done online through money transfer. Registration/licensing is done by designated desk officers. Instant online registration through own website. Fully furnished office with adequate staffing. This used to be not fully furnished, causing delays. The CDO has marketing offices in Kasese, Lira, Masindi, then Kampala. However, all the main stakeholders are based in Kampala which means that decentralization of services remains of limited effect.

Overall, considering the whole of the agricultural sector, license processes are still centralized. This means no noticeable change for businesses with regard to licensing compliance costs compared to the situation in 2012. For example: the Uganda National Agro-input Dealers Association (UNADA) indicates that the process for obtaining an operational license for Agro-input issued by the Ministry of Agriculture, is still centralized, and an applicant still has to travel to Kampala. Moreover, the processes are still manual, with few personnel. In cases government services of agricultural (sub)sectors are decentralized in regional offices, often the District Agricultural Office(r) is not empowered to inspect, and issue licenses.

#### ***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Agricultural sector here above, the **reduction in compliance costs** due to administrative reforms in the Agricultural sector is estimated on a **total of UGX 578 million**, and is distributed as follows:

- Animal Resources subsector: UGX 3,942,211.
- Crop Protection Department: UGX 171,412,110.
- Fisheries Directorate: UGX 301,360,125.
- Dairy Development Authority: UGX 21,025,125.
- Uganda Coffee Development Authority: UGX 78,939,788.
- Cotton Development Organisation: UGX 1,462,202.

### 4.3. Tourism & Wild Life

#### 4.3.1. Legal Reforms

- **Uganda Tourism (Registration and Licensing of Tourist Accommodation) Regulations, S.I. No. 68 of 2014.**

**Reform: Certificate of Registration.** An application for registration of a tourist accommodation in any one or more of the classes shall be accompanied by: a) a document containing specification and particulars setting out the location of the land on which the tourist accommodation to be registered is situated, b) a certificate of occupancy, c) an approval of a chief fire officer, d) an environmental impact assessment report, e) provisions to be made for fire prevention, f) a certified copy of the certificate of incorporation of the company or corporation, g) a statement setting out the services to be rendered and other facilities to be provided to guests, h) an application fee, i) a certified copy of a permit to conduct the business of the class of tourist accommodation, j) any other information or documents which the Board may require. The fee for application for registration and issue of a certificate of registration is UGX 200,000.

**Application for a license.** The Tourism License Board shall issue a license to only a tourist accommodation that has been registered and the owner is in possession of a certificate of registration issued under this Regulation. An application for a license shall be made to the Board and shall be accompanied by: a) a certificate of registration, b) a license fee. The license is valid for one year, calculated from the date of issue. The fees for application for a license and issue of license is UGX 100,000.

#### **Change in Compliance Costs due to the Legal Reform**

**Tour facility License.** This license under the Uganda Tourism Act 2008 is required to operate any accommodation or other designated tourist facility is provided for in section 13 of the Act. The application process for a license is stated in section 15 and an appeal process in case a person is aggrieved by the decision of the board is provided in section 17 of the Act. The estimated cost for a business to comply with this regulation is UGX 593,637 and it takes an estimate of 57 hours of administrative activities. The total compliance cost per year for an estimated 30 businesses established is UGX 17.8 million. The applicant pays upon presentation of the application the Board a fee prescribed by the Board, however the value of the fee is not stated in the Act. Hence, the license fees were not included in the baseline measurement of 2012.

The fee for application for registration and issue of a certificate of registration is UGX 200,000, and the fee for application for a license and issue of license of UGX 100,000, is introduced in these regulations. With no other alterations in the Act affecting compliance costs due this legal reform than these license fee changes, this reform entails a compliance cost increase of UGX 300,000 per license. These license costs were not existent in the calculations of the Tour Facility License. Hence, we must assume that these license fees are extra costs, although not to the full extent. We also must assume that in the situation until introduction of these regulations a license fee was required by the Board. We assume here that this was an average license fee of UGX 150,000<sup>16</sup>. With no other alterations in the Act affecting compliance costs, this means a compliance cost increase of UGX 150,000 per license.

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<sup>16</sup> based on the Zero Baseline Measurement, 2012: for the Tour Facility license the estimated license fee + transport = UGX 224,268.

Based on 30 licenses issued per year<sup>17</sup>, the effect of this increase in license fees is estimated at a **UGX 4,500,000 compliance costs increase**.

- **Uganda Tourism (Tourist Accommodation and Restaurant Establishment) Regulations, S.I. No. 48 of 2014.**

**Reform:** The management of a tourist accommodation shall keep a register in the tourist accommodation premises which shall be available at all reasonable times for inspections by a lawful agent or a law enforcement officer and this register shall include: a) the name and address of the tourist, b) the room number in which the tourist is booked, c) the country of origin of the tourist, d) the purpose of the visit of the tourist, and e) the date of arrival and departure of the tourist from the tourist accommodation.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Uganda Tourism (Tour Guides) Regulations, S.I. No. 49 of 2014.**

**Reform:** License of Tour Guide. The Tourism Licensing Board holds a register with Tour Guides, consisting of persons who to the satisfaction of the Board as passed an appropriate examination organized by the Board to act as a tour guide, or possesses a tour guide qualification equivalent to the qualifications approved by the Board. A person registered under this Regulation shall be issued with a license. The Board shall issue an identification document to a licensed tour guide. The license application should contain the proof of requirements mentioned above. The license is valid for one year.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Uganda Tourism (Tour Package) Regulations, S.I. No. 57 of 2014.**

**Reform:** Guidelines for Health and Safety of tourist activities. A tourist service provider shall have health deliverance guidelines and shall train his or her staff in health deliverance activities upon recruitment. The health deliverance guidelines shall be approved by the Tourism Licensing Board. Also, requirements for advertising are included, such as the destination, the approval of the accommodation, and its classification, the meal plan, itinerary, and general travel information (passport, health formalities).

***Change in Compliance Costs due to the Legal Reform***

There was no tour package regulation listed in the BLRC-report of 2012. The nature of the Reforms does not result in compliance costs alterations.

- **Uganda Tourism (Classification of Accommodation Facilities and Restaurants) Regulations, S.I. No. 82 of 2014.**

**Reform:** Introduction of a Tourism establishment grading system. The Uganda Tourism Board issues a certificate of classification and a plaque to the classified establishment after the communication of results of the classification exercise. The certificate of classification and the plaque shall entitle the establishment to represent and market itself in line with the star rating awarded. The establishment shall meet the cost for the issuance of the certificate of classification and the plaque.

***Change in Compliance Costs due to the Legal Reform***

In 2012, the Uganda Tourism sector did not have a grading system. It was introduced with these 2014 regulations. Participation in the grading system is mandatory, as Section 3(1)

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<sup>17</sup> see: Zero Baseline Measurement, 2012.

indicates: the Board shall carry out detailed inspection of an accommodation facility or restaurant for the purpose of classification. Any graded tourism establishment has new compliance costs to incur, mainly through the costs for the issuance of the certificate, and the plaque with the star-rating.

Currently, approximately 1,300 accommodation establishments are registered in Uganda<sup>18</sup>. The compliance costs of this regulation per business is estimated at UGX 130,000. In total this means a one-off compliance cost of UGX 266,188,000. With 30 licenses issued each year, this means an additional annual **compliance cost increase of UGX 3,900,000**.

#### **4.3.2. Administrative Reforms**

##### **Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Online license application information.** Uganda Tourism Board has a functional website with licensing information. It has officers designated to handle licensing. The Board has online client feedback channels.
- **Other.** In 2011, the Uganda Wildlife Authority redesigned its website. However, information on the licenses is still not online available. In March 2016, the Wildlife Smart card was introduced such that tourists or tour operators do not go to the parks with cash. Payments are made at the bank and the receipt received is used to load cash onto the smart card. This has no effect on license compliance costs for businesses. In all, no significant changes on the License application process is identified, the license process is still mainly manual at the moment, despite activities to move licensing information online.

##### **Change in Compliance Costs due to the Administrative Reforms**

Based on the characteristics described sector here above, the **reduction in compliance costs** due to administrative reforms in the Tourism sector is estimated on a **total of UGX 279,649**.

#### **4.4. Trade, Commerce & Cooperatives**

##### **4.4.1. Legal Reforms**

- **The Weights and Measures (Testing and Stamping Fees) Rules, 2017.**

**Reform:** Revised Weights and Measures (Testing and Stamping Fees) Rules: testing of weighing and measuring equipment, stamping of weighing and measuring equipment, adjusting, balancing and related matters, pattern evaluation and approval of weighing and measuring equipment, and transport. These Rules revoke the Weights and Measures (Testing and Stamping) Fees Rules of 2005 and the Weights and Measures (Testing and Stamping) Fees (Amendment) Rules, 2007.

##### **Change in Compliance Costs due to the Legal Reform**

This regulation was not included in the baseline measurement of 2012. In 2015, the UNBS conducted 793,636 weights and measures instruments verifications countrywide<sup>19</sup>. The average increase of the listed fees in the Weights and Measures (Testing and Stamping Fees) Rules of 2017, compared to the former regulations of 2005/2007, is defensively estimated at UGX 10,000<sup>20</sup>. This results in an annual **compliance cost increase of UGX 7.93 billion**.

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<sup>18</sup> Tourism Sector Profile, Uganda Investment Authority / Fortune of Africa - Uganda, 2016.

<sup>19</sup> see: annual report UNBS 2015-2016, p.3.

<sup>20</sup> The amount of UGX 10,000 is a strongly defensive estimate, meaning that in reality the actual increase in compliance cost may even be considerably higher.

- **The Companies (General) Regulations, 2016.**

**Reform:** Regulations on the process of Registration and Incorporation of Companies, with the basic process: submission of registration form, type or nature of company to be registered, submission of memorandum and articles of association, certificate of incorporation.

***Change in Compliance Costs due to the Legal Reform***

This regulation was not included in the baseline measurement of 2012. Until 2016, the average company registration was UGX 300,000<sup>21</sup>, with these regulations one only pays the statutory fees of UGX 50,000. **This means a compliance cost reduction of UGX 3.5 billion annually.**

- **The Companies (Powers of the Registrar) Regulations, 2016.**

**Reform:** Regulations on the Registrations of Documents Relating to the Company, Applications to the Registrar, Investigation of Companies, and Petition & Procedure and Practise of Matters before the Registrar, via Service of Applications and Petitions, Summons and Hearings before the Registrar. The major aspect of these Regulations is detailing procedural aspects where a registrar is given specific powers under the Act. For example, the Companies Act 2012 gives the registrar powers to hear certain applications/petitions, which was not the case with the old Act. In the old Act, the matters were handled by the courts. Giving the registrar powers to hear a matter means reducing time spent on dispute resolution, thus time saved for businesses. It also gives the Registrar powers to remove certain documents from the register, a process which previously required a business to go to court.

***Change in Compliance Costs due to the Legal Reform***

This regulation was not included in the baseline measurement of 2012. With an estimated savings of 5 hours per registration, this regulation yields a **compliance cost reduction of an estimated UGX 467 million.**

- **The Companies (Single Member) Regulations, 2016.**

**Reform:** These Regulations apply to a company incorporated as a Single Member Company. Section 4 of the Companies Act 2012 provides that any one or two persons may for lawful purposes form a company by subscribing their names to the memorandum of association or registering the company as provided under the Companies Act. These Companies (Single Member) Regulations, 2016 provide the procedure for their registration. Registration is put into effect by submitting the relevant registration form to the registrar. The first requirement is in respect to the name of the company. Apart from the usual requirements that a company name should not be undesirable or misleading, the law also makes it mandatory for every single member company to add the initials “SMC LTD” or the words “Single Member Company Limited” at the end of its name.

The law also provides standard form articles of association of a single member company in the form set out in the First Schedule to the Companies (Single Member) Regulations, which may be adopted by the company with or without modifications. Articles of association contain the internal regulations of the company and provides for matters like; shares and share capital, increase of share capital, transfer and transmission of shares, meetings, directors, secretary, dividends and reserves, accounts, audits, indemnity, the use of the company seal and notices among others.

Additional registration documents include the statutory declaration of compliance by the director or advocate engaged in the formation of the company, statement of nominal share

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<sup>21</sup> minus transport, see Zero Baseline Measurement, 2012.

capital and the particulars of directors including the particulars of a nominee director and alternate nominee and secretary of the company. Upon registration of a company as single member company, it is issued a certificate of registration in its name with the initials “SMC LTD” or the words “Single Member Company Limited” at the end of its name.

***Change in Compliance Costs due to the Legal Reform***

This regulation was not included in the baseline measurement of 2012. Now, that a single person can register as a company, and not is obliged to seek at least one business partner to register the company, this regulation yields in an estimated saving of 25 hours per registration.

**The estimated compliance cost reduction of this regulation is UGX 2.34 billion.**

- **The Partnership Regulations, 2016.**

**Reform:** These Partnership Regulations, 2016 provide the procedure for registration: Registration of Partnership Deed, Disclosure of minor partner in documents, Repudiation of partnership by minor, Notice of death of partner, and Notice of variation of terms of partnership.

***Change in Compliance Costs due to the Legal Reform***

This regulation was not included in the baseline measurement of 2012. The simplification in Partnership Regulations means a 5-hour reduction in time spent on the registration procedure. **This regulation yields a compliance cost reduction of an estimated UGX 467 million.**

- **The Stamps (Amendment) Act, 2016.**

**Reform:** An Act to amend the Stamp Duty Act, 2014, to vary the duty chargeable on certain instruments under the Act. The Stamp Duty Act 2014 is amended in Schedule 2, through increase of rates, of: substituting for the *Stamp Duty* of UGX 5,000 wherever it appears, UGX 10,000; in item 31, *Exchange of Property*, of the total value by substituting for the Stamp Duty rate of 1% a rate of 2%; in item 62, *Transfer* – of the total value, by substituting for the Stamp Duty rate of 1% a rate of 1.5%; and, in item 64 by substituting of the word “provision” for the word “instrument”.

***Change in Compliance Costs due to the Legal Reform***

This regulation was not included in the baseline measurement of 2012. In the Schedule 2 of the Stamp Duty Act 2014, the predominantly stamp duty fee per item is UGX 5,000, unchanged from the Stamps (Amendment) Act of 2002. The Stamps (Amendment) Act of 2016 replaces these for UGX 10,000. This means a doubling of fees. Same goes for 1% to 2%, *Exchange of Property*, whereas the stamp duty rate for transfers increases from 1 to 1.5%.

Ultimately, *grosso modo*, this means that the calculated compliance costs of Stamp Duties compared to the situation of the UGX 14.8 billion of 2012 with the implementation of this regulation now has doubled. **This means a compliance cost increase of UGX 14.8 billion.**

- **The Uganda National Bureau of Standards (Import Inspection & Clearance) Regulations, 2015 + Administrative Directives on Implementation of the Uganda National Bureau of Standards (Import Inspection & Clearance) Regulations, 2015.**

**Reform:** In 2012 the Uganda National Bureau of Standards (UNBS) resumed its Pre-Export Verification of Conformity to Standards (PVoC) programme. According to the programme, first introduced in 2010, all the goods subject to it, have to be accompanied by Certificate of Conformity (CoC). UNBS officers at border points will verify certificates for integrity. No destination inspection is envisaged. Subject to Pre-export Verification of Conformity to Standards (PVoC) are products covered under mandatory standards. These products are: toys,

electrical and electronics, automotive products and inputs, chemical products, mechanical materials and gas appliances, textiles, leather, plastics and rubber, furniture, paper and stationary, protective safety equipment, food and food products, and used products including used motor vehicles.

*Application for an Import Clearance Certificate.* Upon arrival of the goods or motor vehicles at the port of entry or clearance station, the importer of goods or used motor vehicle shall apply to the Bureau for an Import Clearance Certificate. The application for an import clearance certificate shall be made electronically on the UNBS ePortal ([www.eportal.unbs.go.ug](http://www.eportal.unbs.go.ug)) or on prescribed forms and shall be accompanied with a Certificate of Conformity or a Certificate of Roadworthiness together with the relevant Customs documents (Customs entry, Bill of lading, etc.). Upon receipt of an application, a UNBS authorized officer shall verify the documents; to ensure that the application is duly filled and accompanied by all the necessary attachments). The authorized officer shall verify that the goods/motor vehicle match(es) with the declaration in the application and/or in the Certificate of Conformity/Certificate of Roadworthiness before issuing import clearance. Goods/motor vehicles that do not match with the Certificate of Conformity or certificate of Road Worthiness shall be subjected to destination inspection & deemed to have not undergone PVoC.

*No Release of Goods without Issuance of certificate.* A UNBS authorized officer shall not release goods/Motor vehicles from a point of entry, other than to a bonded warehouse or under UNBS seal, unless the importer of the goods has been issued with an import clearance certificate.

*Procedure.* Bureau Veritas has been appointed by UNBS for the implementation of the programme and for the issuance of the required certificate Bureau Veritas verifies, in the region of export and prior to shipment, the conformity of the goods to Ugandan and/or international standards. The verification consists of several steps such as verification of existing certificates and test reports, inspection of goods prior shipment, testing/analysis when necessary, registration and licensing. Upon satisfactory verification, certificate is issued and provided to Importer/Exporter. The procedure entails:

1. Request for verification. the Exporter/Importer lodges a request for verification with Bureau Veritas. This request should include: a) the list and designation of goods intended to be exported, name and address of the importer and exporter (pro forma invoice,...), b) conformity documents (usually provided by the exporter) that may be available for the goods, intended to be exported, such as: Third party certificate / Test reports / Reports of analysis, according to safety/hygiene standards, c) information related to the location and provisional date of availability of goods to carry out the physical inspection of goods before shipment. (Filling up of the Request for Certificate Form).

2. Routes to compliance. To facilitate trade and to adjust intervention according to the risk, the PVoC programme offers 3 different routes to demonstrate compliance:

- Route A: applicable to any goods and any trader.
- Route B: for frequent traders of homogeneous goods that have been registered by Bureau Veritas.
- Route C: for manufacturer who had their goods licensed for Uganda.

*Inspection Fees under the PVoC:*

1. General Goods

- Route A (Unregistered products): 0.500% of FOB value, subject to a minimum of USD 220 Maximum of USD 2,375.

- Route B (registered products): 0.45% of FOB value, subject to a minimum of USD 220 and maximum of USD 2,375. On top of this Registration fee (route B): Could be USD 350 for up to 15 products, with the following activities subject to additional fees:
    - Sampling and testing: to be quoted on a case by case basis;
    - Containers sealing: to be quoted on a case by case basis;
    - Licensing: to be quoted on a case by case basis.
  - Route C (Licensed products): 0.25% of FOB value, subject to a minimum of USD 220 and maximum of USD 2,375
2. Used Motor Vehicles (These are country specific) Japan - USD 140; Singapore - USD 180; UK - GBP 125; South Africa - Rand 685; UAE - USD 125; Other countries and destination - USD 140.

NB: Shipment under USD 2,000 'Free-on-Board' value is not subject to PVoC programme (such shipments are inspected by UNBS at arrival).

#### ***Change in Compliance Costs due to the Legal Reform***

The Uganda National Bureau of Standards (Import Inspection & Clearance) Regulations, 2015 and the accompanying Administrative Directives on Implementation of the Uganda, 2015 introduce the application for an Import Clearance Certificate (PVoC Certificate). Such a certification was not yet in place in 2012. With an average between USD 220 and USD 2,375 certification fee<sup>22</sup>, and an estimated 10,000 companies affected<sup>23</sup>, and an average of 10 hours invested per certificate, **the introduction of the Import Clearance Certificate (PVoC Certificate) means a business compliance cost increase of UGX 40.93 billion.**

#### **• The Registration of Persons Act, 2015.**

**Reform:** The purpose of this Act is: a) to remove duplication from the processes and laws relating to registration of persons; b) to harmonize and consolidate the law on registration of persons; c) to establish a central registration body for the registration of all persons in Uganda; d) to establish a national identification register of all persons in Uganda; and e) to provide for access and use of the information contained in the national identification register.

This Act introduces the application for a National Identification Number (NIN), and a National Identification Card. Information required at registration: a) Name and date of birth; b) Information relating to citizenship and details of such citizenship; c) Information relating to—  
(i) place of birth; (ii) details of parents; (iii) clan; (iv) descendants; (v) tribe; (vi) ethnicity; (vii) sex; (viii) marital status; (ix) details of spouse where applicable; (x) education and profession; (xi) occupation; (xii) address; (xiii) tax identification numbers; d) Passport number, where applicable; e) Personal biometric information including fingerprint or any other biometric information prescribed by the Minister; f) Any other information as may be required by the Authority from time to time.

The information in the register shall be used for: a) issuing national identification cards and alien's identification cards; b) issuing passports; c) immigration and passport control; d) national security purposes; e) statistical purposes; f) monitoring money laundering and human trafficking; g) taxation purposes; h) law enforcement; i) public administration; j) providing social services, including social security services, health, education and welfare benefits; k) facilitating the provision of information to a person entitled to receive the information; or l) any other purpose as may be determined by the Minister.

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<sup>22</sup> see: CMA-CGM, Uganda Regulations.

<sup>23</sup> based on 90,884 inspections conducted by UNBS, annually + 9,883 samples tested, annually. See UNBS annual report 2015-2016.

From 2015 onwards, apart from a TIN and a business registration, a National Identification Number is mandatory in the trade licensing process. The National Identification Card is valid for 10 years. The NIN and the National Identification Card are free, however changes or other alterations are being charged, with an average cost of UGX 50,000. The application for a NIN and a National Identification Cards takes an hour, it requires the filling out of two forms.

***Change in Compliance Costs due to the Legal Reform***

With the National Identification Number free of charge and valid for 10 years, the compliance costs of **the introduction of the National Identification Number** with a business community of UGX 460,000<sup>24</sup> **is estimated on a compliance cost increase for businesses of: UGX 368 million**, annually. These costs are solely attributed to the time and effort incurred to obtain a NIN and the National Identification Card.

- **The Registration of Persons Act (Commencement of Part V and VI) Instrument, 2015.**

**Reform:** Registration of Persons (Fees) Instrument. Fees regarding the Registration of Persons.

***Change in Compliance Costs due to the Legal Reform***

See compliance costs for the Registration of Persons Act, 2015. Included in these regulations is a Schedule of fees which stipulates the fees for change of information, error in information, renewal, loss or damage of the National Identification Card. For these, a fee is charged of UGX 50,000.

- **The Stamp Duty Act, 2014.**

**Reform:** An Act to consolidate and amend the law relating to stamp duty and to provide for related matters. Determination of the Proper Stamps, via Certificate by the Uganda Revenue Authority.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Free Zones Act, 2014.**

**Reform:** The opportunity to create free zones in Uganda is provided for under the Free Zones Act of 2014, which also created the Uganda Free Zones Authority (UFZA). A free zone is a geographic area where raw materials and goods may be landed, handled, manufactured or reconfigured for export without being subjected to export and import duties.

The Free Zones Act 2014 provides for the application process of a Free Zone Developer's License, Operators/Manager's License, Goods and Activities Permits in the Free Zone, Application for Removal of Goods and Activities from the Free Zone, and issuance of Customs Supervision and Control Certificates. The first Free Zone Developer's License was issued in January 2017.

***Change in Compliance Costs due to the Legal Reform***

**The compliance cost of the Developer's license is calculated at UGX 193 million**, with an average license fee of USD 5,250 (UGX 19 million), 28.5 hours of time spent<sup>25</sup> and an average of 10 issued licenses per year. With an average license fee of USD 1,250 (UGX 4,525,000), **the annual compliance cost of the Operators/Manager's License is UGX 48 million**.

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<sup>24</sup> based on the most recent business census of the Uganda Bureau of Statistics Census of Businesses Establishments 2010/2011, December 2011, p.29.

<sup>25</sup> based on for example the 'Warehouse keeper license' under 'Trade', of the Zero Baseline Measurement of 2012.

- **The Geographical Indications Act, 2013.**

**Reform:** The Geographical Indications Act, 2013 provides for protection and registration of Geographical Indications. Among other, it also provides for the duration of protection of geographical indications, for the appointment of a registrar, and for remedies for infringement or prohibited use of geographical indications. An application for registration of a geographical indication is filed with the registrar. There is need to fast track the implementation of the Geographical Indications law to avoid trademarking by other products, which can prevent genuine products marketing with an original name

Further regulations shall be made to implement this Act. There shall be fees paid in respect of applications, registration and other matters under this Act, such fees will be prescribed by statutory instrument. URSB currently prepares regulations that will assist in the implementation of the Geographical Indications Act 2013.

***Change in Compliance Costs due to the Legal Reform***

In anticipation of further regulations that give effect to implementation of this Act, the nature of these Reforms does not result in compliance costs alterations.

- **Companies Act 2012, Act 1 of 2012.**

**Reform:** *Registration of a Single member company.* Since 2012 when company law in Uganda was reformed and a new legislation, this Companies Act 2012 put in place, several changes were introduced in relation to company formation and management. One of the landmark changes was the introduction of a single member company. Unlike before 2012 where every company had to be constituted of at least two members, a single person, be it individual (natural person) or corporate (artificial entity) may register a company as sole member and shareholder.

*Registration of Memorandum and Articles of Association.* The company must also submit its memorandum and articles of association. The memorandum of association is the key document of the company that spells out its activities/the purpose for which the company is formed as well as its share capital and liability. The form of: a) a single member company, b) the memorandum of association of a company limited by shares; c) the memorandum and articles of association of a company limited by guarantee and not having a share capital; and d) the memorandum and articles of association of an unlimited company having a share capital, shall be respectively in accordance with the forms set out in Tables B, C, D and E in the Third Schedule to this Act or as near to them as circumstances permit.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations. See Companies (Single Member) Regulations 2016.

- **Business Licenses (Miscellaneous Repeals) Act 2015. Companies Act 2012, Section 22(2).**

**Reform:** From the Companies Act 2012, Section 22 'Conclusiveness of certificate of incorporation', sub-section 2 is repealed. Sub-section 2 entails the requirement to obtain a statutory declaration from an advocate in the formation of a company: 'A statutory declaration by an advocate engaged in the formation of the company or by a person named in the articles as a director or secretary of the company, of compliance with all or any of the requirements referred to in subsection (1) shall be produced to the registrar and the registrar may accept the declaration as sufficient evidence of compliance.'

***Change in Compliance Costs due to the Legal Reform***

With a fee of UGX 15,000 per statutory declaration<sup>26</sup>, **the compliance cost reduction of this amendment of the Companies Act 2012**, as included in the Business Licenses (Miscellaneous Repeals) Act 2015, **is estimated on a UGX 75 million a year.**

- **Permit to use the Uganda Standard (US) Certification Mark: Standard Mark certificate Regulation 3.**

**Reform:** Concerning the application for a Permit to use the Uganda Standard (US) Certification Mark. Abolishment of the requirement for the permit holder to maintain a complete and up-to-date record of a 'system of control, including inspection and testing, for the purpose of establishing, to the satisfaction of the Bureau, that such system of control is being consistently maintained. Every such record shall be made available for inspection by an assessor on demand and the permit holder shall, at the request of the assessor, permit the removal of such record to the premises of the Bureau for closer scrutiny'.

***Change in Compliance Costs due to the Legal Reform***

With 784 companies under the UNBS Product Certification Scheme (1 November 2017) and 4 hours time spent, **the abolishment of the register-keeping requirement concerning the Permit to use the US Certification Mark results in a UGX 29,305,920 compliance cost reduction.**

- **Trademark Regulations Statutory Instrument No. 58 of 2012.**

**Reform:** These Regulations revoke the Trademarks Rules S.I 217-1 and the Trademarks Fees (Amendment) Rules 2005.

*Application for registration of trademark.* An application to the registrar for the registration of a trademark shall be signed by the applicant or his or her agent. The application for registration of a trademark shall be made in Form TM 2 (Second Schedule). The fees to be paid in relation to trademarks shall be the fees specified in the First Schedule to these Regulations. The forms contained in the Second Schedule to these Regulations shall be used in all cases to which they are applicable, but may be modified or amended to the extent necessary in the circumstances of a particular case.

*Register of agents.* An application, request or notice which is required or permitted may be signed, made or given by or through an agent. The registrar shall keep a register of trademark agents in Uganda.

*Classification of goods and services.* For the purposes of trade mark registration and the registration of trademark users made under the Act, goods and services are classified in accordance with the Third Schedule to these Regulations.

*Application for registration of defensive trademark.* An application for the registration of a defensive trademark under section 44 of the Act shall be made, addressed and sent to the registrar in Form TM 31, and shall be accompanied by a statement of case setting out particulars of the facts on which the applicant relies in support of the application, verified by a statutory declaration made by the applicant or some other person approved for the purpose by the registrar.

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<sup>26</sup> see: Advocates (Remuneration & Taxation of Costs) Rules, 2000 on fees for Affidavits (UGX 15,000) + the Statutory Declarations Act, Art. 8., which states that the fee for statutory declarations must be the same as the fees for affidavits.

*Application for registration of certification mark.* An application for the registration of a certification mark under section 13 of the Act shall be made to the registrar in Form TM 5, in and shall be accompanied by two duplicates of the application in copies of Form TM 5, and by six additional representations of the trademark in Form TM 3. The applicant shall send to the registrar with the application or when required by the registrar, a case setting out the grounds on which the applicant relies in support of the application together with draft regulations for governing the use of the mark and Form TM 33, all being duplicate.

*Certificate of registration.* Upon the registration of a trademark, the registrar shall issue to the applicant a certificate of registration and shall affix to the certificate a copy of the mark, which may be a representation of the mark supplied by the applicant under regulation 18 (3).

*Application for entry of permitted user.* An application to the registrar for the registration under section 49 of the Act of a person as a permitted user of a registered trademark shall be made by that person and the registered proprietor in Form TM 48.

#### **Change in Compliance Costs due to the Legal Reform**

The nature of the Reforms does not result in compliance costs alterations<sup>27</sup>.

- **Enforcement of Compulsory Standard Specifications Regulations, 2017/2018.**

**Reform:** The Uganda National Bureau of Standards (UNBS) plans to implement the UNBS Enforcement of Compulsory Standard Specifications Regulations in the 2017/2018 financial year. These regulations are in line with the UNBS mandate and will declare a distinctive mark, in accordance with Section 18 of the UNBS Act (Cap 327), to be affixed on all products whose standards have been declared compulsory. These standards specify requirements for commodities/products necessary to protect the safety, health and life of citizens, plants, animals and the environment plus prevent deceptive practices during trade.

Under the regulations, the Quality Mark, popularly known as the Q-mark, shall be declared as a distinctive mark and shall be affixed on *all imported and locally manufactured products whose standards* have been declared compulsory prior to sale on the Ugandan market or distribution in Uganda or abroad.

An importer or manufacturer who intends to bring into the country or manufacture a commodity covered by a compulsory standard specification in Uganda shall apply to the bureau to be registered and authorized to use the Q-mark. Upon application, UNBS and/or its service providers shall undertake conformity assessment of the products and processes (where applicable) to verify compliance to the applicable standards' requirements. If the products comply, a permit to use the Q-mark shall be issued (for local manufacturers) or the number of Q-mark/Import-Standardization mark stickers equivalent to the number of pieces of the products (for importers) shall be issued.

Under the current UNBS conformity assessment activities, UNBS implements the Uganda National Bureau of Standards (Certification) Regulations, 1995. where the Uganda Standards Certification Mark (Q-mark) scheme has always been voluntary, and the Standards Mark (S mark) registration scheme has always been mandatory for local manufacturers. These new regulations will 'level the playing field' in the market as both locally manufactured and imported products will bear the Q-mark as a distinctive mark upon compliance to applicable compulsory standards requirements.

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<sup>27</sup> Comparison has been made between Trademark Regulations Statutory Instrument No. 58 of 2012 and the Trademarks Fees (Amendment) Rules of 2005, and no change in fee structure was found.

**NB:** Implementation of these Regulations are due any time during the drafting of this report, and because of its expected high implications on compliance costs, this report takes note - however refrains from including projections on compliance cost implications.

#### **Change in Compliance Costs due to the Legal Reform**

The nature of the Reforms has not resulted in compliance costs alterations as of yet.

#### **4.4.2. Administrative Reforms**

##### **Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Weights and Measures:** Decentralization efforts of the UNBS has appeared to be mainly applied to enforcing the standards for weights and measures. The UNBS Legal Metrology Department enforces the Weights and Measures Act Cap 103 with related amendments and subsidiary legislations. The Department has five regional offices that are responsible for the verification of instruments used in trade throughout the country. The offices are situated in Kampala, Jinja, Mbarara, Mbale and Lira. In addition to these five regional offices, the Prepackage Control division ensures that the labelling and quantity of the prepackaged goods conform to the Sale and Labelling of goods regulation and the Volume and Flow division ensures the verification of fuel road tankers, depot meters, dip sticks, fuel dispensers and pressure gauges.
- **Registration of companies:** Reported are substantial improvements on reduction of the registration application processing time, through automation and decentralization. The introduction of regional URSB-offices and other service centers in Kampala (Posta Branch, Uganda Investment Authority Branch, and in Nakivubo Mews - Sekaziga House) has made big difference in making it easier to register a company/business name. On average, it takes 48 hours to have one's company fully registered. The increased quality of service has also largely caused the elimination of middlemen. URSB-payments can now be done at any bank, thus providing convenience to clients as opposed to the past when payment was restricted to one bank. In the year 2016/2017, 19,404<sup>28</sup> companies were registered.
- **Single membership registration:** The amendment of the Companies Act, 2012 to provide for the incorporation of single member companies, has made it easy to register a business because one does not have to take time to find suitable business partners, one can register alone.
- **Registration of Business names:** In 2016/2017 over 30,500 business<sup>29</sup> names have been registered. Business name searches have been automated and made online available. This has yielded cost savings of not only registering business names but also finding reliable business partners. On average the business name search is now costing: 20,000 UGX. Business names searches used to go via middlemen, with an estimated average cost of 200,000 UGX per search. Like with the registration of companies, also decentralization of URSB-services has made a substantial difference in compliance cost reduction.
- **Uganda National Bureau of Standards (UNBS):** Applicants can download forms from the website. This has made the application process easier through the elimination of middlemen. However, the UNBS is not decentralized and yet it is a key player in the production sector. Also, UNBS lacks inspection capacity.
- **Immigration:** the presence of a regional passport offices in the country has reduced the cost of obtaining a passport through the elimination of middlemen and reduced travel costs.

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<sup>28</sup> see: URSB Annual Report 2016/2017.

<sup>29</sup> *Ibid.*

- **Export promotions board:** The Board has developed an export process manual for new applicants and a handbook for small and medium sized exporters. With both online and hard copy. Further correspondences can be exchange on line with border point officers and international partners. Application forms are online therefore applications can be submitted online and then just present payment receipt. Certificates of origin are obtained step by step and issued instantly. Dissemination of information has been done through holding sensitization workshops and through the media. The Board is working in partnership with the Private Sector Foundation Uganda, Ministries of Trade, Commerce and Co-operatives, Agriculture, Animal Industry and Fisheries, and, Energy and Mineral Development.
- **The Uganda Warehouse Receipt System Authority:** has a functional website with licensing information, and it has embarked on sensitization of services offered by the Authority.

#### ***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Trade, Industry & Cooperation sector here above, the **reduction in compliance costs** due to administrative reforms in the Trade, Industry & Cooperation sector is estimated on a **total of UGX 8.5 billion**, and is distributed as follows:

- Weights and Measures: UGX 42,613,200.
- Registration of Companies<sup>30</sup>: UGX 1,523,421,900.
- Single Membership Registration: UGX 85,226,400.
- Registration of Business names: UGX 6,466,000,000<sup>31</sup>.
- Uganda National Bureau of Standards (UNBS): UGX 143,429,580.
- Immigration: UGX 182,400,000.
- Export promotions board: UGX 14,297,850.
- The Uganda Warehouse Receipt System Authority: UGX 998,747.

### **4.5. Transport & Logistics**

#### **4.5.1. Legal Reforms**

##### **1. Civil Aviation.**

- **The Civil Aviation (Security) Regulations, 2017.**

**Reform:** The Civil Aviation Authority (CAA) is a corporate body responsible for the regulation of Civil Aviation in Uganda. It manages Entebbe International Airport and 13 other aerodromes upcountry. CAA carries out its work in conformity with the International Civil Aviation Organization (ICAO) Standards and Recommended Practices (SARPs). Application for approval of Security Programme. 1) The applicant shall, where a security programme is required to be approved by the authority under regulations 13, 14, 15, 16 and 17 of these Regulations: a) submit the programme to the authority, ensuring that the programme meets the requirements of the National Aviation Security Programme, these Regulations and any other relevant law; and b) pay the fee prescribed by the authority. 2) A security programme submitted to the authority for approval under sub-regulation (1) shall be in triplicate and shall

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<sup>30</sup> Reduction calculated on the basis on the average time spent on the registration process as reported in the Zero Baseline Measurement of 2012 (av. 11 hours).

<sup>31</sup> The effect of eradicating the use of middlemen due to improved services has been included in the calculation of this item, with the recognition that this also may be a factor in Registration of Companies. This has been considered in the height of the calculated value of this effect.

be signed by the applicant or by a person authorized by the applicant on his or her behalf. The authority shall, within thirty days after receipt of the programme, approve the security programme.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Air Operator Certification and Administration) Regulations, 2014.**

**Reform:** *Application for an Air Operator Certificate.* An operator applying to the Authority for an air operator certificate (AOC) shall submit an application: a) on a form and manner prescribed by the Authority; and b) containing any other information the Authority requires the applicant to submit. Except for the Operations Manual specified in Regulation 30 and the Maintenance Control Manual specified in Regulation 58 which shall be submitted at least ninety days before the date of intended operation, an applicant shall make the application for an initial issue or reissue of an AOC at least sixty days before the date of the intended operation.

*Issuance of Air Operator Certificate.* The Authority may issue an air operator certificate (AOC) to an applicant if that applicant: a) has its principal place of business and it is registered in Uganda; b) meets the applicable regulations and standards for the holder of an AOC; c) is properly qualified and adequately staffed and equipped to conduct safe operations in commercial air transport and maintenance of the aircraft; d) holds a valid air service license issued under Civil Aviation (Licensing of Air Services) Regulations 2001; and e) has met any other requirements as specified by the Authority.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Aircraft Registration and Marking) Regulations, 2012.**

**Reform:** *Application for aircraft registration.* A person who wishes to register an aircraft in Uganda shall submit an application for aircraft registration to the Authority for registration on a form prescribed by the Authority. Each application shall: a. certify as to the citizenship of the applicant; b. show evidence identifying ownership; and c. be signed in ink. The application for aircraft registration shall be submitted with the prescribed fee to the Authority. An application for the registration of an aircraft in Uganda may be made by, or on behalf of the owner, if: a) the applicant is legally entitled to the aircraft; b) a written notice is submitted to the Authority identifying the person making the application on behalf of the owner; c). in case of a body corporate, a written notice identifying an officer of the body corporate, and address, who may be served with documents, including the registration certificate issued by the Authority; d) for imported aircraft with previous registration of a foreign country, a statement issued by the authority responsible for registration of aircraft in that country stating when the registration was cancelled; e) a description of the aircraft that identifies it by reference to its manufacturer; f) if the aircraft has previously been registered in Uganda or anywhere else particulars of the registration mark, if it has been reserved for the aircraft; g) the name and address of each person who holds a property interest in the aircraft and a description of the person's property interest; h) the name and address of the registered owner if different from paragraph 'd'; i) physical station where the aircraft will be usually stationed; j) name and signature of the applicant; and k) date of the application.

*Certificate of registration of aircraft.* Upon receiving an application for the registration of an aircraft and being satisfied that the aircraft may properly be so registered, the Authority shall register the aircraft, and shall include in the register and on the certificate the following

particulars: a) the number of the certificate; b) the nationality mark of the aircraft, and the registration mark assigned to it by the Authority; c) the name of the manufacturer and the manufacturer's designation of the aircraft; d) the serial number of the aircraft; e) the name and address of every person who is entitled as owner to a legal interest in the aircraft or a share therein, or, in the case of a lease agreement or financial arrangement, the names and addresses of lessee and lessor or as the case may be, the financier; and f) conditions with regard to which it is registered.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

• **The Civil Aviation (Airworthiness) Regulations, 2012.**

**Reform:** *Application of certificate of airworthiness.* An owner of an aircraft registered in Uganda or agent of the owner may apply to the Authority for issue of a certificate of airworthiness for that aircraft. An applicant for a certificate of airworthiness shall apply on a form prescribed by the Authority. The certificates of airworthiness shall be classified as follows a) a certificate of airworthiness; b) a restricted certificate of airworthiness in the form of a restricted certificate; c) a special flight permit; and d) Export certificate of airworthiness.

*Issue of supplemental type certificate.* A person who alters a product by introducing a major modification in type design, not great enough to require a new application for a type certificate shall apply for a supplemental type certificate to the regulatory agency of the State of Design that approved the type certificate for that product, or to the State of Registry of the aircraft. An application for the supplemental type certificate shall be made in a form and manner prescribed by the Authority.

*Issue of certificates of airworthiness.* A certificate of airworthiness shall be issued for aircraft in the specific category and model designated by the state of design in the type certificate. The Authority shall issue a certificate of airworthiness if:

- a) the applicant presents evidence to the Authority that the aircraft conforms to a type design approved under a type certificate or a supplemental type certificate and to the applicable airworthiness directives of the state of manufacture or design;
- b) the aircraft has been inspected in accordance with the performance rules of these Regulations for inspections and found airworthy by persons authorized by the Authority to make such determinations within the last thirty days;
- c) the Authority finds, after an inspection, that the aircraft conforms to type design and is in condition for safe operation;
- d) the aircraft when operated in accordance with the requirements specified in the flight manual or equivalent document for the aircraft conforms to the approved type specifications specified in the approved type certificate or equivalent document;
- e) the maintenance determined by the Authority as a prerequisite for issue of a certificate of airworthiness has been carried out and certified by a person acceptable to the Authority in accordance with these Regulations; and
- f) the results of flying trials, and such other tests of the aircraft as the Authority may require, are complied with.

Apart from the certificates of airworthiness, there are special certificates for: special flight permits, export certificate of airworthiness, and certificate of fitness for flight.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Approved Maintenance Organization) Regulations, 2012.**

**Reform:** Application for an AMO Certificate. An applicant for an AMO certificate shall submit the following to the Authority at least ninety days before the intended day of operations: a) an application on a form and in a manner prescribed by the Authority; b) the applicant's maintenance procedures manual in duplicate; c) a list of the maintenance functions to be performed for it, under contract, by another AMO; d) a list of all AMO certificates and ratings pertinent to those certificates issued by any Contracting State other than Uganda; and e) any additional information the Authority may require the applicant to submit.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Approved Training Organization) Regulations, 2012.**

**Reform:** *Application for issuance or amendment of an ATO certificate.* An applicant for an approved training organisation (ATO) certificate and training specifications, or for an amendment to an ATO certificate and training specifications, shall apply at least ninety days before the beginning of any proposed training which was not approved before. An applicant for an ATO certificate shall submit an application, and the application shall contain the following information:

- a) a statement showing that the minimum qualification requirements for each management position are met;
- b) a description of the minimum qualifications and ratings for each instructor;
- c) a statement acknowledging that the applicant may notify the authority within ten working days of any change made in the assignment of persons in the required management or instructors positions;
- d) the proposed training specifications requested by the applicant;
- e) a description of the training equipment that the applicant proposes to use e.g. the aircraft, the synthetic flight trainers including any special equipment used for each phase of training;
- f) a listing of the aerodromes or sites at which training flights originate, if applicable, and a description of the applicant's training facilities, equipment and qualifications of personnel to be used;
- g) a training programme, including manuals, curricula, outlines, courseware, procedures and documentation to support the items required in Regulations 23, 27 and 28;
- h) a description of a recordkeeping system that will identify and document the details of training, qualification, and licensing of students, instructors, and evaluators;
- i) a description of quality control measures proposed;
- j) a method of demonstrating the applicant's qualification and ability to provide training for a license or rating in fewer than the minimum hours prescribed in the Civil Aviation (Personnel Licensing) Regulations, 2012 if the applicant proposes to do so; and
- k) a statement of compliance showing how the applicant has met all applicable requirements in these Regulations.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Instruments and Equipment) Regulations, 2012.**

**Reform:** none relevant to business licensing compliance costs of businesses.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Operation of Aircraft) Regulations, 2012.**

**Reform:** *Licenses required.* A person shall not act as pilot-in-command or in any other capacity as a required flight crew member of an aircraft: a) registered in Uganda, unless that person carries in his personal possession the appropriate and current license for that flight crew position for that type of aircraft; or b) of foreign registry, unless that person carries in his personal possession a valid and current license for that type of aircraft issued to them by the State of registry.

The flight crew for international and domestic operations shall hold a valid radio telephony operator license or endorsement issued or rendered valid by the State of Registry, authorizing operation of the type of radio transmitting equipment to be used.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Civil Aviation (Personal Licensing) Regulations, 2012.**

**Reform:** The Authority may issue the following licenses and certificates under these Regulations: a) Pilot Licenses, including: a Student Pilot License; a Private Pilot License; a Commercial Pilot License; an Airline Transport Pilot License; and a Multi-crew Pilot License. b) Ground Instructor License; c) Flight Engineer License; d) Air Traffic Controller License; e) Aircraft Maintenance Engineer License; f) Flight Operations Officer License; g) Flight Radio Telephony Operator License; and h) a Cabin Crewmember Certificate.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Civil Aviation (Security) Regulations 2012.**

**Reform:** *Airport security permits.* Authorized access to a security restricted area at every airport and designated off-airport facilities serving commercial air transport operations shall be controlled through the issuance of airport security permits. A person issued with an airport security permit under this regulation shall, while on duty, at all times properly display the security permit. The Civil Aviation (Security) Regulations 2012 were revoked by Reg. 93 (1) of the Civil Aviation (Security) Regulations, 2017. However, a valid airport security permit issued under the old Regulations is still valid.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

## **2. Traffic and Road Safety.**

- **The Traffic and Road Safety (Motor Vehicle Inspection) Regulations, 2016.**

**Reform:** In July 2016, the government made inspection of motor vehicles compulsory at least once a year. Motorists have been given six months to voluntarily comply with the motor vehicle inspection or face heavy penalties. A Certificate of Fitness issued under these Regulations is valid for twelve months from the date of issue. Upon completion of an inspection or a re-inspection of a motor vehicle, the authorized person shall issue a vehicle inspection report in respect of the inspection and shall give a copy to the owner. Government has contracted Société Générale de Surveillance (SGS), to carry out the inspection. For now, SGS has one center at Kawanda in Wakiso District that inspects motor vehicles. Since 1 December 2016 an average of 50 vehicles are inspected per day. According to these traffic and road safety (motor vehicle inspection) regulations, 2016, the inspectors check 65 items on the vehicle and all must be beyond 50 per cent to accuracy. The lowest inspection fee is UGX

46,400 for motorcycles, the inspection fee for cars and dual-purpose vehicles is UGX 93,400, and the highest is around UGX 110,000 for trucks.

**Change in Compliance Costs due to the Legal Reform**

The SGS vehicle inspection service center has a reported capacity of inspecting 50 vehicles per day<sup>32</sup>. With on average 220 working days a year, this means 11,000 inspections on an annual basis. The lowest fee for inspection is UGX 46,400 for motorcycles, cars and dual-purpose vehicles: UGX 93,400, and the highest is UGX 110,000 for trucks. A mean has taken of UGX 80,000 inspection fee per motor vehicle. **The total annual compliance cost increase of this regulation is estimated at UGX 880 million.**

- **The Finance Act 2015, amendment fees operator's license vehicles and vessels.**

**Reform:** The Finance Act 2015 includes an amendment of the Operator's license fees under The Traffic and Road Safety Act 1998, Cap 361. **The new operator's license fees of the Finance Act 2015 mean an increase of UGX 145 million per year**, compared to the fees listed in the Zero Baseline Measurement of 2012.

- **Procedures for Application for Driving Permit, 2016.**

**Reform:** The Ministry of Transport and Works has an online Driving Permit online application facility, Uganda Computerized Driving Permits, that explains the steps of obtaining a driving permit. *Step 1:* i) Pick up the application form [this form is not for sale] from any of these centers; Transport Licensing Board branch offices, Banks, Face Technologies Offices and or download it from the URA Portal. ii) Fill the application form and ensure you are examined by a registered medical practitioner for physical examination. iii) Go to URA Portal to generate the Learners' assessment form (PRN). iv) Go to the bank (of your choice) and pay appropriate fees [refer to Schedule No 1 - URA Fees below] to URA account (the bank will provide the account number). v) Go to Face Technologies Office with the bank receipt [of (iv) above], together with dully filled application form. vi) Face Technologies will capture your Biometric features and then proceed to pay the required fees (cash) to Face Technology for producing Learners' Permit refer to Schedule No 2 – Face Technologies. vii) Face Technologies will issue the Learners' Permit after payment of the required fees.

*Step 2:* viii) Go to Licensed driving school (of your choice) with your learners' Permit [issued in vii above] for the training. ix) a driving Certificate of Completion will be issued from the driving school upon successful training. x) Go to URA Portal, TLB or Bank and generate Book Test assessment form (PRN) and proceed to the bank and pay appropriate fees as shown in Schedule No 1 - URA Fees for Learners' Test fees. xi) Go to (IOV) Inspector of Vehicles together with your driving school certificate of completion [ refer to (ix) above], the Driving instructor and receipt from the bank. xii) The IOV will issue and send Certificate of Competence (CoC) to Face Technologies upon successful completion of the Driver test. xiii) Go to URA portal and generate a New /Full permit assessment form and proceed to the bank and pay the appropriate fee as shown in the Schedule No 1 - URA Fees for Full permit. xiv) Go to Face Technologies Offices with your Bank receipt to process the New / Full permit. xv) Face Technologies will verify and process the permit upon payment of the Driving Permit production fee to Face Technologies Offices as shown in Schedule No 2 Face Technologies - for the new/full permit. See Table 7 for the driving permit related fees.

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<sup>32</sup> Daily Monitor, Review motor vehicle inspection, 11 january 2017. <http://www.monitor.co.ug/OpEd/Letters/Review--motor-vehicle-inspection-timeline/806314-3512852-wy7x33z/index.html>. This is a defensive estimate, because with three more SGS inspections centers opening soon, the inspection capacity of motor vehicles is expected to increase to 200 motor vehicles per day.

**Table 7. Fees to be paid in the bank on the URA account, and to be paid in cash at Face Technologies.**

Type of Permit	Amount paid to the bank on URA A/C	Amount paid in cash at Face Technologies
<b>1. Learners Permit</b>		
Learners Fee	30,000 (paid in the bank)	30,000 (cash)
Test Fee	25,000 (paid in the bank)	
<b>2. New Permit</b>		
New Permit (1 year)	55,000 (paid in the bank)	60,000 (cash)
New Permit (3 years)	150,000 (paid in the bank)	60,000 (cash)
<b>3. Renewal</b>	50,000 (paid in the bank)	60,000 (cash)
<b>4. Class Extension</b>		
Test Fee	25,000 (paid in the bank)	
Class Fee	41,000 (paid in the bank)	60,000 (Cash)
<b>5. Foreign Exchange</b>		
One year (1)	55,000 (paid in the bank)	60,000 (cash)
Three years (3)	150,000 (paid in the bank)	60,000 (cash)
<b>6. Duplicate</b>	41,000 (paid in the bank)	30,000 (cash)

***Change in Compliance Costs due to the Legal Reform***

Driving permit license fees for 1 and 3 years used to be resp. UGX 25,000 and UGX 45,000 driving permit license fee<sup>33</sup>. With these regulations, now these fees will be resp. UGX 115,000, and UGX 210,000. **The compliance cost increase of amendment of the driving permit fees is UGX 6.375 billion**, based on a total annually issued driving permit of 50,000 (see data Zero Baseline Measurement 2012).

- **Traffic and Road Safety (Driving Tests and Special Provisions for Drivers of Public Service Vehicles and Goods Vehicles) Regulations, 2012.**

**Reform:** A learner driver who wishes to undergo a driving test shall apply to the licensing officer using Form I prescribed in the Second Schedule.

*Certificate of competence.* A learner driver who passes the theory and practical driving tests shall be issued with a certificate of competence, prescribed in Form III in the Second Schedule. The certificate of competence shall indicate the group of motor vehicles the learner driver is competent to drive. The certificate of competence shall bear the name of the driving school where the learner driver was trained. The examining officer shall complete a certificate of competence in triplicate, issue the original copy to the learner driver, the duplicate copy to the director of transport and retain the triplicate copy.

*Driving test for extension of class in a driving permit.* A person who wishes to extend his or her driving permit to cover an additional group of motor vehicle shall meet the following requirements: a) undergo training and be tested in respect of a group of motor vehicles for which he or she seeks to extend the driving permit; b) for an extension from group B motor vehicles to group DL motor vehicles, the driver shall have held a driving permit for group B motor vehicles for a period of not less than five years, and shall be at least twenty five years of

<sup>33</sup> see also: [www.parliament.go.ug/billtrack/bills/text/2007-011.htm](http://www.parliament.go.ug/billtrack/bills/text/2007-011.htm).

age; c) for an extension from group B motor vehicles to group CM motor vehicles, the driver shall have held a driving permit for group B motor vehicles for a period of not less than three years, and shall be at least twenty five years of age; d) for an extension from group CM motor vehicles to group CH motor vehicles, the driver shall have held a driving permit for group CM motor vehicles for a period of not less than three years, and shall be at least thirty years of age; e) for an extension from group DL motor vehicles to group DM motor vehicles, the driver shall have held a driving permit for group DL motor vehicles for a period of not less than three years and shall be at least thirty years of age; or f) for an extension from group DM motor vehicles to group DH motor vehicles, the driver shall have held a driving permit for group DM motor vehicles for a period of not less than three years, and shall be at least thirty five years of age.

*Tests and examinations for driving instructors.* A person who wishes to be licensed as a driving instructor shall be examined and tested to ascertain his or her ability to instruct other persons to operate a motor vehicle, trailer or engineering plant. A person who wishes to be licensed as a driving instructor shall undertake a test and examination in theory, practical, or both. The scope of the test and examination referred to in sub regulation (2) may cover, but shall not be limited to: a) ascertaining the competence of the person in regard to driving the group of motor vehicles he or she seeks to instruct learner drivers to operate; b) the person's knowledge of the road traffic laws, rules, regulations, and the highway code; c) the person's ability to: i.write, read and communicate effectively in the English language or in any language prescribed by the director of transport as suitable for communicating instructions for learner drivers; ii.plan and execute driving lessons in accordance with the established training standards; iii.identify and correct the learner driver's errors; iv.anticipate hazards on the road; v.use safety equipment in the vehicle; vi.identify simple mechanical or electrical faults on the vehicle and to take prompt remedial actions including teaching the learner driver of the same; and vii.establish good inter-personal relationship with the learner driver. A person who undergoes a driving instructor's test and examination shall pay a fee prescribed in the Third Schedule.

*Certificate of proficiency to instruct learner drivers.* A person who passes the driving instructor's test and examination, shall be issued with a certificate of proficiency as prescribed in Form IV of the Second Schedule.

*Special Provisions for Drivers of Public Service Vehicles and Goods Vehicles.* Driver's badge and certificate of compliance for a driver of a public service vehicle. A person who wishes to drive a public service vehicle shall apply to the secretary to the board using Form V prescribed in the Second Schedule for a public service vehicle driver's badge and a certificate of compliance. The Secretary to the Board shall issue a public service vehicle driver's badge to a person who complies with the requirements of regulations 17 and 18.

*Refresher driving course for a driver of public service vehicle or goods vehicle.* A person who wishes to drive a public service vehicle or a goods vehicle with a net load carrying capacity of more than three and half tonnages shall, in addition to fulfilling the requirements of these Regulations and the Act, undertake an appropriate refresher driving course. The refresher course referred to in sub regulation (1), shall be undertaken at least once a year from a driving school or a driver training institution licensed to carry out such training. This means all taxi, bus and truck drivers are required to return to driving schools to polish their skills and get their mental health tested, annually. Those Public Service Vehicle (PSV) drivers who will pass the test will get badges for easy identification. The badges will bear a passport size photograph of the driver, a registration number and a TLB stamp of approval. The badges will

bear police contacts in case one has to report bad driving. The tests and badges will be free of charge. Still, PSV drivers have to invest time and money in undergoing the newly required annual tests and obtaining the badge.

*Medical examination of a driver of a public service vehicle.* A person certified as a driver of a public service vehicle shall undergo a medical examination every year to confirm that he or she is still medically fit to drive a public service vehicle. The medical examinations shall be carried out by a registered medical practitioner.

*Regulation of a driver of a public service vehicle with a foreign driving permit.* A holder of a foreign driving permit for public service vehicle shall be tested to ascertain the person's competence to drive a given group of public service vehicles before he or she is certified by the board as a public service vehicle driver. The driver competence test in sub regulation shall be conducted in accordance with the provisions of these Regulations except that the person shall be exempted from presenting a certificate of completion of a driver training course.

*Fees.* Driving test fee for learner drivers (in UGX). Theory test: 10,000. Practical test: 15,000. Driving re-test fee: 10,000. Re-test Practical test: 15,000. Examination/test fees for driving instructors, First test: 50,000; Repeating test: 25,000.

#### ***Change in Compliance Costs due to the Legal Reform***

In 2016, 25,410 Public Service Vehicles & Inland water Transport vessels were inspected and licensed out. This high number of PSVs licensed has been attributed to the automation of the licensing system, together with and a more effective, increased enforcement. Based on hours required to obtain a driving permit and/or a learning driving permit as calculated in the Zero Baseline Measurement of 2012, and having considered that the Driver's badge and Certificate of Compliance for a driver of a public service vehicle is provided free of charge, **the compliance cost increase of this mandatory annual driving test for drivers of Public Service Vehicles is estimated at UGX 2.37 billion per year.**

- **Traffic and Road Safety (Vehicle Registration, Licensing and Third-Party Insurance) (Amendment) Regulations, 2012.**

**Reform:** *Registration plates and dealer's plates.* Every registration plate and dealer's plate shall be made of metal, or other material approved by the Minister by notice published in the Gazette and shall be embossed and serially numbered, with a reflective background in glazed material and shall be of such color, shape and size, containing such marks, letters and numbers of such shape and size as are similar to the appropriate forms set out in the Third Schedule and which comply with the specifications set out in that Schedule. The licensing officer shall, on an application for a registration plate, issue to the person in whose name the vehicle is registered, an order in the form prescribed in Form 7 in the Second Schedule authorizing the authorized manufacturer of vehicle registration plates to make a registration plate or plates for the vehicle in respect of which the application is made. The licensing officer shall submit the order form to the authorized manufacturer specified in the form referred to in sub regulation The applicant shall pay to the manufacturer a gazette price for the registration plate.

An authorized manufacturer shall make, for the purposes of this regulation and in accordance with the specifications set out in this regulation: a) one pair of registration plates for each motor vehicle, comprising front registration plate and rear registration plate; b) one rear registration plate for a trailer or semitrailer; c) one or two registration plates for each engineering plant as specified in the order form referred to in sub regulation; or, d) one rear registration plate for each motorcycle. An authorized manufacturer of vehicle registration

plates shall make quarterly returns to the chief licensing officer on all registration plates manufactured by him or her, and the returns shall contain such information as the chief licensing officer may specify in writing. The chief licensing officer may, in writing, require from an authorized manufacturer of vehicle registration plates any other information as the chief licensing officer may require ensuring compliance with these Regulations. Every registration plate issued under this regulation shall be returned to the chief licensing officer or a licensing officer as provided by the Act and these Regulations or whenever the chief licensing officer or the licensing officer requires it to be returned. A person who is not an authorized manufacturer of vehicle registration plates shall not make any vehicle registration plate. In this regulation, an “authorized manufacturer of vehicle registration plates” means a person who has been authorized by the Minister by notice in the Gazette to manufacture vehicle registration plates.

*Duplicate or reprinted license or registration book.* If a license or a registration book issued by the chief licensing officer under these Regulations is lost, destroyed, mutilated or defaced or the figures and particulars on the license or registration book have become illegible or their color has become altered by fading or otherwise, the owner of the vehicle shall apply, in the prescribed form, to the chief licensing officer with whom the vehicle is registered for a duplicate license or registration book, as the case may be; and the chief licensing officer upon being satisfied as to the loss, destruction, mutilation, defacement, illegibility or alteration shall, on payment of the prescribed fee, issue a duplicate, and the duplicate so issued shall have the same effect as the original license or registration book.

*Third Party Insurance.* It is now a requirement to check for Motor Third Party Insurance as part of the mandatory vehicle inspection checks being carried out by SGS Automotive Uganda (SGS) which should see compliance with this insurance rise in turn boosting both premium and tax revenue collection for the country.

#### **Change in Compliance Costs due to the Legal Reform**

The average Third party insurance premium charged in Uganda for insured vehicles is UGX 65,000 (including UGX 35,000 stamp duty collected)<sup>34</sup>. **This means a compliance cost increase of UGX 1.65 billion.**

- **Traffic and Road Safety (Reflectors) Regulations, 2012.**

**Reform: Requirements for reflectors.** A reflector that is fitted to a vehicle under these Regulations shall be at least three hundred millimeters high but not higher than one and a half meters from ground level to the center of the reflector. A reflector shall be fitted as near as possible to the prescribed position in these Regulations, where due to the design of the vehicle, it is impossible to fit a reflector in the prescribed position. A reflector that is to be fitted to a vehicle under these Regulations shall: a) be clean, in good condition and effective, b) be fitted to an immovable part of the vehicle, c) not be obscured in anyway, d) if it is a—i. white reflector, be fitted in a vertical position and face squarely to the front; ii. red reflector, be fitted in a vertical position and face squarely to the back; and iii. yellow reflector, be fitted in a vertical position and face squarely to the side.

*Emergency warning signs.* A vehicle except a motorcycle shall carry on board at least two warning signs which a) are double-sided signs with a shape, design, minimum dimensions and colors described as follows: i. the shape shall be a triangle; ii. each side of the triangle shall be

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<sup>34</sup> based on [www.monitor.co.ug/Business/Auto/Get-to-know-about-motor-insurance-policies-/688614-2016468-mvogrww/index.html](http://www.monitor.co.ug/Business/Auto/Get-to-know-about-motor-insurance-policies-/688614-2016468-mvogrww/index.html).

at least thirty centimeters; iii. the signs shall be made of reflective material; and iv. the signs shall be painted red and have reflectors at each corner.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Traffic and Road Safety (Driving Permits) (Replacement of Fourth Schedule) Regulations 2012.**

**Reform:** replaced by procedures for Application for Driving Permit, 2016; therefore, have become redundant and non-relevant to business licensing compliance costs of businesses.

*Fees for Driving Permits* (in UGX). 1. New Permit: 110,000 (1 yr.), 120,000 (3 yrs.). 2. Renewal: 100,000 (1 yr.), 110,000 (3 yrs.). 3. Exchange: 110,000 (1 yr.), 120,000 (3 yrs.). 4. Extension (per class): 85,000, 5. Duplicate permit: 65,000.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations, since these are already captured in the 'Procedures for Application for Driving Permit, 2016' above.

- **Business Licenses (Miscellaneous Repeals) Act 2015.**

**Reform:** The Rivers Act, Cap. 357 Section 9 is repealed Form B of the Second Schedule is repealed. License for Steam vessels on rivers is eliminated by repealing the following section: 'The master of every steam vessel on a river shall take out a license for that vessel. Steamer licenses shall be in the Form B of the Second Schedule to this Act and shall be granted by the Minister or such officer as the Minister shall appoint. Every steamer license shall commence on the day on which it is granted and shall terminate on the 31st December following. The master of any steam vessel who fails to comply with this section commits an offence and is liable on conviction to a fine not exceeding one hundred and fifty shillings. In this section, "master" includes the owner and an agent for the owner'.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

#### ***4.5.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Transport Licensing Board** The Transport Licensing Board has an automated system for the management and issuance of licenses. Transport Licensing Board has three regional offices in Mbale, Mbarara and Fort-Portal. An automated payment system has been introduced. Currently, any one can make an assessment anywhere for as long as they can access internet and make payment for the driving permit without moving unnecessarily. The Uganda Revenue Authority handed over the Management and Administration of driving permits to Ministry of Works and Transport in November 2013. The procedure for obtaining a driving permit has been harmonized. Currently, it takes only seven working days to obtain a driving permit instead of one month. The Ministry is also in discussions with Face Technologies (Pty) Ltd, the contractor to design, print and supply Computerized Driving Permits to ensure that a driving permit is issued instantly. Have in place an online enforcement platform- synchronized the driving permit data and Public Service Vehicles (data is accessible online). The processing time for a driving permit has been reduced from one month to 7 days.
- **Civil Aviation Authority.** The Civil Aviation Authority (CAA) has put in place a designated office for persons intending to apply for licenses, permits, etc. The CAA has published guidance materials for those who intend to apply on their website. Therefore, it is easy for

those who intend to apply know what licenses they are applying for and the eligibility requirements. The CAA is working in partnership with other territories to ensure quality verification of licenses.

#### **Change in Compliance Costs due to the Administrative Reforms**

Based on the described characteristics of the administrative reforms in the Transport sector here above, the **reduction in compliance costs** due to administrative reforms in the Transport sector is estimated on a **total of UGX 230,933,640**, and is distributed as follows:

- Civil Aviation Authority: UGX 94,571,400.
- Transport Licensing Board: UGX 136,362,240.

### **4.6. Housing**

#### **4.6.1. Legal Reforms**

- **The Collective Investment Schemes (Real Estate Investment Trust) Regulations, 2017.**

**Reform:** REITs, real estate investment trusts, are an investment vehicle that allow investors to buy into real estate projects, and undertake real estate development and construction projects. They also allow investors to operate real estate assets and earn income from them. A REIT means an arrangement in respect of real estate or interest in real estate of any description, structured in accordance with the rules prescribed by the Authority to enable a person taking part in the arrangement, whether by becoming an owner of the property or any part of it or otherwise to participate in or receive profits or income arising from the acquisition, holding management or disposal of the real estate or interest in the real estate or sums paid out of such profits or income. REIT Actors: REIT Trustees, REIT Manager, Property manager (optional but preferred), Transaction Advisor (one off), Professionals: Engineering professionals (for DREIT), Lawyers, and Accountants.

*Application for authorization.* A promoter and a trustee shall jointly apply to the Authority for an authorization of a real estate investment trust scheme. Any real estate investment trust, shall make an application to the Authority to be licensed as a trustee. An application for a license to operate as a REIT manager or as a trustee of a REIT scheme shall be submitted to the Authority.

Requirements: a) a certificate of incorporation; b) a memorandum and articles of association; c) a statement of audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and the applicant's audited accounts for the preceding two years and for the entities that at the time of application have been in existence for less than six months from the date of their incorporation, an opening balance sheet and an auditor's certification of the company's share capital; d) a business plan containing particulars on: (i) *the management structure; (ii) the directors, including one or more executive directors, their qualifications, addresses and details of other directorships; (iii) the shareholding structure, disclosing whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business; (iv) the evidence of a minimum paid-up share capital of not less than ten thousand currency points for REIT managers or other fee as specified in the Act and the Regulations issued thereunder; (v) the qualifications, experience and expertise of the chief executive; (vi) the proposed management and qualifications of key personnel with capacity to undertake the designated role or the accessibility of the key personnel to such skills and experience; (vii) the financial projections for three years for the trustee and the REIT manager in respect of their businesses; (viii) the proposed operating and information technology system to be utilized in connection with the scheme; (ix) one bank reference and in*

the case where the applicant is a bank, the reference shall be given by another bank independent of the applicant; (x) business references; (xi) the proposed premises suitably located and equipped to provide satisfactory service to REIT securities holders or evidence acceptable to the Authority that such premises will be available; (xii) the staff capable of providing professional services or evidence acceptable to the Authority that such staff will be available; and (xiii) the independent auditor of or proposed for the trustee or the REIT manager; and, e) the fees as prescribed in Schedule 6 of the Act.

**Change in Compliance Costs due to the Legal Reform**

The compliance costs of the Trustee License, in the Zero Baseline Measurement 2012 were UGX 1,364,268 per license. Based on this, and for an estimated pf 5 issued REIT-related licenses per year, **these regulations mean a compliance cost increase of a total of UGX 6,821,340 per year.**

- **The Building Control Act, 2013.**

**Reform:** An Act to consolidate, harmonize and amend the law relating to the erection of buildings; to provide for building standards; to establish a National Building Review Board and Building Committees; to promote and ensure planned, decent and safe building structures that are developed in harmony with the environment; and for other related matters. Application for a Building Permit. The implementation of the Act is momentarily halted. The reason as to why the Act has not commenced is because the Building Code is not ready due to various challenges including limited funding and the extra requirements added into it. A Building Code provides a set of uniform building regulations and standards for acceptable health and safety conditions in buildings. Usually compliance with building codes is mandatory for all practitioners.

**Change in Compliance Costs due to the Legal Reform**

In anticipation of the National Building Code, the nature of the Reforms does not result in compliance costs alterations as of yet.

- **Building Control (Amended) Regulations, 2012.**

**Reform:** Applications for Approval of Plans. Any person intending to construct or modify a building or to alter its use in urban or rural areas throughout the country shall submit an application to the Building Committee of the area. A person who intends to carry out building operations shall submit a written application to do so in such form as the Building Committee may require, completing all details required so far as they apply to the proposals. The application form shall be signed by the owner or by his or her duly authorized agent and shall state the name of the person on whose behalf it has been submitted. The form, in duplicate, shall be attached to any plans or documents submitted in accordance with these Regulations. Before a building permit is issued; a person who intends to carry out building operations shall, where practicable, obtain approval from the authorities concerned with the planning requirements. An applicant shall submit to the Building Committee, in addition to the written application the following plans and particulars as may be required by public notice issued with regard to certain areas or major urban design schemes: a) site plan; b) layout drawings; c) services drawings showing locations of any existing services and proposed points of connection, including electrical and mechanical engineering drawings, where applicable. d) site drainage plan; and e) structural engineering designs, where applicable. Distinction is made between a 'major public building operations', and 'minor building works'.

The following fees are in place: Design Checking Fees, Inspection Fees, and Occupation Permit Fees. The Building Committee charges fees for the checking and approval of plans, inspections,

and occupation permits in accordance with a schedule to be determined by District Councils.

***Change in Compliance Costs due to the Legal Reform***

In anticipation of the National Building Code, the nature of the Reforms does not result in compliance costs alterations as of yet.

***4.6.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Process of Land Title Acquiring.** Lots of improvement are recorded. Firstly, Data Migration and/or Automation of the Land Information System and operations. The Ministry of Lands has made searches at the counter become much easier. Applicant can go with the Plot-number to the counter, and gets direct information. Before, it was not like that. They use the LIS at the counter, and information can be obtained more urgently, quickly. Also, the process of mortgage registration has been improved:

- Obtain the white page for purposes of comparing with the land title;
- Obtain a search certificate, which contains the results of the title search;
- Payment of fees;
- Registration of the mortgage in the form of a caveat/as an encumbrance on the land title.

A search for so-called white pages, the original titles, used to be quite cumbersome and could take months. Now, copies are used to check on the original titles. The Registrar makes sure that the inspection of the signature of the land ownership takes place. Secondly, removing of caveats has become easier. People caveat land for their own purposes, and there have been accounts of regular forging of removals in the process. The improvement is the caveator now will come in person to declare the removal of his or her claim. That is different from the past.

- **Decentralization.** No need to go to Kampala anymore. Decentralization of Land Registration services to Zonal offices. The target is 21 with 6 so far operationalized (functional) and another 7 due to be opened under phase II of the project being rolled out to zonal offices to include Mbale, Fort Portal (Kabarole) Masindi Kibale, Gulu and Arua. This project is funded by the World Bank.
- **Building Permit.** The process of obtaining a building permit is still cumbersome and lengthy; an application is considered by the Building Committee, which then forwards it to the Municipal Engineer who then forwards it to the town clerk. This process is further delayed by the Committee which sits irregularly. The delay is further caused by the requirement for approval of a deed plan by the Department of Land Mapping and Survey which sits at Entebbe.

***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Housing sector here above, the **reduction in annual compliance costs due to administrative reforms in the Housing sector is an estimated total of UGX 204 million**, and is distributed as follows:

- Automation at the Ministry of Lands, Housing & Urban Development: UGX 1,994,202.
- Decentralization of Land Registration services to Zonal offices: UGX 202,079,136.

## **4.7. Energy, Mining, Oil & Gas**

### **4.7.1. Legal Reforms**

- **The Finance Act, 2016.**

**Reform:** An Act to, among others, repeal fees in respect of the Mining Act, 2003, under the Finance Act 2013, and Finance Act 2014. Fees in respect of Mining Act are repealed to encourage investment in the mining sector.

***Change in Compliance Costs due to the Legal Reform***

URA's Mining Sector Profile 2010 indicates that the non-tax revenue (NTR) from Royalties and Mining License fees was UGX 3.96 billion in 2010. Royalties alone contributed UGX 3.1 billion in 2010, leaving 860 million of the mining license fees. **The repeal of fees in respect of the Mining Act 2012 as regulated in the Finance Act 2016, means an 860 million compliance cost reduction per year.**

- **The Petroleum (Exploration, Development and Production) Regulations, 2016.**

**Reform:** The Petroleum (Exploration, Development and Production) Regulations, 2016 are made in exercise of the powers conferred upon the Minister responsible for petroleum activities by section 183 of the Petroleum (Exploration, Development and Production) Act 2013 (see below). The following 8 licenses and permits are included: Reconnaissance Permit, Petroleum Exploration License, Petroleum Production License, Facility License, Certification of Drilling operations, Production of Petroleum Permit, Application for consent to construct fixed platform for Off-Shore operations, Application for third party access to Facilities.

***Change in Compliance Costs due to the Legal Reform***

As these new regulations state a licensee at minimum should obtain a scientific report of USD 10,000 (UGX 36,045,000) fee, and on average USD 30,000 (UGX 108,135,000) for a license. **With 5 licenses issued per year in each of the 8 types of licenses, this means a compliance cost increase of UGX 5.76 billion per year.**

- **The Petroleum (Exploration, Development and Production) (Health, Safety and Environment) Regulations, 2016.**

**Reform:** The licensee shall demonstrate to the Authority that it has taken all measures necessary as specified under these Regulations, standards approved by the Authority and best petroleum industry practices to ensure health and safety.

***Change in Compliance Costs due to the Legal Reform***

With 5 licenses issued per year in each of the 11 types of licenses mentioned in these regulations, **this means a compliance cost increase of UGX 2,336,125 per year.**

- **The Petroleum (Exploration, Development and Production) (National Content) Regulations, 2016.**

**Reform:** The licensee shall, within twelve months after the grant of a license, submit to the Authority for approval, a detailed national content programme stating proposals of, among others, the employment and training of Ugandans; the required quality, health, safety and environment standards for goods and services to be procured; the transfer of technology, knowledge and skills to Ugandans companies, Ugandan citizens and registered entities; research and development in Uganda; procurement of goods and services obtainable in Uganda; local supplier development.

***Change in Compliance Costs due to the Legal Reform***

With 5 licenses issued per year in each of the 11 types of licenses mentioned in these regulations, **this means a compliance cost increase of UGX 2,336,125 per year.**

- **The Petroleum (Refining, Conversion, Transmission and Midstream Storage) (Health, Safety and Environment) Regulations, 2016.**

**Reform:** The licensee shall demonstrate to the Authority that it has taken all measures necessary as specified under these Regulations, and adhere to standards approved by the Authority and best petroleum industry practices.

***Change in Compliance Costs due to the Legal Reform***

With 5 licenses issued per year in each of the 11 types of licenses mentioned in these regulations, **this means a compliance cost increase of UGX 2,336,125 per year.**

- **The Petroleum (Exploration, Development and Production) (Metering) Regulations, 2016.**

**Reform:** Every licensee shall establish a management control system for metering and measurement of petroleum which shall include organisation, processes, procedures and resources necessary to ensure compliance with the Act and these Regulations.

***Change in Compliance Costs due to the Legal Reform***

With 5 licenses issued per year in each of the 11 types of licenses mentioned in these regulations, **this means a compliance cost increase of UGX 2,336,125 per year.**

- **The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Regulations, 2016.**

**Reform:** The following seven licenses are included: License to Construct a Refinery, Conversion Plant or Other Petroleum Process Plant. License to commence operations. License to construct a pipeline. License to operate a pipeline. License to transmit petroleum commodities or petroleum products by road, rail or water. License to construct and operate midstream storage tank. License and Permit to commence operations of midstream storage tank.

***Change in Compliance Costs due to the Legal Reform***

However, there are seven new licenses introduced, four of these are corresponding with the old Act on operations, and storage. This means that these regulations actually introduce three new licenses as compared to the regulations they supersede. With an average of USD 2,000 (=7,200,000 UGX) application fee and 5 licenses per 3 new types of license mentioned here above, **the increase in annual compliance costs is UGX 109,847,663.**

- **The Petroleum (Refining, Conversion, Transmission and Midstream Storage) (National Content) Regulations, 2016.**

**Reform:** The licensee shall, within twelve months after the grant of a license, submit to the Authority for approval, a detailed national content programme stating proposals of, among others, the employment and training of Ugandans; the required quality, health, safety and environment standards for goods and services to be procured; the transfer of technology, knowledge and skills to Ugandans companies, Ugandan citizens and registered entities; research and development in Uganda; procurement of goods and services obtainable in Uganda; local supplier development. Submission of procurement forecasts to Authority: every licensee, contractor and subcontractor shall submit to the Authority, thirty days prior to the first day of each quarter, a list of all anticipated contracts and subcontracts which will be bidden for or executed in the upcoming quarter.

### **Change in Compliance Costs due to the Legal Reform**

With 5 licenses issued per year in each of the 11 types of licenses mentioned in these regulations, **this means a compliance cost increase of UGX 2,336,125 per year.**

- **The Electricity (License fees) Amendment Regulations, 2014 (amendment SI no. 20, 2003).**

**Reform:** Besides a new fee structure for Electricity usage, Revised fee structure of Electricity license fees: Permit for Feasibility Studies, License Application, License Transfer Application, Application for Amendment of License or Modification, License Renewal Application, Permit Extension Application, Application for License Exemption. The new application fees of 2014 are shown in Table 8:

**Table 8. Application and Approval Fees of the Electricity (License fees) Amendment Regulations, 2014.**

#### **D. APPLICATION AND APPROVAL FEES**

1. Permit for Feasibility Studies	US\$ 3,000
2. Licence Application	US\$ 3,500
3. Licence Transfer Application	US\$ 3,500
4. Application for Amendment of Licence or Modification	US \$ 3,500
5. Application for Renewal of Licence	US \$ 3,500
6. Permit Extension Application	US\$ 1,000
7. Application for licence exemption	US\$3,000"

By comparison, for example application fees in 2003 were USD 2,000 for a premium and feasibility study, and a license application. This means a difference between USD 4,000 (2,000 + 2,000) and USD 6,500 (3,000 + 3,500), is USD 2,500 (UGX 9,050,000).

License fees for transmission, distribution, etc., are almost doubled in 2014 compared to 2003. For example, the license fee for large generators of more than 50 MW has risen to USD 71,925 (above 200 MW: USD 112,500), compared to USD 41,670 in 2003. Transmission related licenses, 2014: USD 112,500, 2003: USD 62,500.

### **Change in Compliance Costs due to the Legal Reform**

The average difference in fees with the introduction of these new regulations is USD 1,500 (UGX 5,406,750) for an application fee, USD 5,000 (UGX 18,022,500) license fee (the latter range from USD 2,000 to USD 60,000, so this is a strongly defensive estimate). **With an estimated 15 issued licenses per year, this means a compliance cost increase of UGX 278,250,000.**

- **The Petroleum (Exploration, Development and Production) Act 3, 2013.**

**Reform:** The discovery of petroleum in the country, in 2006, created excellent opportunities for the accelerated development of the economy but also brought the need to ensure national participation in the development of the petroleum sector, the need to develop the sector with due regard to the country's environment and biodiversity, concerns on management of oil revenues, the need to put in place appropriate regulatory and institutional frameworks for the sector and decommissioning of installations, among others. Following a wide consultative process, two new laws were enacted during 2013 to update the legal framework for the sector and regulations to operationalize these laws have been drafted and implemented (by means of the Statutory Instruments of 2016, see above). The Petroleum (Exploration, Development

and Production) Act 3, 2013 is the first one, regulating: Reconnaissance Permits, Petroleum Exploration License, Petroleum Production License, Production Permit.

- **The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 4, 2013.**

**Reform:** Licensing of Midstream Operations.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms of these Acts does not result in compliance costs alterations, because these are further implemented by the 2016 Regulations (see here above).

#### **4.7.2. Administrative Reform**

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Electricity Regulatory Authority:** Extended the Permit validity period from 12 months to 18 months, to avoid the burden of unnecessary permit renewals.
- **Directorate of Petroleum:** The license and permit fees payable, application procedures, guidelines, processing timelines are online and readily accessible by the applicants.
- **Atomic Energy Council:** The timelines for licensing procedures have been reduced from 30 days to 1-2 weeks or one depending on the readiness of the client. Application forms can be downloaded and submitted online.

***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Energy, Mining, Oil & Gas sector here above, **the reduction in compliance costs due to administrative reforms in the Energy, Mining, Oil & Gas sector is estimated on a total of UGX 95,487,753**, and is distributed as follows:

- Electricity Regulatory Authority: UGX 92,432,229.
- Directorate of Petroleum: UGX 2,937,783.
- Atomic Energy Council: UGX 117,741.

#### **4.8. Manufacturing**

##### **4.8.1. Legal Reforms**

- **The Industrial Property Regulations, 2017.**

**Reform:** Registration of industrial property. Separate applications for a certificate of grant of a patent; a certificate of registration of a change in ownership; a certificate of registration of a license contract; a utility model certificate; a certificate of registration of an industrial design; and, a certificate of registration of a technovation.

On 10 February 2017, the Industrial Property Regulations were gazetted by the Ugandan government bringing the Industrial Property Act, 2014 into full effect. Until now there have been no provisions guiding the Registry on how to register the new, somewhat less common categories of intellectual property protected by the Act in Uganda, namely: industrial designs, utility models<sup>35</sup>, and technovations.

***Change in Compliance Costs due to the Legal Reform***

In order to correspond with the Zero Baseline Measurement of 2012, the number of hours to obtain a Registration of industrial property has remained the same of that required to obtain a

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<sup>35</sup> Utility models were firstly introduced in the Patents Act Cap. 216, 1991 which was repealed by the Industrial Property Act 2014. The Industrial Property Regulations of 2017 implement the latter Act.

Trademark Registration (see Zero Baseline Measurement 2012, Trade)<sup>36</sup>. The first year a licensee is required to pay an application fee as well as a fee for certification of patent. In the following years, there is a progressive annual fee to be paid averaging UGX 190,000 annually. The new element of these Industrial Property Regulations, 2017 is that it implements regulations for new categories: industrial designs, utility models, and technovations. With 30 patents issued annually<sup>37</sup>, the number of patents for the new categories is estimated on 10 per year. **This means an annual compliance cost increase of UGX 2,741,050.**

- **The Industrial Property (Fees) Regulations, 2017.**

**Reform:** For the patent to remain in force, the patent holder is required to pay annual maintenance fees as specified in these Industrial Property Fees, 2017<sup>38</sup>. Furthermore, specification of Application fees for a patent with final specification, utility model, certificate of grant of patent, annual fee for an application or patent, annual fee for utility model certificate, application fee change in ownership of certificate of change in ownership, petition fee for a registration of a license contract, fee for certificate of a registration of a license contract, application fee and fee for certificate for the registration of an industrial design, application fee to register a technovation certificate, and fee for certificate of grant of technovation.

***Change in Compliance Costs due to the Legal Reform***

See under Section 'The Industrial Property Regulations, 2017'.

- **The Industrial Property Act, 2014.**

**Reform:** Industrial Application. Application for a patent, Application of contractual licenses, applications for utility model certificates, application industrial design certificate, application technovation certificate. The new law does not concern trademarks.

*Patents and Utility Models.* The Patent Cooperation Treaty (PCT) international and national phase applications will be recognized. Some significant rules regarding biotechnological inventions are introduced, including the exclusion from patentability of natural substances, whether purified, synthesized or otherwise isolated from nature. According to the TRIPS<sup>39</sup> regulations, since Uganda is a lesser-developed country, *pharmaceutical products and test data are excluded from patent protection* until 2033. Furthermore, the description of a patent should contain a clear identification of the origin of any genetic or biological resources that were collected in Uganda as well as any traditional knowledge associated with those resources, if relevant. A patent will be valid for 20 years from the filing date and extensions to this term are no longer possible. Additionally, utility model (petty patent) protection is available for minor inventions that are novel and have industrial applicability. A patent application can be converted into a utility model application at any time before its grant or refusal, and vice versa. Utility models are valid for 10 years from the date of grant.

*Industrial Designs.* With this Act, national design protection now has become available. A design application may relate to two or more designs belonging to the same class under the international classification, or to a set or composition of articles. Registered designs are valid for an initial term of 5 years, which term is extendible by two further 5-year terms.

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<sup>36</sup> It is noted that this is deemed a very low estimate, since obtaining trademarks and patents usually is lengthy process, taking a lot of time and effort.

<sup>37</sup> see: URSB Annual Report 2016/2017.

<sup>38</sup> [ursb.go.ug/services/intellectual-property/patents/](http://ursb.go.ug/services/intellectual-property/patents/).

<sup>39</sup> WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights.

***Change in Compliance Costs due to the Legal Reform***

See under Section 'The Industrial Property Regulations, 2017'.

***4.8.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Industrial license.** Industrial licensing at the moment has become redundant. Lack of funding means no enforcement. Meanwhile there are so many manufacturing sectors, that enforcement is hard. Currently, industry is not required to license anywhere. If you want to start a business you just start. Industrial License can serve as a quality assurance. The Uganda Manufacturers Association (UMA), and the National Forest Authority (NFA) (manufacturers that work in timber) still issue their own licenses in their own way, maintaining cumbersome procedures. The National Environment Management Authority (NEMA) tends to focus on the larger industries. Government has repealed licenses, mainly ones that indirectly affect the small-scale manufacturing sector. Government has not funded Industrial Policy, the one that was done was funded by the United Nations Industrial Development Organization (UNIDO).

***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Manufacturing sector here above, there are no significant developments in administrative reforms identified that justify a compliance cost reduction.

***4.9. Financial Services***

***4.9.1. Legal Reforms***

- **The Insurance Act, 2017.**

**Reform:** Provision to apply for a permanent license for Insurance Companies, before this was an annual license. The validity of licenses for Insurance Agents and Brokers have been extended from 1 to 2 years.

***Change in Compliance Costs due to the Legal Reform***

The total compliance cost for insurance licenses in 2012 was UGX 41.5 million. **This goes virtually to nil**, as hardly any newcomers are presenting themselves, and the license under this Act has become one-off (permanent).

The Insurance Act, 2017 extends the validity of licenses for Insurance Agents and Brokers from 1 to 2 years. Hence, the total annual license fee compliance costs for these sub-sectors should be divided by two. **This means a compliance cost reduction of UGX 309 million per year.**

- **The Financial Institutions (Agent Banking) Regulations, 2017.**

**Reform:** This is a new license. An application for approval to conduct agent banking shall be made to the Central Bank.

***Change in Compliance Costs due to the Legal Reform***

**This new license results in a compliance cost increase of UGX 7,242,800 per year**, based on the based on the data of license costs (fees and times/money spent on procedure) for insurance broker of the Zero Baseline Measurement of 2012.

- **The Insurance (Bancassurance) Regulations, 2017.**

**Reform:** This is a new license. Any financial institution seeks to conduct bancassurance business shall apply for a license from the IRAU. The applicants shall be required to submit a resolution of the governing body of the financial institution and a letter of no objection of the Bank of Uganda. The bancassurance agency is also required to secure an agreement with an insurer (a minimum of 3 non-life insurers, and two life insurers). Bancassurance business is an arrangement between a financial institution and an insurer under which the bank distributes insurance services. In such an arrangement the bank acts as an agent for the insurer. On Oct 24, 2017, Stanbic Bank has become the first bank in Uganda to be granted a Bancassurance license by the Insurance Regulatory Authority, followed by Barclays on Nov 15, 2017.

***Change in Compliance Costs due to the Legal Reform***

**This new license results in a compliance cost increase of UGX 7,242,800 per year**, based on the based on the data of license costs (fees and times/money spent on procedure) for insurance broker of the Zero Baseline Measurement of 2012.

- **The Tier 4 Microfinance Institutions and Money Lenders Act, 2016.**

**Reform:** Licensing of Savings and Credit Cooperatives (SACCOs). SACCOs are member-based institutions (also known as ‘circles’), that intermediate savings into loans. SACCOs are usually rather small, independent financial institutions. The business model of most SACCOs is to collect savings from their members and to intermediate them into loans. This enables the rural and poor population to deposit savings as well as to take loans. Only members can use the services of SACCOs, as the Ugandan law prohibits SACCOs to take savings or lent out money to the public. The members can participate in annual general meetings and elect a board of directors. SACCOs have played an important role as financial services providers in rural Uganda, giving the low-income population the chance of accessing financial services. The government of Uganda has subsidized the founding of new SACCOs all over the country.

***The process of registering a SACCO:***

- Step 1: Reserve a name, with the registrar of business names;
- Step 2: Purchase SACCO by-law books from the department of cooperatives. The by-laws vary depending on whether the cooperative is a SACCO, or a multi-purpose cooperative;
- Step 3: Fill the by-laws with names and contact details of the promoters, who should number at least 30;
- Step 4: Fill the by-laws with the details of shares amounts, disciplinary fees, business address, and related issues on management of the cooperative;
- Step 5: Submit documents to the district or area cooperatives officer for approval. This includes signed by-laws by all members and incase the members are more than the space provided in the by-laws, attach the full member list; financial statements of the society (Income and Expenditure +Balance Sheet); a comprehensive schedule of all shareholders showing shares held by each member; entrance fees, shares, savings, and loans if any; and photographs of respective people to handle the cooperative’s accounts, that is, Chairman, Secretary, and Treasurer.
- Step 6: On approval of documents, which may include the cooperatives officer attending a meeting of the cooperative, the cooperative will pay registration fees.
- Step 7: Get a certificate of registration of the SACCO. With this certificate, the cooperative should open a bank account, and deposit the funds you have to the bank account; get a business license from the city council authority, or local government authority; and start active recruitment of members.

Under the new law, SACCOs are required to pay a license fee before commencing operations and an annual renewal fee in addition to the Uganda Cooperative Savings and Credit Union (UCSCU) membership fees. SACCOs are also required to contribute 0.5% of the total assets to the SACCOs stabilization fund, annually. In 2012, a total of 2,811 SACCO branches were active in Uganda<sup>40</sup>.

***Change in Compliance Costs due to the Legal Reform***

With an estimated average license fee of UGX 1,500,000 (the license fees are not determined in regulation, hence are derived from averages of license fees of other (micro) financial institutions), and time and money spent on similar, comparable license procedures in the financial sector<sup>41</sup>, **the total increase of annual compliance costs due to the introduction of this license is UGX 4.2 billion.**

- **The Capital Markets Authority (Amendment) Act, 2016.**

**Reform:** The Amendment is another step taken by the CMA in bolstering the legal framework for capital markets. The object of the Act is to amend the capital markets Authority Act Cap. 84 through, among others, amending the grounds for approval of licenses, and the introduction of new licenses. The key provisions in the Amendment are as follows:

- *Broader powers given to the Capital Markets Authority (CMA).* The Amendment has enhanced the powers of CMA to include implementing East African Community Council directives relating to the securities market in the East African region. CMA is further empowered to approve venture capital funds. The Amendment defines a venture capital fund as a company approved by the Authority and incorporated for purposes of providing risk capital to businesses in Uganda with high growth potential, whereby not less than eighty per cent of the funds so invested consist of equity or quasi-equity investment in eligible enterprises.
- *Introduction of new licenses.* New licenses for fund managers, investment houses, collective investment schemes, market advisers, representatives, trustees, custodians or depositories have been introduced. Previously CMA granted licenses only to brokers, dealers and investment advisers.
- *Licensing of persons for one off transactions.* CMA can now issue approval for transaction advisors and underwriters for one off transactions. This was previously not permitted. This is likely to quicken the more complex capital markets transactions.
- *Capital Markets Tribunal (the “Tribunal”).* This Amendment creates the Tribunal that will hear and determine, among others, disciplinary actions referred to it by CMA, complaints made by CMA, inquiries in the conduct of licensed persons and appeals from CMA.

***Change in Compliance Costs due to the Legal Reform***

The introduction of new licenses for these 8 types of licenses: fund manager license, investment houses, collective investment schemes, market advisers, representatives, trustees, custodians or depositories, **means a compliance cost increase of UGX 147 million per year**, on the basis of an estimated 15 issued licenses per year, per type of license.

- **The Financial Institutions (Amendment) Act, 2016.**

An Act to amend the Financial Institutions Act, 2004, to provide for Islamic banking; to provide for bancassurance; to provide for agent banking; to provide for special access to the Credit

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<sup>40</sup> number of SACCOs in 2012, source: Overview of Cooperatives in Uganda 2014.

<sup>41</sup> see: Zero Baseline Measurement, 2012.

Reference Bureau by other accredited credit providers and service providers; to reform the Deposit Protection Fund; and for related purposes.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Finance Act, 2016 (Amendment to the Finance Act 2014).**

**Reform:** An Act for provide for the alterations of ‘certain taxes and duties’; to vary the rate of gaming tax under the Lotteries and Gaming Act 2016, to provide for the URA to issue certificates of origin; to waive arrears of tax accruing from SACCOs; to revise the non-tax revenue relating to services and documents under the Traffic and Road Safety Act; to repeal fees in respect of the Mining Act, 2003, under the Finance Act 2013, and Finance Act 2014. Revision of the license fee structure for the Traffic and Road Safety Act Cap. 361, 1998. Registration fees for a personalized number plate: UGX 20,000,000. Driving permit (one year) UGX 55,000 and UGX 150,000 for three years (see Section 4.5.1 on Legal Reforms, Transport & Logistics). Fees in respect of Mining Act are repealed to encourage investment in the mining sector (see Section 4.7).

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does result in compliance costs alterations, and if relevant to compliance costs are addressed under the relevant Sections of this report.

- **The Finance Act, 2015.**

**Reform:** An Act to amend the Finance Act 2009 to vary the Environmental Levy; to amend the Finance Act of 2013 to revise the application fees for passports; to amend the Finance Act, 2014 to provide for non-refundable fees in respect of applications for work permits; to amend the Uganda Citizenship and Immigration Control (Fees) Regulations 2013, and to impose annual operator license fees in respect to vehicles and vessels (see Section 4.5 Transport & Logistics).

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does result in compliance costs alterations, and if relevant to compliance costs are addressed under the relevant Sections of this report.

- **The Finance Act, 2014.**

**Reform:** An Act to provide for the alteration of certain taxes and duties, to provide for tariff to repeal fees chargeable for the sale of hydrocarbon potential data, to amend certain enactments relating to taxes; to revise the non-tax revenue in various enactments and for related matters. Environmental levy on used clothing, shoes and other articles. Levy on unprocessed tobacco leaf consigned out of Uganda. Revision of the license fee structure of the Mining Act, 2003. Revision of the Work Permit fees chargeable under the Uganda Citizenship and Immigration Control, Act, Cap. 66.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does result in compliance costs alterations, and if relevant to compliance costs are addressed under the relevant Sections of this report.

- **The Capital Markets Authority (Licensing) (Amendment) Regulations, 2014.**

**Reform:** Change of license fee structure for brokers, dealers and investment advisors, market advisors, and representatives.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does result in compliance costs alterations (see also the Capital

Markets Authority (Amendment) Act, 2016).

- **Capital Markets (Asset Backed Securities) Regulations, 2012.**

**Reform:** The Capital Markets Authority in a bid to diversify sources of funding for businesses and widen the product offering for investors passed the Capital Markets (Asset Backed Securities) 2012 regulations. The regulations apply to the issue, offer and listing of Asset Backed Securities in Uganda. Appointment process and requirements for Servicing Agents, and Application for approval of asset backed securities.

***Change in Compliance Costs due to the Legal Reform***

The estimated number of issues licenses for Service agents for asset backed securities is 5. With an average license fee of UGX 200,000 and the average procedure of obtaining a license in the financial services sector, **this means an annual compliance costs increase of UGX 2,121,400.**

- **Capital Markets (Takeovers and Mergers) Regulations, 2012.**

**Reform:** Requirements for approval of Takeover Notice, Statement, and Offer. Requirements for independent takeover and merger advisor.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does result in compliance costs alterations.

#### ***4.9.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Capital Markets Authority:** Application forms can now be obtained online. Licensing timelines as established by the Client Service Charter have been adopted into staff performance targets, to ensure efficiency in service delivery. There is a designated staff to handle applications for licenses and corporate approvals. The processing time is fixed as provided for under the law that is the CMA Act, the CIS Act and the SCD Act. It was noted that according to the law licensing processing time is 45 days, however the Authority can issue licenses below this stated number of days.
- **Insurance Regulatory Authority of Uganda (IRAU):** Licensing information requirements in the form of regulations, forms, circulars and guidelines is available online on the Authority's website. On line processing of Insurance Agents applications was initiated in 2015 and over 1000 agents have been licensed so far. The issuance of a license is instant for as long as all required information is provided. The Insurance Regulatory Authority indicates the timelines for processing applications has gone from two months to two days. The Technical and Risk Management Committee of The Board handles the licenses.

***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Financial Services sector here above, and a total number of 3,340 of finance and insurance companies combined<sup>42</sup>, **the reduction in compliance costs due to administrative reforms in the Financial Services sector is estimated on a total of UGX 337,092,840.**

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<sup>42</sup> see: Uganda Bureau of Statistics Census of Business Establishments, 2010/11. (sectors Finance, and Insurance combined).

#### 4.10. Health & Nutrition

##### 4.10.1. Legal Reforms

- **Fees Structure for Registration and Licensing Doctors and Dentists, 2017.**

**Reform:** Fees Structure for Registration and Licensing Doctors and Dentists, 2017 has remained the same during the period 2012-2017, no changes have been found. Fee structure for Registration and Licensing Doctors and Dentists, including Ordinary Fees, fees for Provisional Registration, Full Registration, Specialist Registration, Additional Qualification – Post graduate training, Annual Practising License (APL) - Generalists. Annual Practising License (APL) – Specialists, and Certificate of Good Standing (COG).

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Drug Policy and Authority (Fees) (Amendment) Regulations, 2017.**

**Reform:** Regulations stipulating the fees regulations. The Schedule to the National Drug Policy and Authority (Fees) Regulations, 2017 is amended. In Part 1, by inserting immediately after paragraph 5 (b) the following—“(c) Application for amendment of notification US \$50”. In Part 6, by substituting for paragraph 3, the following—“3. (a) Verification fees for a consignment imported by a licensed person, a consignment for donation or a consignment imported by or for a Government ministry, department, project, programme or institution except a consignment specified in subparagraph b), 2.0% of FOB price - (b) *Verification fees for a consignment imported by a licensed person for wholesale or retail where the consignment comprises the following drugs (list included)— 12% of FOB price.* Subparagraph b) is the new element in this regulation.

There has not been a change in the fees structure as these are stipulated in the Fees Regulations, 2014. For instance, new drug shop applicants pay between UGX 112,500 to 255,000 depending on the location. New retail pharmacy applicants within Kampala Central Division pay UGX 1,660,000, while for other divisions, NDA charges UGX 945,000.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Guidelines on Control of Publication and Advertisement Relating to Drugs, 2017.**

**Reform:** Introduction of categories A, B and C of Advertisement and publication materials:

**Category A** - Material that strictly targets prescribers e.g., printed, engraved or electronic scientific information, including presentations, about a drug or non-scientific information on prescription drugs; launches and exhibitions where participation/attendance is limited to health workers or veterinarians, meetings of health and veterinary professionals (for instance, continuing medical education sessions (CMEs), symposia, conferences, workshops).

**Category B** - Material that targets medical or veterinary establishments for instance posters, and various visual aids; which are not necessarily restricted to the respective professionals.

**Category C** - Material on over-the-counter (OTC) drugs that targets the general public; for instance, audio and/or visual messages in broadcast media, posters, bill boards, wall branding and adverts on vehicles, reflector jackets, miscellaneous materials like caps, pens, balls umbrellas, internet and social media.

The Guidelines also contain fees for vetting drug promotional materials (Appendix 3).

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Drug Policy and Authority (Licensing) Regulations, 2014.**

**Reform:** The National Drug Policy and Authority (Licensing) Regulations contains regulations for License to sell Class C Drugs, License to Operate a Retail Pharmacy, License to Operate a Wholesale Pharmacy and License to Manufacture Drugs. The latter requires to be accompanied by an application for Assessment for Compliance with Good Manufacturing Practice Guidelines.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Drug Policy and Authority (Registration) Regulations, 2014.**

**Reform:** Regulations for the Application for Registration of drugs, preparations, vaccines and other immunological products. Application for the registration for herbal medicine products. Application for the registration of surgical instruments. Requirements for the application for Registration of drugs, preparations, vaccines and other immunological products are for example: the application shall state— (a) the name, physical address, email address, the telephone and fax number of the applicant; (b) the proprietary name of the product; (c) the approved generic name of the product; (d) the particulars of the product; (e) the strength of the product in per unit form such as mg, mL, IU/G or IU/M, where applicable; (f) the indication of the intended use of the product; (g) the description of the product; (h) the packaging specifications specified in regulation 10; (i) the studies undertaken in respect of the product, if any; (j) the safety and efficacy properties of the product; (k) the chemistry and pharmaceutical form and aspects of the product; (l) the registration and licensing status of the product in other countries including the country of manufacture; (m) the particulars relating to the toxicology and pharmacology of the product; and (n) any other information as may be determined by the Authority. In addition to these requirements, the application (in the English language) shall be accompanied by— (a) two samples of the product; (b) all the general and specific information and documents relating to the product; (c) a complete index to the various appendices; and (d) the prescribed fees.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Drug Policy and Authority (Pharmacovigilance) Regulations, 2014.**

**Reform:** A licensed person shall, for the drugs handled by the licensed person, submit to the Authority— (a) on an annual basis, a periodic safety update report of a drug that has been manufactured, sold or supplied in Uganda, as the case may be, for less than ten years; (b) once every three years, a periodic safety update report and the efficacy profile of a drug that has been manufactured, sold or supplied in Uganda, as the case may be, for more than ten years; and (c) any other report as the Authority may determine.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Drug Policy and Authority (Importation and Exportation of Drugs) Regulations, 2014.**

**Reform:** Application for import license of drugs. Separate Import Permit for importation of narcotic drugs and psychotropic substances. A consignment of drugs to be imported into Uganda shall before importation, be issued with a verification certificate. Application for importation of drugs for donation: shall apply to drugs which are imported for donation. The Authority shall in writing, authorize the importation of the drug for donation and shall specify the conditions of the donation. A donor shall provide to the recipient of the drug a certificate

of donation, certified by an authorized person. Exportation of drugs: Application for export license. An export license shall be valid for one year. The Authority shall issue an export license where it is satisfied that the applicant meets the criteria. The Authority shall prior to issuing an export license, ascertain that the facility from which the drugs to be exported, are manufactured, complies with internationally accepted Good Manufacturing Practice Guidelines adopted by the Authority. Verification of drugs by Authority at port of exit through the issuance of a 'certificate of analysis'.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

• **The National Drug Policy and Authority (Fees) Regulations, 2014.**

**Reform:** *Note:* These Regulations came into force on the 22nd of July, 2013 (Article 1.2). Under this Regulation the National Drug Authority (NDA) has raised the fees for licensing and registration of drugs and health service providers, including drug shops and pharmacies. Concerning the latter, it has doubled license fees for drug shop, pharmacies. Under the revised fees structure, renewing a license to operate a retail pharmacy in Kampala's central division costs UGX 600,000 from UGX 300,000. Site inspection costs have also been doubled from UGX 30,000 to UGX 60,000 while ascertaining suitability of premises has doubled to UGX 600,000. Although the rates are different in other districts and divisions of Kampala, they have also been significantly increased.

Under the new structure, a new license to operate a drug shop costs UGX 120,000 in Kampala, UGX 75,000 for municipalities and UGX 45,000 for drug shops in rural areas. The same costs apply to renewal of the license. This, however, excludes costs of inspection and ascertaining suitability of premises. Registration of human or veterinary products costs USD 1,250 (about sh3m) while that for herbal medicines is USD 500 (about UGX 1.2m). Analyzing drug samples at the NDA lab now costs between USD 300 (about UGX 750,000) and USD 1,000 (about UGX 2.5m), depending on the nature of the test to be conducted. Inspection of foreign manufacturing plants costs between USD 1,000 (UGX 2.5m) and USD 6,000, (UGX 15m) depending on the stage of production, while conducting clinical trials costs between USD 1,000 (UGX 2.5m) and USD 2,500 (UGX 6.25m). Fees for operating licenses and approval of premises for a pharmaceutical manufacturing plant cost between UGX 500,000 and UGX 1.2m.

Applicant to pay fees according to location. (1) Where in the Schedule, fees are classified according to the location of the premises for which the applicant wishes to be licensed, the applicant shall pay the fees specified for the location as may be determined by the National Drug Policy and Authority. (2) For the avoidance of doubt, the fees classified as "municipal" are payable by applicants in a municipality or town. These Regulations repeal the National Drug Policy and Authority (Prescriptions of Forms) Regulations. The Regulations contain:

- Fees for Registration of Drugs, Retention, Notification and Amendment (First registration, Annual retention of registration of drugs and preparations on register, Fees for notification of registration of herbal medicine, Fees for amendment of application for registration of drugs (human and veterinary), Amendment of notification for imported herbal medicine)
- Fees to be paid to the Authority in respect of a licensed seller (Inspection for suitability of premises, Application for a license)
- Fees for Retail Pharmacies (Inspection for suitability of premises, Application for a license - within Kampala, outside Kampala)
- Fees for Wholesale Pharmacies (Inspection for suitability of premises, Application for a license - within Kampala, outside Kampala)

- Fees for a Pharmaceutical Manufacturing License
- Fees for Importation of Drugs, including application for a general or limited import or export permit
- Fees for Analysis in a Laboratory
- Fees for Inspection for Good Manufacturing Practises for foreign Manufacturing plants
- Fees for Clinical Trials (human)
- Fees for Ectoparasiticides Field Trials
- Fes for Changes in Particulars registered with the Authority
- Fees for National Drug Authority Publications
- Fees for Vetting Drug Promotional Materials
- Fees for Destruction of Drugs

***Change in Compliance Costs due to the Legal Reform***

Under these regulations, license fees are doubled for: pharmacies, licensed sellers, suitability of premises. Based on the Zero Baseline Measurement of 2012 the total license fees for pharmacies were: UGX 809 million, for licensed seller: UGX 709 million, and for verification of suitability of premises: UGX 668 million. **The doubling of these license fees results in a compliance cost increase of: UGX 2.186 billion.**

• **The National Drug Policy and Authority (Suitability of Premises) Regulations, 2014.**

**Reform:** Application for certificate of suitability of premises. Approval of location by the National Drug Policy and Authority. Certificate of suitability of premises. The Authority issues a general certificate of suitability of premises, for premises to be used for manufacturing drugs and for wholesale and retail pharmacies and a limited certificate of suitability of premises, for premises to be used by a licensed seller. An application for a certificate of suitability of premises shall be accompanied by— (a) the plan of the premises; or (b) where buildings are to be constructed, the plans of the buildings. The premises shall be located in a place where the premises cannot be contaminated from the external environment or other activities, and shall adhere to Standards of Construction as described.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

• **The National Drug Policy and Authority (Control of Publication and Advertising Relating to Drugs) Regulations, 2014.**

**Reform:** Application for approval of publications and advertisements for drugs. A person who seeks to make a publication or an advertisement for a drug shall make an application to the Authority, using Form 45 in the Schedule to these Regulations. An application for publication or advertisement shall be made by: a) the holder of the patent of the drug; b) a licensed person; c) the manufacturer of the drug; or d) an agent authorized by the manufacturer or the holder of the patent of the drug. The application shall be accompanied by: a) a sample of the material for which approval for publication or advertisement is sought; and b) the prescribed fees. Where the Authority is satisfied with an application, the Authority shall approve the application and issue an authorization to make a publication or an advertisement for a drug.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Drug Policy and Authority (Conduct of Ectoparasiticides Field Trials) Regulations, 2014.**

**Reform:** Application for authorization to conduct a field trial for ectoparasiticides. Approval of field trial by the Uganda National Council of Science and Technology via Field Trial Certificate.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Public Health (Vaccination of Health Workers Against Hepatitis B Virus) Rules, S.I. 105 of 2014.**

**Reform:** The Public Health (Vaccination of Health Workers Against Hepatitis B Virus) Rules, S.I. 105 of 2014, specifies that all health workers shall within six months from the commencement of these rules be vaccinated against HBV. The purpose of the rule is to provide for the vaccination of all health workers against HBV to reduce the risk of transmission from health workers to the patients they treat, patients to health workers, patients to intern medical workers or from interns to patients. A person vaccinated in accordance with rules shall be given a certificate specified in the third schedule to the Public Health Act Cap 281, certifying that that the person has been successfully vaccinated.

***Change in Compliance Costs due to the Legal Reform***

Vaccination costs for Hepatitis B for adults are estimated at UGX 40,000.<sup>43</sup> With 57,597 practical licensed health professionals active in 2013<sup>44</sup>, **this means an annual compliance cost increase of UGX 2,303,880,000.**

#### ***4.10.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **National Drug Authority:** The authority has put up a system with fees payment online, complaints' desk and an online registration framework. (EAC medicines regulatory harmonization project from Trademark E.A.).
- **The Uganda Nurses and Midwives Council:** Has a functional website with licensing information, social platform, skype, and twitter, Facebook for client feedback channels, online application and renewals. *Decentralization:* regional satellite centers in 6 regions covered under regional hospitals. In 2017 more regional centers were opened up to make 13 using them as basic units of decentralization: Kabale, Mbarara, Masaka, Arua, Lira, Jinja, Hoima, Mubende renewals are done in all these centers. Apart from Masaka, all are fully operational. Licensing Offices in the regional satellite centers have been made operational and equipped with IT facilities. The Council also has a representative at every district as a District Supervisory officer. Timeline of the application process has been reduced from two months to one month, and for practices it is even reduced from 3 months to 2 weeks.
- **Uganda Medical and Dental Practitioner's Council:** The council has a functional website with all licensing information.
- **Allied Health Professionals Council:** Application processes, fees structure, checklist for inspecting health facilities and procedures are now online. Decentralization of services at regional level through decentralization of offices with 12 regions from regional to district level offices (District Allied Health Supervisors).

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<sup>43</sup> [www.newvision.co.ug/new\\_vision/news/1014480/vaccinations-vital-cost](http://www.newvision.co.ug/new_vision/news/1014480/vaccinations-vital-cost).

<sup>44</sup> Ministry of Health, Humann Resources or Health Bi-Annual Report "Improving HRH Evidence for Decision Making" October 2014-March 2015, April 2015, p.23.

### **Change in Compliance Costs due to the Administrative Reforms**

Based on the described characteristics of the administrative reforms in the Health & Nutrition sector here above, **the reduction in compliance costs due to administrative reforms in the Health & Nutrition sector is estimated on a total of UGX 597,246,426**, and is distributed as follows:

- National Drug Authority: UGX 511,089,264, based on 5,064 licenses issued annually<sup>45</sup>.
- The Uganda Nurses and Midwives Council: UGX 39,719,988, with UGX 37,499,616 due to decentralization.
- Uganda Medical and Dental Practitioner's Council: UGX 13,036,275 per year.
- Allied Health Professionals Council: UGX 33,400,899, with UGX 31,533,768 due to decentralization.

## **4.11. ICT & Media**

### **4.11.1. Legal Reforms**

- **The National Information Technology Authority Uganda (Certification of Providers of Information Technology Products and Services) Regulations, 2016.**

**Reform:** Commencing the Financial Year 2016/17, all providers of Information Technology (IT) services and products are required to be certified by the National Information Technology Authority (NITA-U). This requirement applies to all Companies that are registered in Uganda and Ugandan Nationals or permanent residents. Furthermore, all partners, sub-contractors or otherwise of foreign providers of IT Services and Products shall have to be certified. All IT Service Provider Companies that bid for Government Work shall require that all IT Personnel presented as part of the Team in the Bid and are not permanent staff of the Company are certified as Individual IT Service Providers by NITA-U.

Application for certification required to provide information technology products and services, including new elements introduced by these Regulations of Classification Criteria for Certification of Providers of Information Technology Products and Services, and a Fee structure based on annual turnover. Persons providing information technology products or services immediately before the coming into force of these Regulations shall apply for certification in accordance with the Act and these Regulations. The fees specified in attached Schedule shall be payable to the Authority and the certification body in respect of the matters to which they relate under the Act and these Regulations. Fee categorization:

- A. Certification of Information Technology Providers of Products and Services whose annual gross revenue exceeds UGX 3.5 billion.
- B. Certification of Information Technology Providers of Products and Services whose annual gross revenue exceeds UGX 1- 3.5 billion.
- C. Certification of Information Technology Providers of Products and Services whose annual gross revenue does not exceed UGX 1 billion.
- D. Certification of Information Technology Providers of Products and Services in respect of individuals.

### **Change in Compliance Costs due to the Legal Reform**

The application fee for certification is: UGX 72,450 + 277,550 = UGX 350,000. On top of that, a license fee is required of: 1) UGX 10 million, 2) 6 million, or 3) 2 million, depending on the turnover/income of the company. With the choice of having lower income IT-providers over-

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<sup>45</sup> see: Zero Baseline Measurement, 2012, aggregate, total number of licenses issued by NDA.

represented, the average total license fee is estimated at UGX 4,350,000. In addition come the annual inspection fees of on average UGX 700,000<sup>46</sup>. The costs of adhering to the license procedure in costs and time spent on administrative activities is taken from the Zero Baseline Measurement 2012.

Already some 80 companies were licensed before these regulations (see NITA-U website). On a total of 500 IT-companies<sup>47</sup>, **the total increase of compliance cost of these regulations for the 420 new licenses is UGX 2.62 billion a year.**

- **The National Information Technology Authority Uganda (Authentication of Information Technology Training) Regulations, 2016.**

**Reform:** Application for authentication of information technology training. Criteria for Authentication of Information Technology Training. The Authority shall, in conjunction with the ministry responsible for education, be the authentication center for information technology training. The Authority shall issue the applicant a certificate of authentication. These regulations provide for criteria, and classification in fees. Fee categorization:

- A. Certification of Information Technology Providers of Products and Services whose annual gross revenue exceeds UGX 3.5 billion.
- B. Certification of Information Technology Providers of Products and Services whose annual gross revenue exceeds UGX 1- 3.5 billion.
- C. Certification of Information Technology Providers of Products and Services whose annual gross revenue does not exceed UGX 1 billion.
- D. Certification of Information Technology Providers of Products and Services in respect of individuals.

***Change in Compliance Costs due to the Legal Reform***

The estimated number of IT professionals providing IT training is 300. Based on the same key figures of the Certification of Providers of Information Technology Products and Services (see above, **the total compliance cost increase of these regulations is 1.87 billion a year.**

- The National Information Technology Authority Uganda (National Data Bank Management) Regulations, 2015.

**Reform:** none relevant to business licensing compliance costs of businesses.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The National Information Technology Authority Uganda (E-Government) Regulations, 2014.**

**Reform:** none relevant to business licensing compliance costs of businesses.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Electronic Signatures Regulations, 2013.**

**Reform:** The purpose of the Regulations is to operationalize the Electronic Signatures Act (ESA). The Regulations provide further detail to the Electronic Signatures Act (ESA) with regard to licensing and recognition of Certification Service Providers (CSPs); providers of Repository

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<sup>46</sup> also, with having taken an over-represented lower income IT-providers' average.

<sup>47</sup> In 2011, a total of 449 ICT-companies were registered, according to Uganda Bureau of Statistics Census of Business Establishments, 2010/11, p. 105. It is defensively estimated that this number meanwhile has grown to 500.

Services and Date and Time Stamp Services. They also set out the roles, responsibilities and obligations of the various service providers and players in the e-signatures environment; provide for handling of complaints and resolution of disputes that may arise between the players and lay down offences and penalties for failing to adhere to the Regulations.

Application for *certification service provider* license and recognition of repository providers. Application to provide certification services, repository or stamp services. Recognition of foreign certification service providers. Grant or refusal of license or recognition. A license, registration, certificate or recognition granted or issued under these regulations shall be valid for five years from the date of issue. Application for exemption from license, recognition or registration. Subject to any conditions imposed by the license or recognition, a certification service provider may issue certificates to subscribers with different levels of assurance. The certification service provider shall set out distinct provisions in its certification practice statement for approval by the Controller for each type of certificate to be issued. A certification service provider shall prepare and publish on their website a certification practice statement in accordance with the Act and these Regulations, among others, advising the potential subscribers of the rights, duties and liabilities of the certification service provider, the subscriber and a person relying on a certificate.

Recognition of repository providers: every *repository provider* shall establish and maintain a publicly accessible database for the purposes of— (a) publishing the information required to be published under the Act and these Regulations; (b) publishing the additional information required by the Controller; and (c) publishing the additional information a licensed or recognized certification service provider may require.

A *date and time stamp service provider* shall, upon receipt of a document for date and time-stamping, immediately stamp the date and time on the document and digitally sign the date and time-stamp.

A certification service provider, repository provider and date and time stamp service provider shall keep the relevant records for ten years (such as all applications for issuing certificates to subscribers, documents relating to the verification of certificates generated).

Provisions for the application to register as a *compliance auditor* certifying service providers, repository providers or a date and time stamp providers are part of these Regulations. For a person to qualify to conduct a compliance audit under the Act or these Regulations, that person shall (a) produce evidence of international recognition as a security professional or certification as a public accountant; (b) be familiar with digital signature technology and practices; and (c) be knowledgeable about the requirements of the Act, these Regulations and any other law relating to electronic transactions.

Included in these Regulations are the License Application fees for the different licenses: application for a license as certification service provider: UGX 22,000,000, application for recognition of foreign certification: UGX 25,000,000, application to transfer license UGX 25,000,000, application for Renewal of license: UGX 22,000,000, recognition of repository/date and time stamp provider: UGX 22,500,000, registration of compliance auditor UGX 15,000,000.

#### ***Change in Compliance Costs due to the Legal Reform***

With an estimated number of 20 certification service providers, an average license (application) fee of UGX 22 million, and the average time and costs spent on the licensing

procedures, **the total compliance cost increase of these regulations are UGX 458 million per year.**

- **The Uganda Communications Act, 2013.**

**Reform:** The Uganda Communications Act, 2013 was enacted to consolidate and harmonize the Uganda Communications Act and the Electronic Media Act.

Licensing of Communications. Radio, telecommunications licenses, license to use frequency spectrum, license to install a television and radio station, broadcasting license, licensing of postal services, license for cinematograph theatre or video library, and other communications licenses. An application for a license under this Act shall be made to the Commission in the prescribed form. An operator shall provide the service for which that operator has obtained a license. The Commission shall prescribe the terms and conditions of all operators licensed under this Act. A license may include the provision of services to rural or sparsely populated areas or other specified areas and other conditions specified in Schedule 6. Conditions may include: a) in the case of a license to establish a radio communication station, the specifications as to the positions and nature of the station, the purpose for and circumstances in which and the persons by whom the station may be installed or used; b) in the case of any other telecommunication license, specifications as to the apparatus which may be installed or used, the places where, the purposes for, the circumstances in which and the persons by whom an apparatus may be used; and c) in the case of a postal services license, specifications as to the services to be performed, the place of postal services and the geographical spread of the services and places.

Every licensee shall, at the end of each year of business, prepare and submit to the Uganda Communications Commission in the prescribed form, a report on the operations and services of the licensee and the extent to which the conditions of the license are followed.

It is important to note that the Act provides in the further detailing of the Act in regulations: 'The Minister may, after consultation with the Commission and with the approval of Parliament, by statutory instrument, make regulations for better carrying into effect the provisions of this Act.', Section 93(1) of the Uganda Communications Act 2013. In April 2017, parliament of Uganda reiterated this power to the minister in charge of Information and Communication Technologies (ICT) powers 'to single-handedly make regulations that govern the telecommunications sector'. Among others, such regulations are related to licensing and fees, operator obligations, competition, consumer rights and protection. To that end, government has meanwhile passed a new Communications Bill (2016) seeking to remove parliamentary approval of regulations required in implementing the Uganda Communications Act, 2013.

***Change in Compliance Costs due to the Legal Reform***

In anticipation of the Regulations stemming from this Act (see here above), the nature of the Reforms of this Act does not result in compliance costs alterations.

#### ***4.11.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Uganda Communications Commission (UCC)** has a website with licensing information, information on fees and guidelines for all its services, except broadcasting which is yet to be uploaded. It has regional offices for customer care and monitoring. Mbale, Mbarara, Masindi and Gulu, and uses courier services to send information to applicants.

### ***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the ICT & Media sector here above, and an above average online penetration in the licensed IT-companies of 80%, for the whole sector ICT & Media, the regulatory target group of UCC, **the reduction in compliance costs due to administrative reforms is estimated on a total of UGX 395 million per year.**

## **4.12. Education**

### **4.12.1. Legal Reforms**

- **Quality Assurance Framework for Universities and the Licensing Process for Higher Education Institutions, 2014.**

**Reform:** This Quality Assurance Framework has been developed in an institutional, national, regional and international but rapidly changing context. The aim of the framework is to ensure that NCHE and higher education institutions work together to achieve and enhance the quality of higher education. The Quality Assurance Framework comprises of two major components: (1) The regulatory component at the level of the NCHE, and (2) The institutional component at each individual university level.

This framework uses the definition of Quality Assurance as “fitness for purpose.” It details the requirements and achievements of institutions to be measured for the purposes of institutional and individual programme accreditation and external and internal audits. It stresses that the responsibility for assuring such quality lies with each individual institution in partnership with the NCHE. The framework covers:

- accreditation;
- statutory requirements;
- institutional governance
- vision
- mission
- strategic plan;
- the functioning of the university organs;
- the university council;
- the senate;
- the administration;
- the staff union;
- the student union;
- overall institutional autonomy;
- admissions;
- merit-based admission that does not discriminate between applicants on the basis of ethnicity, race, gender or creed
- minimum entry requirements;
- the quality of academic staff;
- qualifications;
- rules and regulations for hiring, promoting and firing staff;
- staff development;
- students’ assessment of academic staff;
- standards for courses and programmes of study;
- examination regulations and awards standardization;

- educational facilities;
- research and publication;
- the quality of outputs;
- institutional financial management;
- the university and the community;
- collaboration with professional bodies; and
- any other items worthy of attention.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Education Service Commission Regulations, 2012.**

**Reform:** Procedure and application forms. The Commission shall determine the procedure to be followed in dealing with applications for appointment to the Education Service.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

#### ***4.12.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Ministry of Education and Sports:** Has put in place administrative licensing guidelines (license for operating a private school/institute) to provide for accelerated registration in place for the lengthy waiting periods of an average of two years. The Ministry offers pre-guideline services to intending applicants which makes the entire application process smooth. It has designated focal officers for registration and licensing and their contacts a widely circulated. The Directorate of Education Standards has established regional offices in Mbale, Mpigi, Mbarara and Gulu.
- **National Council for Higher Education:** The council has recruited more staff to facilitate the licensing and accreditation department to speed up the process. The council has further put in place information clinics to guide persons interested in opening up institutions of higher learning. The council has upgraded its website and uploaded application forms for clients to download and requirements thereof. Construction of a new, permanent office is realized increasing space. Service delivery has been improved by increase in capacity of licensing staff, from 4 in 2012 to currently 12. NCHE is in the process of establishing a client's charter, approval by the Ministry is anticipated.
- **Provisional License:** the process has not changed in any way. The extension of the validation period from 3 to 7 years will allow an applicant time to improve before they can be fully licensed. However, it might also promote reluctance amongst proprietors who will take advantage of the 7 years period and deliberately operate under shoddy conditions.
- **Affiliation:** the process of recognition is almost the same as getting a license for a new institution. The reform of the process will make it easier for the affiliated institution to grow because even with the additional requirements, one can create an institution with only specific programmes that cater for a certain subsector. This means one can run a programme as opposed to setting up an entire institution.
- **Licensing Guidelines:** this is a positive development. Whereas the process was previously time-tagged, it is now quality-tagged. It can take two months to get a license now. It is no longer defined by time, but by the progress made by the institution. This facilitates faster confirmation to a full license/institution.

#### **Change in Compliance Costs due to the Administrative Reforms**

Based on the described characteristics of the administrative reforms in the Education sector here above, and a total of 2,748 issues licenses per year by the Ministry of Education and Sport and 1,190 by the National Council for Higher Education<sup>48</sup>, **the reduction in compliance costs due to administrative reforms in the Education sector is estimated on a total of UGX 1,337,818,986**, and is distributed as follows:

- Ministry of Education and Sports: UGX 1,17 billion.
- National Council for Higher Education: UGX 167 million.

### **4.13. Water, Sanitation & Environment**

#### **4.13.1. Legal Reforms**

- **The Water (General Rates) Regulations, 2017.**

**Reform:** Rates charge changes as compared to the rates as stipulated in the Water Act (General Rates) Instrument, 2006. The Service charges has remained the same. The Sewerage charges has increased by an average of UGX 100,000. Pipe Size 4": 178,000 (used to be UGX 100,000), 6": 225,500 (used to be UGX 125,000), and over 6": UGX 297,260 (used to be UGX 167,000).

The rate for unmetered water use's public stand pipes used to be UGX 51,600 per month (= UGX 619,200 per year). With these new regulations, the basis of calculation of unmetered use of water has changed from a fixed rate to a rate depending of the number of users, where an unmetered rate for the lowest class of 1-5 users, is UGX 82,040 per month (= UGX 984,480 per year). The rate for more users increases exponentially, the rate for 6-15 users is already UGX 246,120 per month.

#### **Change in Compliance Costs due to the Legal Reform**

The difference of water rates is set for an average UGX 375,000 between the annual rate before 2017 (UGX 619,200) and the new ones introduced in these regulations: UGX 984,480. For assessing this difference in terms of users, the lowest class of 1-5 users has been selected. Further, it is estimated that one-fifth of all businesses (92,000<sup>49</sup>) is connected to water supply, of which half of it uses so-called unmetered water. **The compliance cost increase of the water rates changes in these regulations is defensively estimated using the lowest class of users as a basis, at 17.25 billion per year.** Noted again is that for more than 5 users, the water rates increase exponentially.

Concerning the sewerage rates, these have increased with an average UGX 100,000 (depending on the diameter of the sewerage-pipe used). It is estimated is that one fifth of all businesses is connected to a sewerage system, is 92,000 businesses. Based on this, **the compliance cost increase of the sewerage rates changes in these regulations is estimated at 9 billion per year.**

#### **4.13.2. Administrative Reforms**

##### **Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Decentralization Directorate of water resources management (DWRM).** DWRM has extended services closer to the users in four zones namely; Mbarara-Victoria Water

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<sup>48</sup> see: Zero Baseline Measurement, 2012.

<sup>49</sup> see: Uganda Bureau of Statistics Census of Business Establishments, 2010/11.

Management Zone, Fort Portal –Albert Water Management Zone, Lira – Upper Nile Water Management Zone and, Mbale – Kyoga Water Management Zone. At the zonal offices, officers in the short run can receive, review applications for permits and/or forward to the headquarters in Entebbe for permit processing and issuance. The license application in practise mostly still be submitted in person, however can be done in regional offices. Assessment can also be done regionally, so also the assessment is decentralized. However, issuance remain centralized, business should come in person to obtain its license in Entebbe.

- **Improved license application process.** The license application process such as the Ground Water Permit has been improved. Previously, applicants had to go to DWRM-offices in Entebbe to collect bank advisory forms: improvements have been made such that application forms are put online and an applicant may call DWRM or send an email requesting for a Bank Payment Advisory Form (BPAF). The BPAF is sent to the applicant by email. Obtain bank advisory form which is sent online for the type of permit applicants are applying for. Payments to URA are done anywhere in the country. Upon payment, applicants are requested to bring a photocopy of the receipt to the headquarters in Entebbe for processing. Before, payment had been done in Entebbe.
- **National Environment Management Authority (NEMA).** NEMA has in place a client charter with information on licensing services, the stakeholder and timelines for the application procedures. NEMA has designed and developed an Environmental Impact Assessment (EIA) database to improve effectiveness in the EIA review process and replace the manual review process. The database enables online tracking of Environmental Impact Statements (EISs) once submitted and identifies areas where delays have been occasioned with the aim of minimizing or eliminating them. The database will enable automatic feedback to the client at all stages. It is expected that once fully developed, the database will be linked to the One-stop-center at UIA and URSB. Administrative adjustments have been introduced internally in the departmental staff working procedures, with the aim of integrating functions to ensure that all available technical staff with relevant competencies get involved in the review and evaluation of Environmental Impact Statements Assessments (EISAs), including post inspection and project monitoring.

#### ***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Water, Sanitation & Environment sector here above, **the total reduction in compliance costs due to administrative reforms in the Water, Sanitation & Environment sector is estimated on a total of UGX 28,330,769 per year**, and is distributed as follows:

- Directorate of Water Resources Management: UGX 22.7 million, of which UGX 22.4 million is the result of decentralization.
- National Environment Management Authority: UGX 5.6 million, of which UGX 1,682,100 million reduction in compliance cost is accounted for by reduction in costs for administrative activities required for the lengthy procedure (480 hours) of obtaining a NEMA-license.

#### **4.14. Employment, Labour & Industrial Relations**

##### **4.14.1. Legal Reforms**

- **The Occupational Safety and Health (Plant Examination and Workplace Registration Fees) Regulation, 2014.**

**Reform:** This Statutory Instrument No. 87 on Occupational Safety and Health (Plant Examination and Workplace Registration Fees) Regulation, 2014 spells out the fees to be paid for individual workplaces depending on the nature of work, the level of risk they pose, or the number of workers they are employing. Similarly, the same regulation spells out the amount of fees to be paid by organisations/proprietors in possession of plants and equipment. Stakeholders are informed on the basic provisions of the Occupational Safety and Health Act No. 9, 2006 among which are registration of workplaces, institution of safety and health measures at the workplace, statutory equipment inspection and certification, and effective information keeping and sharing. With this regulation, the Ministry of Gender, Labour and Social Development sets the Non-Tax Revenue (NTR) fees of workplace registration and statutory equipment inspection, and requires to ensure enforcement.

It is noted that out of the estimated one million work places in the country, only 756 were registered by the Ministry of Gender, Labour and Social Development as at 30th June 2015<sup>50</sup>. Despite government efforts to improve safety and health of all workers in the country through funding enforcement of OSH activities, repealing of the Factories Act, 1964 that led to the enactment of the OSH Act, 2006 and this statutory instrument No. 87 (2014), limited impact has been registered due to inadequate enforcement of the OSH Act 2006<sup>51</sup>.

##### **Change in Compliance Costs due to the Legal Reform**

The nature of the Reforms does not result in compliance costs alterations.

- **Guidelines on Recruitment and Placement of Uganda Migrant Workers Abroad, 2013.**

**Reform:** Operators of private recruitment companies /agencies require specific skills and an understanding of human beings with their different needs and aspirations. Thus, private recruitment companies/ agencies should be registered as a special category for the purpose of proper deployment of the migrants and not as private business. They should ensure that their operations are not for profit making alone but are in line with the principles of human dignity and the benefits of the migrants in order to avoid malpractice and abuse of the workers. An organization intending to operate as a recruitment company/agency shall be required to make an application for a license to the Department of Employment Services, Ministry responsible for Labour and Employment. Prior to registration and licensing a prospective private recruitment company/ agency shall demonstrate both human and financial capacity and marketing capability to handle migrant labour. The Directors and staff should have experience in management of human resources and financial capacity to handle the needs of workers. The applicants shall be trained and required to pass two modules of the Certificate for Employment Agencies (CEA) test conducted by the Department of Employment Services, Ministry responsible for Labour and Employment.

Applicants shall provide the following documents for checking by the Department of Employment Services:

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<sup>50</sup> "Enforcement of Occupational Safety and Health Services at Workplaces by the Department of Occupational Safety and Health under the Ministry of Gender, Labour and Social Development", a Report by the Office of the Auditor-General, December 2016.

<sup>51</sup> *Ibid.*

1. A certified copy of the Articles of Incorporation or of Partnership duly registered with the Registrar of companies, in the case of corporation or partnership.
2. Proof of financial capacity showing income returns for the past two years and a bank statement indicating a maintaining balance of not less than ten million Uganda shillings.
3. A duly executed Special Power of Attorney and/or a duly concluded Recruitment/Service Agreement.
4. Manpower request(s) or visa certification from new employer(s)/principals(s) for not less than one hundred (100) workers.
5. All members of the Board of Directors or partners of the applicant agency shall be cleared from Interpol and other government agencies.
6. Individual income tax returns for the past two (2) years of the proprietor, partners, stockholders/incorporators, as the case may be.
7. Proof of possession by the chief executive officer of a bachelor's degree and three years business experience
8. List of all officials and personnel involved in the recruitment and placement, together with their appointment, bio-data and two (2) copies of their passport-size pictures as well as their clearances from the Interpol.
9. Proof of publication of notice of the application with the names of the partners, incorporators and officers.
10. Presentation of a bank guarantee
11. Proof that they are compliant with labour standards
12. Foreigners shall be required to get clearance from their country of origin.

Licenses for the operation of Private Employment companies/agencies shall be issued for a period of time of twenty-four (24) months. An applicant for license shall pay a non-refundable fee for the application form as indicated in Annex II to the guidelines. The license fee for private recruitment companies/ agencies shall be reviewed from time to time.

The principal/employer shall submit the following documents to the Ministry responsible for Labour through the Uganda licensed agency for evaluation and accreditation:

1. Service agreement with the licensed agency;
2. Master employment contract of the direct employer or foreign placement agency containing the minimum requirements for contracts of employment of migrant workers;
3. Manpower request indicating the position and salary of the workers to be hired.
4. Valid business license, registration certificate or equivalent document or proof of existence of project validated or certified by the issuing authority in the host country;
5. Visa assurance or any equivalent document validated by the issuing authority.

*License fees:* License Application Form: UGX 100,000, License: UGX 500,000, Bank Guarantee: UGX 50,000,000, Fine for Late Renewal of License: UGX 200,000, Certificate of Good Conduct (Interpol): UGX 67,000, Administration costs (Recruitment Agencies): UGX 50,000. Like the Conventional Travel Documents these license fees have not been changed.

#### ***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

#### ***4.14.2. Administrative Reforms***

##### **Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Ministry of Gender, Labour and Social Development:** The Ministry has reduced processing timelines from one month to a week or less. In 2014, it has established the Occupational

Safety and Health (OSH) management system, though up until now only still internally used. The system holds information of all licensed workplaces, inspected, equipment and expired certificates. The system will be in position to alert the officers in charge that certificates of a particular applicants have expired. Transport facilities for inspectors have greatly improved from one vehicle to six vehicles through the help of the Strengthening Safeguards, Safety and Health at Workplaces Project, since 2013-14.

#### **Change in Compliance Costs due to the Administrative Reforms**

Based on the described characteristics of the administrative reforms in the Employment, Labour & Industrial Relations sector here above, and a total number of 8,750 issued licenses, **the reduction in compliance costs due to administrative reforms in the Employment, Labour & Industrial Relations sector is a total of UGX 279 million per year.**

### **4.15. Professional Services**

#### **4.15.1. Legal Reforms**

- **Certificate of Registration & Practising License for Engineers, 2014.**

**Reform:** *Certificate of Registration.* The newly implemented (requirements for a) Certificate of Registration indicates key Academic Qualifications, Field of Practice, and indicates design, terms, and conditions. It also enforces accountability, ethics, and integrity, and financial compliance with Engineers Registration Board.

*Practising license.* Introduction of a Practising License: a person who is registered at the Engineering Registration Board, shall, if he or she intends to practice in his or her professional capacity; require, in addition to such registration, a practicing license (1st January to the 31st December in each year). The person shall apply to the Council to be issued with a practicing license in the Prescribed form. The Registrar shall issue a "Practicing License" to a person whose name is on the Register and who applies for the License on the prescribed Form, meets the conditions therein, and pays the prescribed fee, upon successful. A Practising License shall remain valid from the date of issue to thirty-first day of December next after its issue and shall be renewable annually.

Fees structure of the Engineering Registration Board for Registration and Annual Licensing. There is an application fee required of UGX 400,000. Other costs before 2015 were: Certificate of Registration (Paid Once) of UGX 285,000 + Annual Subscription of UGX 200,000, totaling UGX 485,000. From 2015 onwards, the fee for the Certificate of Registration (Paid Once) has remained UGX 285,000, however the annual License Fee has become UGX 350,000, totaling UGX 635,000. These fees apply to long-term registrations.

Short-term (less than 5 years) registration fees are as high as UGX 2,300,000, still apart from the application fee of UGX 400,000.

#### **Change in Compliance Costs due to the Legal Reform**

The introduction of the Practising License means a compliance cost increase. The Zero Baseline Measurement of 2012 calculates the process of obtaining an Engineering registration at 17 hours. It is assumed that the application process for the new Practising License will take the same amount of time. The Annual Practising License fee is UGX 150,000<sup>52</sup>. With an average

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<sup>52</sup> see: Registration Board Fees Structure, [www.erb.go.ug](http://www.erb.go.ug).

issued number of licenses of 150 a year, **the compliance cost increase for this new Practising License for Engineers is estimated at UGX 49,147,500 per year.**

- **The Accountants Act, 2013.**

**Reform:** Regulation of Accountants and the Practise of Accountancy. Registration as practising accountants via a Certificate of Practice, as a Certified Public Accountant of Uganda. Issue of annual licenses to accounting firms.

As a *first step*, a person who is eligible for full membership or associate membership of the Institute of Certified Public Accountants of Uganda, may apply to the Council for enrolment as a full member or an associate member of the Institute of Certified Public Accountants of Uganda. The governing body of the Institute is the Council. Where the Council is satisfied that the applicant is eligible for membership, the Council shall direct the secretary to enroll the applicant as a full member or an associate member of the Institute, as the case may be, on payment of the enrolment fee.

*Second step:* a person who is enrolled as a full member of the Institute under section 25, who wishes to practise accountancy, shall apply to the Council to be registered as a practising accountant. The Council shall direct the secretary to register the member and to issue him or her with a certificate of practice for the year. A member shall only be registered as a practising accountant, where that member has obtained the relevant practical experience as prescribed by the Council and pays the registration fee.

*Third step:* a person who was registered as a certified public accountant under the Accountant Act, Cap 266 who wishes to practise accountancy, shall apply to the Council for a certificate of practice. A person registered as a practising accountant shall be granted a certificate of practice by the registrar. A certificate of practice shall be valid from the date of issue to the 31st day of December of the year in which it is issued and may be renewed upon application by the practising accountant.

Issue of annual licenses to accounting firms: where the holder of a practicing certificate intends to practice as a firm, whether as a sole practitioner or in partnership, he or she shall apply to the Council for an annual license in the prescribed form, furnishing the Council with such details of the Firm as it may require. For an accounting firm to be recognized to offer accountancy services, all its partners or practitioners must have valid practising certificates. A license granted under this section shall be valid from the date of issue to the 31st day of December of the year in which it is issued.

Fees: a person enrolled as a member of the Institute under this Act, shall, on enrollment pay an enrollment fee to the Council. Every member of the Institute shall for every financial year after enrolment, pay an annual subscription fee to the Council. The annual subscription fee shall be determined by the Council. For each financial year, every practising accountant shall pay practise fees in order to obtain the certificate of practise for that financial year.

Section 36 of Accountants Act 2013 establishes the Quality Assurance Board (QAB) of ICPAU with the responsibility of implementing a Quality Assurance Programme and monitoring compliance with professional standards. Audit Quality Reviews are conducted as part of the Institute's Quality Assurance Programme. The Public Accountants Examination Board (PAEB) as provided for under Section 15 of the Accountants Act 2013 designs the syllabus, conducts the examinations for the Certified Public Accountants (CPA) and Accounting Technicians Diploma (ATD) qualification. Annual license Fees entail a total of UGX 170,000: UGX 85,000 for

an Accounting Technicians Certificate of Uganda (ATC-U) Course<sup>53</sup> + UGX 85,000 - Certified Public Accountants of Uganda (CPA-U) Course.

#### **Change in Compliance Costs due to the Legal Reform**

With an annual license fee of UGX 170,000, and 50 issued licenses a year<sup>54</sup>, and the average processing time of 8 hours, **the total compliance cost increase because of the Accountants Act 2013, is UGX 12.7 million.**

#### **4.15.2. Administrative Reforms**

##### **Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Architects Registration Board:** Recruitment of more staff to facilitate the licensing process. Redesigning of the website to include application forms where some forms can be downloaded and filled online.
- **The Institute of Certified Public Accountants of Uganda:** The Institute has a functional website in place for institute and practitioners, exchange of emails with members with a desk for clients' queries, feedback and application forms online. Approval of member registration can now be done online. Introduction of identification numbers of ease of payment however payments are only available at Stanbic bank.
- **The Engineers Registration Board:** The board has a functional website with licensing information online and the list of licensed Engineers. Application forms are online, however physical verification of documents is still required.

#### **Change in Compliance Costs due to the Administrative Reforms**

Based on the described characteristics of the administrative reforms in the Professional Services sector here above, **the total reduction in compliance costs due to administrative reforms in the Professional Services sector is estimated on a total of UGX 2,327,738 per year,** and is distributed as follows:

- Architects Registration Board: UGX 1,959,375.
- The Institute of Certified Public Accountants of Uganda: UGX 235,125.
- The Engineers Registration Board: UGX 133,238.

#### **4.16. Local Government**

##### **4.16.1. Legal Reforms**

- **Trade Licensing (Amendment) Act, 2015, Act No. 28 of 2015.**

**Reform:** *Services sector included.* "5. Amendment of section 8 of the Principal Act. Section 8 of the principal Act is amended—(a) in subsection (1) by inserting immediately after "goods" the words "or services" by repealing paragraph (f). Number of Professional services were already accommodated for under Trade Licensing Act.

**Licensing Fee Rate review.** The Trade (Licensing) (Grading of Business Areas) Instrument of 2017 provides an amendment to license fee structure of the trade licensing act. From two Grades (I-II), the fee structure has been expanded to Grades I-IV. Fees for Grade I and II Areas

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<sup>53</sup> Action Plan Developed by the Institute of Certified Public Accountants of Uganda (ICPAU), <http://www.businesslicenses.go.ug/index.php/printlicense/id/954>.

<sup>54</sup> based on the total number of accountant-related licenses issued per year, Zero Baseline Measurement, 2012.

have remained the same, Grades III and IV have been added, comprising of lower fees. These fees are aimed to accommodate the poorer businesses<sup>55</sup>.

Further notions: *Validation of licenses*. Used to be Calendar-year. Now Calendar-month. *Book keeping*. Business people to keep yearly account. The Law gives standards and requirements to keep your book. It is in the S.I. 1: Cash-book keeping, etc. *Hawker's license*. Relevant reforms from perspective of compliance: 'only one local government is the licensing authority'; and, the duration of a hawker's license is now valid for twelve months from the date of issue. *Travelling wholesaler's license*: the duration of a travelling wholesaler's license is now valid for twelve months from the date of issue.

#### **Change in Compliance Costs due to the Legal Reform**

The Trade Licensing (Amendment) Act includes for the first time the whole of the services sector into the trade licensing regime. The number of companies in the service sector, not yet included in the Trade License before 2015 is estimated at 135,355<sup>56</sup>. With an estimated average trading license fee of UGX 120,000, based on the Trade Licensing Amendment SI, 2017 (defensive estimate), and an average hourly rate of UGX 9,000, **the calculated compliance cost increase is UGX 28.42 billion.**

At the same time, the Trade Licensing (Amendment) Act introduces an amendment in the Grading System of assessment of companies. This Grading System is based on location and nature of business. The amended Grading System expands the number of Grades from 2 to 4, with the Grade I and II remaining the same, and Grades III and IV introduced with lower rates to accommodate the poorer businesses. **The extended Grading System of the Trade Licensing (Amendment) Act yields in UGX 9.73 billion compliance cost reduction.**

- **Local Government (Amendment) Act 2015.**

**Reform:** none relevant to business licensing compliance costs of businesses.

#### **Change in Compliance Costs due to the Legal Reform**

The nature of the Reforms does not result in compliance costs alterations.

- **Business Licenses (Miscellaneous Repeals) Act 2015.**

**Reform:** The Produce Protection Act, Cap. 32 The words "and imposing fees" appearing in section 12 are repealed. This effectively means, that the Minister (the central government) refrains from imposing license fees on Produce. Local Governments (Amendment of Fifth Schedule) Instrument, 2014 (see below).

#### **Change in Compliance Costs due to the Legal Reform**

The nature of the Reforms does not result in compliance costs alterations. See, Local Governments (Amendment of Fifth Schedule) Instrument, 2014 (see below).

- **Local Governments (Amendment of Fifth Schedule) Instrument, 2014, S.I No 47 of 2014.**

**Reform:** The Fifth Schedule to the Local Governments Act is amended by revoking sub-regulations 13 g), l) and j): which subsequently means, the elimination of g) the annual Bicycle license eliminated, l) the Fishing license, and j) the Cess on Produce.

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<sup>55</sup> see: The Trade Licensing Amendment of Schedule Instrument, 2017.

<sup>56</sup> based on the Uganda Bureau of Statistics Census of Businesses Establishments 2010/2011, par. 2.2 and appendix 2, December 2011.

### ***Change in Compliance Costs due to the Legal Reform***

The compliance costs of Cess on Produce in the Zero Baseline Measurement of 2012 was UGX 36.1 billion a year. The compliance costs of the Bicycle License was UGX 6.1 billion. The compliance costs of the Fishing license was UGX 4.1 billion. Hence, **the compliance cost reduction of this Local Governments (Amendment of Fifth Schedule) Instrument, 2014, by elimination of these three levies/licensing fees, is a total of UGX 46.3 billion, per year.**

#### ***4.16.2. Administrative Reforms***

- **Trading License:** Trading license process has been automated. The turnaround time has reduced considerably, which means reduced cost of business for those businesses who have online access. The basic data requirements for a trading license are a TIN, and a Business Registration. The compliance cost reduction due to the administrative reforms in the trade license is estimated at: UGX 1,934,415,000. Below, a distinction is made between the administrative reforms of the Kampala Capital City Authority and the other local governments of the country.
- **Kampala Capital City Authority:** The trading license is now issued instantly after confirmation of the payment with the collecting agent i.e. banks and telecoms. Assessment procedure is now a day from the 21 days as earlier reported. Today this time may cut as short as just 30 minutes. Trade licensing process has been automated. Registration of business and application for trading license are currently done on the automated Revenue Management System via E-citie, which includes an on-line payment facility. Business details are included in the City Operator Identification Number (COIN), introduced in July 2014. The license process now involves three stages i.e. registration for a City Operator Identification Number (COIN), application for a trading license and payment of the due fees and issuance of a trading license.

Online services were introduced where one can find a FAQ-section. Backoffice staff was recruited that address issues of forgotten COINs, erroneous registrations, and can add more business under COIN. In 2015, the National Identification Number (NIN) was issued by the National Identification and Registration Authority (NIRA). KCCA now (online) provides sub-categories of 20 licenses via the NIN. Based on the personal details of a NIN these may be provided instantly. Overall, this means that the licensing system, being previously manual, now allows for instant issuance of many licenses including the trade license, as well as - based on previous licenses - license renewals, once the license fees are paid.

Also, the access to and application for a Tax Identification Number (TIN) and Business Registration is simplified. KCCA has its own one-stop-shop, via nine revenue service centers. Other than the TIN and Business Registration, Also, the National Refugee Card has been introduced to accommodate the non-registered refugees, issued by the Ugandan Refugee Council, under coordination of the United Nations High Commissioner for Refugees (UNCHR), in the Refugee Law Project.

- **Other local government administrative reforms:** By example, the Gulu and Amuru District Local Governments are in the process of building databases of businesses in their respective districts, through harmonization of the automated registration processes. This will make it easier to administer the trading license regime in the district. Most other local governments follow suit in these developments. The Ministry of Local Government has introduced an online payment system (eLogRev) for local governments across the country.

Currently, the system is being piloted in a few municipalities including Wakiso and Jinja, but will eventually be rolled out to all municipalities across the country. Adoption of other municipalities is expected to accelerate coming year.

#### ***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms in the Local Government sector here above, **the total reduction in compliance costs due to administrative reforms in the Local Government sector is estimated on a total of UGX 16.7 billion per year**, and is distributed as follows:

- Kampala Capital City Authority: mainly through (online) streamlining of the licensing processes, the effect of the administrative reforms yields a UGX 13.3 billion compliance cost reduction.
- The total compliance costs reduction due to administrative reforms for licenses issued by the local governments in Uganda other the Kampala Capital City Authority, entails UGX 3.4 billion.

### ***4.17. Other***

#### ***4.17.1. Legal Reforms***

##### **1. Public Private Partnerships.**

- **Public Private Partnership Act, 2015.**

**Reform:** This new Act fills the void for a legal framework to regulate the development and implementation of Public Private Partnerships (PPPs) in the country. The new Act regulates the procurement, implementation, maintenance, operation, management and monitoring of PPPs from project conception to conclusion. The scope of the Act is limited to government ministries, departments and the contracting authorities; local governments are expressly excluded.

Before the passing of the new PPP Act, Uganda lacked a formative regulatory framework tailored to Public Private Partnerships arrangements. Stakeholders would refer to the 2010 National PPP Framework policy in conducting their operations. It elucidates on the core infrastructure areas for which PPP arrangements may be engaged, including but not limited to, transportation, water management, oil and gas pipelines, tourist infrastructure, sports and recreational facilities, mining, energy related facilities, social infrastructure etc.

The Act requires a private party to be incorporated in Uganda as a special purpose company for the purposes of implementing a specific PPP. The Act further limits any share capital and shareholding alterations to the company without the express approval of the Minister of Finance, Planning and Economic Development and the respective ministry under which the project falls. There is no specific time frame within which such an approval may be obtained. All PPP projects are to be audited every financial year from the year of project inception to conclusion by the Auditor General or such other auditor that that office appoints. The private party shall keep proper books of accounts in relation to the project, and shall prepare financial statements as well as an annual report, according to financial and accounting rules set by the Accountant General.

***Change in Compliance Costs due to the Legal Reform***

With an estimated number of 20 businesses that engage in PPP, annually, and an estimated number of 25 hours spent on requirements to qualify as PPP private sector party, **the compliance costs increase due to this Act are estimated at UGX 4,672,500 per year.**

**2. Public Procurement and Disposal of Public Assets (PPDA).**

- **The Public Procurement and Disposal of Public Assets (Pre-qualification of works) Regulations, 2014.**

**Reform:** none relevant to business licensing compliance costs of businesses.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Public Procurement and Disposal of Public Assets Regulations, 2014.**

**Reform:** Registration of providers. The registration of providers shall be open to all qualified providers and shall be continuous. The Authority shall consider an application for registration within fifteen working days of receipt of the application. The Authority shall: a) from time-to-time, publish a notice calling for the registration of providers; b) in the notice in paragraph (a), state the procedure and criteria for registration; and c) make available to the providers, the registration forms. The registration forms shall describe the rules, procedures and process of registration, and the classification and disciplining of providers.

The Authority shall in registering providers for works, services and supplies, classify the providers using the following criteria: a) the size of the provider, including the physical and financial capacity of the provider; b) the core operational area of the provider indicating the disciplines or codes; c) the performance track record of the provider; d) the certificate of compliance of the provider in respect of national, regional or international quality standards in the relevant disciplines or codes, where necessary; and e) the ownership or control of the provider.

The register of providers shall, in respect of each provider indicate: a) the qualifications of the provider; b) the physical and financial capacity of the provider; c) the core areas of operation and the disciplines of the provider; d) where applicable, the performance record of the provider; e) the ownership and control of the provider, including the names of the directors of the provider; and f) whether a provider is suspended or was previously suspended, by the Authority, from engaging in any public procurement or disposal process.

***Change in Compliance Costs due to the Legal Reform***

With an estimated number of 20 businesses that annually seek to qualify to be included in the PPDA Register, and an estimated number of 25 hours spent on requirements to satisfy the qualification requirements to be a PPDA Service Provider, **the compliance costs increase due to these Regulations are estimated at UGX 4,672,500 per year.**

- **The Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2014.**

**Reform:** none relevant to business licensing compliance costs of businesses.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Public Procurement and Disposal of Public Assets (Procurement of Consultancy Services) Regulations, 2014.**

**Reform:** Procuring consultancy services. Procuring a single or sole consultant. No reform relevant to business licensing compliance costs of businesses.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Public Procurement and Disposal of Public Assets (Procurement of Medicines and Medical Supplies) Regulations, 2014.**

**Reform:** Methods of procurement, in particular: open domestic bidding, open international bidding, and restricted bidding.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

**3. Non-Governmental Organisations.**

- **The Non-Governmental Organisations Regulations, 2017.**

**Reform:** The Non- Governmental Organisations Registration Regulations, 2009 are revoked. It itemizes and formalizes (through itemizing the different Forms), the application process and requirements as regulated in the Non-governmental Organisations Act of 2016. These regulations introduce new registration requirements and additional regulatory requirements. Uganda's new legal and regulatory framework for Non-Governmental Organisations (NGOs) adopts a registration of incorporated organisations approach in the registration and licensing of NGOs in Uganda. This replaces the registration and incorporation of NGOs as legal entities in their own right as was the case under the old framework. Under the NGOs Act, 2016 and the Regulations thereunder, it is a mandatory requirement for an application for registration of a non-governmental organisation addressed to the National Bureau for NGOs (the Bureau) to be accompanied by a certificate of incorporation.

The new legal and regulatory framework for NGOs in Uganda under the NGO Act, 2016 and the Regulations thereunder is only *registration-based*, as opposed to the earlier registration and incorporation approach under the repealed legal regime of the NGOs Registration Act Cap 113, 1989, and the Non-Governmental Organisations Registration Regulations of 2009. Under the new law, NGOs are only registered and not incorporated. The incorporation of the entity to be registered and permitted to operate as an NGO is effectuated under a separate law (Companies Act, 2012) and not the NGO Act. Such incorporation precedes the registration of the corporate entity with the Bureau.

*Requirements for registration of organisation.* Subject to section 29(2) of the Non-governmental Organisations Act 2016, an application for registration of an organisation shall be accompanied by: a) a certified copy of a certificate of incorporation; b) a copy of the organisation's constitution or governing documents; c) a chart showing the governance structure of the organisation; d) proof of payment of the prescribed fee; e) source of funding of the activities of the organisation; f) a copies of valid identification document for at least two founder members; g) minutes and resolutions of the members authorizing the organisation to register with the Bureau; h) a statement complying with section 45 of the Act; i) a recommendation from the District Non- Governmental Organisations Monitoring Committee where the headquarters are located, and the responsible ministry or ministries or a government department or agency. The application for registration of an organisation shall be signed by at least two founder members.

*Application for a Permit.* An organisation shall upon registration apply to the Bureau for a permit. The application for a permit under sub regulation, shall be in Form D prescribed in the

Schedule. The application for a permit shall specify: a) the operations or objectives of the organisation; b) staffing of the organisation; c) geographical area of coverage of the organisation; d) location of the organisation's headquarters; e) evidence of payment of the prescribed fees; and f) intended period of operation not exceeding five years.

*Registration of Community Based Organisations.* A person or group of persons intending to form a Community Based Organisation shall apply for registration to the District Non-Governmental Monitoring Committee before operating in a district. The application for registration shall be in Form K as prescribed in the Schedule. The application for registration of a Community Based Organisation, shall be accompanied by: a) a copy of the constitution of the Community Based Organisation to be registered; b) a recommendation from the Sub County Non-Governmental Organisations Monitoring Committee; c) a work plan and budget or strategic plan for the Community Based Organisation; and d) proof of payment of the prescribed fees.

Upon fulfillment of the requirements specified, the District Non-Governmental Monitoring Committee shall issue a certificate of registration and a permit to the Community Based Organisation.

*Registration and application for a Permit of organisations incorporated outside Uganda.* Registration and application for a Permit of organisations incorporated outside Uganda follows the same requirements as the domestic organisations (see above), including a certified copy of resolution authorizing registration in Uganda; a recommendation from their government or missions accredited to Uganda, and a recommendation from the Ministry of Foreign Affairs in Uganda.

*Registration of a self-regulatory body.* An application for registration of a self-regulatory body shall, be in Form O as prescribed in the Schedule. Subject to section 37 (3) of the Act, an application for registration of a self-regulatory body under sub regulation (2), shall be accompanied by: a) a resolution from each of the organisations stating their willingness to be part of a self-regulatory body; b) a copy of the code of conduct for the self-regulatory body; c) proof of a special meeting held under section 37 (4) of the Act accompanied by a resolution, a copy of the minutes, and an attendance list; d) a copy of the organisational structure and rules of the self-regulatory body or governing document if any; e) physical address of the secretariat of the self-regulatory body; f) a list of subscribing organisations and their physical address; and, g) proof of payment of the prescribed fees.

Upon fulfillment of the requirements in the Act and these Regulations, the Bureau shall issue a self-regulatory body a certificate of registration.

#### ***Change in Compliance Costs due to the Legal Reform***

This is a new regulation that stipulates that apart from being registered, the organisation requires to be incorporated separately. NGOs used to be required to adhere to only one process for registration AND incorporation simultaneously. This means, that an extra process is now to be included as compliance cost. **The compliance costs increase due to this extra process is estimated at UGX 31,305,750 per year**, with an average of an extra 25 hours spent on administrative activities, and a total number of 134 NGOs<sup>57</sup>.

- **The Non-Governmental Organisations (Fees) Regulations, 2017.**

**Reform:** The prescribed registration and incorporation fee for an 'local' non-governmental

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<sup>57</sup> [www.aboutuganda.com/uganda/ngos/uganda-ngos](http://www.aboutuganda.com/uganda/ngos/uganda-ngos).

organisations used to be UGX 20,000 (one so-called ‘currency point’)<sup>58</sup>. The new license fee structure for Non-government Organisations under these regulations, in UGX, is as follows:

- The application fees for registration of an indigenous organization: 100,000.
- The application fees for registration of a foreign organization: 520,000.
- The application fees for registration of a continental organization: 260,000.
- The application fees for registration of a regional organization: 100,000.
- The application fees for registration of an international organization: 800,000.
- Fees for issuance and renewal of a permit of indigenous organisation or Community Based Organisation or regional organisation every year: 60,000.
- Fees for issuance and renewal of a permit of continental organisation or foreign organisation or international organisation every year: 400,000.
- Fees for application to review conditions of a permit: 60,000.
- Fees for substitute certificate of registration or permit or any document in the register: 60,000.
- Fees for a request of certified copy of a certificate or permit or any document in the register per copy: 25,000.
- The application Fees for registration of Community Based Organisation: 40,000.
- The application fees for registration of a self-regulatory organization: 60,000.
- Fees for filing annual returns of an organisation other than Community Based Organisation: 50,000.
- Fees for filing annual returns of Community Based organization: 40,000.
- Fees for an inspection report: 50,000.
- The application fees for search of the register and search report: 20,000.

#### ***Change in Compliance Costs due to the Legal Reform***

The Non-Governmental Organisations (Fees) Regulations, 2017 amend the license fees as laid down in the Non-Governmental Organisations Registration Regulations of 2009. A defensive estimate of the average difference in license fees between the 2017 and 2009 regulations is UGX 80,000, based on license fees for domestically originated organisations. The number of NGOs<sup>59</sup> in Uganda is found to be 134. **This results in a compliance cost increase due to these fee amendments of UGX 17,440,000.**

#### **• The Non-Governmental Organisations Act, 2016.**

**Reform:** *Registration and incorporation of Non-Governmental Organizations.* Registration of organisations with the National Bureau for Non-governmental Organisations (‘the Bureau’). Any person or group of persons incorporated as an organisation shall register with the Bureau. An application made under subsection (1) shall be accompanied by: a) evidence of statements made in the application as the Minister may prescribe by regulations; b) a certificate of incorporation; c) a copy of the organisation’s constitution; and d) evidence of payment of the prescribed fee.

*Application and Issue of Permit.* An organisation shall apply to the Bureau for a permit. An application made under this section shall specify— a) the operations of the organisation; b) the areas where the organisation may carry out its activities; c) staffing of the organisation; d) geographical area of coverage of the organisation; e) location of the organisation’s headquarters; and, f) date of expiry of the previous permit.

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<sup>58</sup> Non-Governmental Organisations Registration Regulations of 2009.

<sup>59</sup> [www.aboutuganda.com/uganda/ngos/uganda-ngos](http://www.aboutuganda.com/uganda/ngos/uganda-ngos).

Any organisation incorporated outside Uganda which intends to operate in Uganda shall apply to the Bureau to be registered and issued with a permit. An application made under subsection shall be: a) accompanied by the prescribed fee; b) a certified copy of certificate of incorporation from the country of incorporation; and, c) a certified copy of its constitution, or charter or documents governing the organisation.

A self-regulatory body shall be registered with the Bureau. An application for registration under this section shall be accompanied by: a) the resolution of each of the organisations forming the self-regulatory body stating its willingness to be part of the self-regulatory body; b) the code of conduct of the self-regulatory body; and, c) any other information that the Bureau may reasonably require.

An organisation shall: a) submit to the Bureau annual returns and a report of the audited books of accounts by a certified auditor; b) declare and submit to the District technical planning committee, the DNMC and SNMC of the area in which it operates, estimates of its income and expenditure, budget, work plan, information on funds received and the sources of funds; and, c) submit to the Bureau, DNMC and SNMC in the area of operation, any other information that may be required.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

**4. Gaming and Pool Betting.**

• **The Lotteries and Gaming (Fees) Regulations, S.I. 6, 2017.**

**Reform:** These Regulations revoke The Gaming and Pool Betting (Control and Taxation) (License Fees) Regulations SI 292-2. On the whole, these regulations introduce a substantial increase in license and registration fees, although the picture is somewhat mixed in detail. For example: a casino license, a betting or pool betting operating license, used to be resp. UGX 3,000,000 and UGX 1,000,000. These regulations increase these license fees to resp. UGX 20,000,000 for a domestic operator, and UGX 10,000,000 for a betting or pool betting operating license, also for a domestic operator<sup>60</sup>. Annual registration of a slot machine has been reduced and used to be UGX 200,000 and has now become UGX 50,000. A license for a Gaming and Pool Betting branch was UGX 100,000, and has now gone up to UGX 1,000,000.

***Change in Compliance Costs due to the Legal Reform***

Basically, the Act of 2016 and regulations of 2017 for the first time are regulating the pool betting and gaming sector in detail. The Lotteries and Gaming (Fees) Regulations 2017 entail an increase by an estimated average of UGX 3,500,000 per license. Based on a number of 120 issued licenses per year<sup>61</sup>, see ZBM local government, **this means an increase in compliance costs by UGX 420 million.**

• **The Lotteries and Gaming (Minimal Capital Requirements) Regulations, 2017.**

**Reform:** Minimum capital requirements for a Lotteries and Gaming license.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

• **The Lotteries and Gaming (Licensing) Regulations, S.I.7, 2017.**

**Reform:** Regulations on application for a license to conduct a national lottery.

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<sup>60</sup> foreign operator's licenses fees are even far higher.

<sup>61</sup> see: Zero Baseline Measurement, 2012 ('Local Government').

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Lotteries and Gaming (Gaming and Betting Machines) Regulations, 2017.**

**Reform:** Registration and Inspection of gaming and betting machines or devices.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Lotteries and Gaming (Betting) Regulations, 2017.**

**Reform:** none relevant to business licensing compliance costs of businesses. Prohibition of misleading betting adverts. Restricting access to betting facilities by minors. Operating hours for betting premises and facilities. Prohibition of betting activities in schools. Licensee to provide information on dangers of betting.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Lotteries and Gaming Act, 2016.**

**Reform:** An Act to reform the law relating to the conduct of lotteries, gaming, betting and casinos; to establish the National Lotteries and Gaming Regulatory Board; to provide for licensing and regulation of lotteries, gaming and betting; to provide for taxation of casinos, gaming and betting activities; to repeal the National Lotteries Act, Cap. 191 and the Gaming and Pool Betting (Control and Taxation) Act, Cap. 292; and for related matters.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **The Gaming and Pool Betting (Control and Taxation) (Amendment) Regulations, 2012.**

**Reform:** *Application for a license.* An application for a promoter's license, principal agents license or agents license should be made in duplicate to the National Lotteries Board in the form prescribed in the First Schedule. The application shall be accompanied by the prescribed fee and shall be made at least one month from the date when the license is intended to commence. The National Lotteries Board shall after receipt of the application investigate and inquire into the matters stated in the application. In processing the application, the National Lotteries Board shall take into account the suitability of the applicant to carry on the activities for which the license is required and the suitability of any gaming machine or other equipment proposed to be used in connection with the activities for which the license is required. After investigating and inquiring into the matters stated in the application, the National Lotteries Board shall make a recommendation to the Minister in respect of the application.

This is an amendment to the Gaming and Pool Betting (Control and Taxation) Regulations, S.I. 292-1, which was revoked by the Lotteries and Gaming (Licensing) Regulations S.I. 7 of 2017.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations (see The Lotteries and Gaming (Fees) Regulations, 2017).

- **Gaming and Pool Betting (Control and Taxation) (Gaming and Pool Bets Tax) Order, 2012.**

**Reform:** none relevant to business licensing compliance costs of businesses. This Order was revoked by the Lotteries and Gaming (Licensing) Regulations S.I. 7 of 2017 (cf. Reg. 37).

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations.

- **Gaming and Pool Betting (Control and Taxation) (License Fees) (Amendment) Order, 2012.**

**Reform:** License and registration fees. Type of license or registration: 1. Casino - promoter, principal agent or agent: UGX 3,000,000. 2. Gaming and Pool Betting Operator - promoter, principal agent or agent: UGX 1,000,000. 3. Annual registration of slot machine: UGX 200,000. 4. License for a Gaming and Pool Betting branch: UGX 100,000.

***Change in Compliance Costs due to the Legal Reform***

The nature of the Reforms does not result in compliance costs alterations, as superseded by the Lotteries and Gaming (Fees) Regulations, 2017.

***4.17.2. Administrative Reforms***

**Administrative Reforms that affect the Compliance Costs for Businesses:**

- **Public Procurement and Disposal of Public Assets Authority (PPDA).** The Supplier's license is issued by the Public Procurement and Disposal of Public Assets Authority (PPDA). This license is required in order to be able to supply goods or services to the Government. Outside Kampala, the PPDA has two regional offices, in Mbarara and in Gulu, so one no longer needs to go to Kampala to get a Supplier's license. Filled out application forms shall be submitted to the Register of Providers Secretariat at PPDA in Kampala, whereas Mbarara and Gulu offices serve as a collection point of application forms, sending the applications to the Kampala office. As such, the issuance of PPDA supplier's licenses is not decentralized, one still has to deal with 'Kampala' in order to apply for, and obtain the license.

Goods and services providers to Government and Public Bodies, interested in being registered may obtain application forms either from the Register of Providers Secretariat or at the PPDA's (regional) office. The application forms may also be downloaded from the Register of Providers website at [www.ppdaproviders.ug](http://www.ppdaproviders.ug) or the Authority's website at [www.ppda.go.ug](http://www.ppda.go.ug). Upcountry providers may pick the registration forms from the offices of the Procurement and Disposal Unit in the district or municipality nearest them. On-line Providers may fill and submit application forms directly on the online platform/website [www.ppdaproviders.ug](http://www.ppdaproviders.ug). Each provider will be issued with a registration certificate upon submission of an application. The PPDA has a standard rating system, the existence of which means that no assessment of the business (for purposes of determining the size of the business) is done.

The procurement laws in the PPPs Act differ from the mainstream procurement laws under the Public Procurement and Disposal of Public Assets (PPDA) Act (as amended). Under the PPDA Act, the government can shortlist and appraise a PPP private partner through a tailor-made PPP procurement process which can involve either competitive (through open or restricted bidding) or non-competitive procurement methods (direct procurement or private initiatives through unsolicited proposals; though once approved, this is subject to a competitive bidding, where 'all interested parties' may participate).

***Change in Compliance Costs due to the Administrative Reforms***

Based on the described characteristics of the administrative reforms above, the improvements made in the licensing process by the Public Procurement and Disposal of Public Assets Authority in terms of automation of licensing processes, yields in a reduction of compliance

costs of UGX 79,198,875, affecting 1,000 businesses and a lengthy license process of on average 226 hours<sup>62</sup>.

## 5. Aggregate Compliance Costs of the Business Licensing Reforms 2012-2017

Table 9 shows an aggregate overview of the Compliance Costs changes of all found business licensing reforms between 2012 to date. Subsequently, the Compliance Cost Reduction and Increase are depicted (in million UGX):

**Table 9. Overview of Compliance Costs of the Business Licensing Reforms, 2012-2017.**

Business Licensing Reform	Annual Compliance Cost Reduction (in million UGX)	Annual Compliance Costs Increase (in million UGX)
<b>1. Agriculture</b>		
• <i>Legal Reforms</i>		
The Plant Protection and Health Act, 2015:		
<i>Plant Import Permit</i>		2.85
<i>Phytosanitary Certificate</i>		2.8
Business Licenses (Miscellaneous Repeals) Act, 2015. The Fish Act, Cap.197:		
<i>Angling License eliminated</i>	7.4	
The Plant Variety Protection Act, 2014.		
Finance Act 2013, license fees amendments Cattle Traders, Hide & Skin		91
• <i>Administrative Reforms</i>		
Animal Resources subsector	3.9	
Crop Protection Department	171	
Fisheries Directorate	301	
Dairy Development Authority	21	
Uganda Coffee Development Authority	79	
Cotton Development Organisation	1.5	
<b>2. Tourism &amp; Wild Life</b>		
• <i>Legal Reforms</i>		
Uganda Tourism (Registration and Licensing of Tourist Accommodation) Regulations, S.I. No. 68 of 2014		4.5
Uganda Tourism (Tourist Accommodation and Restaurant Establishment) Regulations, S.I. No. 48 of 2014.		
Uganda Tourism (Tour Guides) Regulations, S.I. No. 49 of 2014.		
Uganda Tourism (Tour Package) Regulations, S.I. No. 57 of 2014.		
Uganda Tourism (Classification of Accommodation Facilities and Restaurants) Regulations, S.I. No. 82 of 2014.		266.2
• <i>Administrative Reforms</i>		
Uganda Tourism Board	0.28	
Uganda Wildlife Authority		
<b>3. Trade, Commerce &amp; Cooperatives</b>		
• <i>Legal Reforms</i>		
The Weights and Measures (Testing and Stamping Fees) Rules, 2017.		
The Companies (General) Regulations, 2016	3,493	
The Companies (Powers of the Registrar) Regulations, 2016	467	
The Companies (Single Member) Regulations, 2016	2,336	
The Partnership Regulations, 2016	467	
The Stamps (Amendment) Act, 2016		
The Uganda National Bureau of Standards (Import Inspection &		

<sup>62</sup> see: Zero Baseline Measurement, 2012, sector 'Water, Sanitation and Environment', final sheet.

Clearance) Regulations, 2015 + Administrative Directives on Implementation of the Uganda National Bureau of Standards (Import Inspection & Clearance) Regulations, 2015:		
<i>Application for an Import Clearance Certificate (PVoC Cert.)</i>		
The Registration of Persons Act, 2015, National Identification Number, National Identification Card + The Registration of Persons Act (Commencement of Part V and VI) Instrument, 2015		368
The Stamp Duty Act, 2014		
The Free Zones Act, 2014:		
<i>Developer's License</i>		193
<i>Operational/Manager's License</i>		47.7
The Geographical Indications Act, 2013		
Companies Act 2012, Act 1 of 2012 (see Companies Regulations 2016, under this Section)		
Business Licenses (Miscellaneous Repeals) Act 2015. Companies Act 2012, Section 22(2). Removal of requirement for a Statutory Declaration from Advocate in formation of a company.	75	
Trade (Import & Export) and Cooperatives: Standard Mark certificate Regulation 3; abolishment of register-keeping requirement.	29.3	
Trademark Regulations Statutory Instrument No. 58 of 2012.		
• <i>Administrative Reforms</i>		
Weights and Measures	42.6	
Registration of companies	1,523	
Single Membership Registration	85.2	
Registration of Business names	6,466	
Uganda National Bureau of Standards (UNBS)	143.4	
Immigration	182.4	
Export promotions board	14.3	
The Uganda Warehouse Receipt System Authority	1	
<b>4. Transport &amp; Logistics</b>		
• <i>Legal Reforms</i>		
<b>1. Civil Aviation</b>		
The Civil Aviation (Security) Regulations, 2017.		
The Civil Aviation (Air Operator Certification and Administration) Regulations, 2014.		
The Civil Aviation (Aircraft Registration and Marking) Regulations, 2012.		
The Civil Aviation (Airworthiness) Regulations, 2012.		
The Civil Aviation (Approved Maintenance Organization) Regulations, 2012.		
The Civil Aviation (Approved Training Organization) Regulations, 2012.		
The Civil Aviation (Instruments and Equipment) Regulations, 2012.		
The Civil Aviation (Operation of Aircraft) Regulations, 2012.		
The Civil Aviation (Personal Licensing) Regulations, 2012.		
Civil Aviation Security Regulations 2012.		
<b>2. Traffic and Road Safety</b>		
The Traffic and Road Safety (Motor Vehicle Inspection) Regulations, 2016.		880
The Finance Act 2015, amendment fees operator's license vehicles and vessels		145
Procedures for Application for Driving Permit, 2016.		6,375
Traffic and Road Safety (Driving Tests and Special Provisions for Drivers of Public Service Vehicles and Goods Vehicles) Regulations, 2012.		2,374.6

Traffic and Road Safety (Vehicle Registration, Licensing and Third-Party Insurance) (Amendment) Regulations, 2012.		1,651.7
Traffic and Road Safety (Reflectors) Regulations, 2012.		
Traffic and Road Safety (Driving Permits) (Replacement of Fourth Schedule) Regulations 2012.		
Business Licenses (Miscellaneous Repeals) Act 2015.		
• <i>Administrative Reforms</i>		
Transport Licensing Board. Automation: Transport Licensing Board implemented an automated system for the management and issuance of licenses. Automation of the payment system. An online enforcement platform- synchronizing the driving permit data and Passenger Service Vehicles (data is accessible online). Decentralization: Transport Licensing Board has three regional offices in Mbale, Mbarara and Fort-Portal. Harmonization: the procedure for obtaining a driving permit has been harmonized.	136.4	
The Civil Aviation Authority (CAA) has put in place a designated office for persons intending to apply for licenses, permits, etc., has published guidance materials for those who intend to apply on their website.	94.6	
<b>5.Housing</b>		
• <i>Legal Reforms</i>		
The Collective Investment Schemes (Real Estate Investment Trust) Regulations, 2017.		6.8
The Building Control Act, 2013.		
Building Control (Amended) Regulations, 2012.		
• <i>Administrative Reforms</i>		
Process of Land Title Acquiring. Data Migration and/or Automation of the Land Information System and operations. The Ministry of Lands has made searches at the counter become much easier.	2	
Decentralization of Land Registration services to Zonal offices.	202	
<b>6.Energy, Mining, Oil &amp; Gas</b>		
• <i>Legal Reforms</i>		
Finance Act 2016, repeal of Mining Licenses.	860	
The Petroleum (Exploration, Development and Production) Regulations, 2016.		5,760
The Petroleum (Exploration, Development and Production) (Health, Safety and Environment) Regulations, 2016.		2.34
The Petroleum (Exploration, Development and Production) (National Content) Regulations, 2016.		2.34
The Petroleum (Refining, Conversion, Transmission and Midstream Storage) (Health, Safety and Environment) Regulations, 2016.		2.34
The Petroleum (Exploration, Development and Production) (Metering) Regulations, 2016.		2.34
The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Regulations, 2016.		110
The Petroleum (Refining, Conversion, Transmission and Midstream Storage) (National Content) Regulations, 2016.		2.34
The Electricity (License fees) Amendment Regulations, 2014.		278
The Petroleum (Exploration, Development and Production) Act 3, 2013.		
The Petroleum (Refining, Conversion, Transmission Act 4 and Midstream Storage) Act 4, 2013		
• <i>Administrative Reforms</i>		
Electricity Regulatory Authority	92.4	
Directorate of Petroleum	2.9	
Atomic Energy Council	0.12	
<b>7.Manufacturing</b>		

• <i>Legal Reforms</i>		
The Industrial Property Regulations, 2017.		2.74
The Industrial Property (Fees) Regulations, 2017.		
The Industrial Property Act, 2014.		
• <i>Administrative Reforms</i>		
No significant developments		
<b>8.Financial Services</b>		
• <i>Legal Reforms</i>		
The Insurance Act, 2017.	41.5	
<i>Insurance Agents and Brokers</i>	309.4	
The Financial Institutions (Agent Banking) Regulations, 2017.		7.24
The Insurance (Bancassurance) Regulations, 2017.		7.24
The Financial Institutions (Amendment) Act, 2016.		
The Tier 4 Microfinance Institutions and Money Lenders Act, 2016:		
<i>SACCO license</i>		4,216.5
The Finance Act, 2016, 2015, 2014.		
The Capital Markets Authority (Amendment) Act, 2016:		
<i>introduction of licenses for fund manager license, investment houses, collective investment schemes, market advisers, representatives, trustees, custodians or depositories.</i>		147
The Finance Act, 2014.		
The Capital Markets Authority (Licensing) (Amendment) Regulations, 2014.		
Capital Markets (Asset Backed Securities) Regulations, 2012.		2.12
Capital Markets (Takeovers and Mergers) Regulations, 2012.		
• <i>Administrative Reforms</i>		
Capital Markets Authority	337	
Insurance Regulatory Authority of Uganda		
<b>9.Health &amp; Nutrition</b>		
• <i>Legal Reforms</i>		
The National Drug Policy and Authority (Fees) (Amendment) Regulations, 2017.		22
Guidelines on Control of Publication and Advertisement Relating to Drugs, 2017.		
The National Drug Policy and Authority (Licensing) Regulations, 2014.		
The National Drug Policy and Authority (Registration) Regulations, 2014.		
The National Drug Policy and Authority (Pharmacovigilance) Regulations, 2014.		
The National Drug Policy and Authority (Importation and Exportation of Drugs) Regulations, 2014.		
The National Drug Policy and Authority (Fees) Regulations, 2014.		2,186
The National Drug Policy and Authority (Suitability of Premises) Regulations, 2014.		
The National Drug Policy and Authority (Control of Publication and Advertising Relating to Drugs) Regulations, 2014.		
The National Drug Policy and Authority (Conduct of Ectoparasiticide Field Trials) Regulations, 2014.		
The Public Health Vaccination of Health Workers Against Hepatitis B Rules No.105 of 2014.		2,304
Fees Structure for Registration and Licensing Doctors and Dentists, 2013.		
• <i>Administrative Reforms</i>		
National Drug Authority	511	
The Uganda Nurses and Midwives Council	2.22	
<i>decentralization</i>	37.5	

Uganda Medical and Dental Practitioner's Council	13	
Allied Health Professionals Council	1.9	
<i>decentralization</i>	31.5	
<b>10. ICT &amp; Media</b>		
• <i>Legal Reforms</i>		
The National Information Technology Authority Uganda (Certification of Providers of Information Technology Products and Services) Regulations, 2016.		2,624
The National Information Technology Authority Uganda (Authentication of Information Technology Training) Regulations, 2016.		1,874
The National Information Technology Authority Uganda (National Data Bank Management) Regulations, 2015.		
The National Information Technology Authority Uganda (E-Government) Regulations, 2014.		
The Electronic Signatures Regulations, 2013.		458
The Uganda Communications Act, 2013.		
• <i>Administrative Reforms</i>		
Uganda Communications Commission	323	
<i>decentralization</i>	72	
<b>11. Education</b>		
• <i>Legal Reforms</i>		
Quality Assurance Framework for Universities and the Licensing Process for Higher Education Institutions, 2014.		
Education Service Commission Regulations, 2012.		
• <i>Administrative Reforms</i>		
Ministry of Education and Sports	1,171	
National Council for Higher Education	167	
<b>12. Water, Sanitation &amp; Environment</b>		
• <i>Legal Reforms</i>		
The Water (General Rates) Regulations, 2017:		
Water rates (unmetered)		17,250
Sewerage charges		9,200
• <i>Administrative Reforms</i>		
Directorate of Water Resources Management	0.35	
<i>Decentralization</i>	22.4	
National Environment Management Authority	1.7	
<i>Other licenses than NEMA-license</i>	3.9	
<b>13. Employment, Labour &amp; Industrial Relations</b>		
• <i>Legal Reforms</i>		
The Occupational Safety and Health (Plant Examination and Workplace Registration Fees) Regulation, 2014.		
Guidelines on Recruitment and Placement of Uganda Migrant Workers Abroad, 2013.		
• <i>Administrative Reforms</i>		
Ministry of Gender, Labour and Social Development	279	
<b>14. Professional Services</b>		
• <i>Legal Reforms</i>		
Certificate of Registration & Practising License for Engineers, 2014.		49.14
The Accountants Act, 2013.		12.7
• <i>Administrative Reforms</i>		
Architects Registration Board	7.8	
The Institute of Certified Public Accountants of Uganda	1.64	
The Engineers Registration Board	0.26	
<b>15. Local Government</b>		
• <i>Legal Reforms</i>		
The Trade Licensing Amendment Act, 2015		28,425

License fees reduction with the introduction of Grade III & IV	9,739	
Local Government (Amendment) Act 2015.		
Business Licenses (Miscellaneous Repeals) Act 2015.		
Local Governments (Amendment of Fifth Schedule) Instrument, 2014, S.I No 47 of 2014.		
Cess of Produce eliminated	36,100	
Bicycle license eliminated	6,100	
Fishing license eliminated	4,100	
• Administrative Reforms		
Trade License	1,934	
Kampala Capital City Authority	11,317	
Other local government administrative reforms	3,394	
<b>16. Other</b>		
• Legal Reforms		
<b>1. Public Private Partnerships</b>		
The Public Private Partnership Act, 2015.		4.7
<b>2. Public Procurement and Disposal of Public Assets</b>		
The Public Procurement and Disposal of Public Assets (Pre-qualification of works) Regulations, 2014.		
The Public Procurement and Disposal of Public Assets Regulations, 2014.		4.7
The Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2014.		
The Public Procurement and Disposal of Public Assets (Procurement of Consultancy Services) Regulations, 2014.		
The Public Procurement and Disposal of Public Assets (Procurement of Medicines and Medical Supplies) Regulations, 2014.		
<b>3. Non-Governmental Organisations</b>		
The Non-Governmental Organisations Regulations, 2017.		31.3
The Non-Governmental Organisations (Fees) Regulations, 2017.		17.44
The Non-Governmental Organisations Act, 2016.		
• Administrative Reforms		
Public Procurement and Disposal of Public Assets Authority	79.2	
<b>4. Gaming and Pool Betting</b>		
The Lotteries and Gaming (Fees) Regulations, 2017.		420
The Lotteries and Gaming (Minimal Capital Requirements) Regulations, 2017.		
The Lotteries and Gaming (Licensing) Regulations, 2017.		
The Lotteries and Gaming (Gaming and Betting Machines) Regulations, 2017.		
The Lotteries and Gaming (Betting) Regulations, 2017.		
The Lotteries and Gaming Act, 2016.		
The Gaming and Pool Betting (Control and Taxation) (Amendment) Regulations, 2012.		
Gaming and Pool Betting (Control and Taxation) (Gaming and Pool Bets Tax) Order, 2012.		
Gaming and Pool Betting (Control and Taxation) (License Fees) (Amendment) Order, 2012.		
<b>Totals</b>	<b>93,402</b>	<b>151,523</b>
<b>Compliance cost change</b>	<b>+ 58,121</b>	
<b>Compliance cost change against 2012 in % UGX of 725.73 billion</b>	<b>+ 8.0%</b>	

## 6. Conclusion

This report has analyzed the business licensing reforms since 2012, and calculated the compliance cost changes due to these reforms. Focused on compliance costs reductions only, **UGX 93.4 billion** compliance cost reduction has been achieved, representing 12.9% compared to the total of UGX 725.73 billion business licensing compliance costs as calculated by the Zero Baseline Measurement of 2012. 69% of the compliance costs reduction is induced by legal reforms, this mainly through elimination of regulations. 31% of the compliance cost reduction is a result of administrative reforms, characterized by automation (online information, online facilitation of the license application process), decentralization and capacity increase of government licensing personnel.

Against these compliance cost reductions, also substantial compliance cost increases have occurred since 2012. It is calculated that compliance costs have increased with **UGX 151.5 billion**, to 20.9% of the total compliance costs of the Zero Baseline Measurement of 2012. This increase is solely caused by legal reforms: new licenses, new regulation on existing licenses, and above all new regulations introducing higher license fee charges.

Ultimately, deducting the total compliance cost reduction from the compliance costs increase, since 2012 the overall business licensing compliance costs in Uganda have increased by 8.0%, or UGX 58.1 billion:

	<b>Total compliance costs business licenses (in UGX) March 2012</b>	<b>+/-</b>	<b>%</b>
March 2012 - present	UGX 725.73 billion	<b>+UGX 58.121 billion</b>	<b>+ 8.0%</b>

Despite the elimination of a series of overburdensome and redundant regulations, and some promising improvements in government services, in their business licensing reform efforts, the Government of Uganda seems not primarily interested in business licensing simplification and reducing of compliance costs for businesses. In a still ongoing development towards a more efficient business licensing regime, the Government of Uganda is primarily interested in increased control, sector performance enhancement and better enforcement. With regard to the latter, it expressly remains regarding business licensing as a revenue fundraiser.