



THE REPUBLIC OF UGANDA

**CERTIFICATE
OF
FINANCIAL IMPLICATIONS**

(Made under S.76 of the Public Finance and Management Act, 2015)

THIS IS TO CERTIFY that **The Free Zones (Amendment) Bill, 2024** has been examined.

I wish to report as follows:

a) Objectives of the Bill include:

- i) To enable the mainstreaming and rationalization of the Free Zones Act, 2014 thereby, *inter alia*, relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure;
- ii) To facilitate efficient and effective service delivery by clearly delineating the mandates and functions of Government Agencies and Departments, thereby avoiding duplication of mandates and functions;
- iii) To promote coordinated administrative arrangements, policies and procedures for to ensure the efficient and successful management, financial accounting and budgetary discipline of Government Agencies and Departments; to enable the Government to play its proper role more effectively; and enforce accountability; and
- iv) To restructure and re-organize agencies and departments of Government by eliminating bloated structures and functional ambiguities in Government Agencies and Departments.

b). That it is expected to achieve the following major outputs:

- i) The Uganda Free Zones Authority and the Uganda Export Promotions Board merged into one entity called the Uganda Free Zones and Export Promotions Authority under the supervision of the Ministry responsible for Trade.

c) Funding and budgetary implications

The estimated total cost of the Bill is **Ushs.0.913bn** in form of terminal benefits for staff to be laid off and will be accommodated within the Medium Term expenditure Framework ceiling for the Ministry of Public Service as shown in the table below:

Table 1: Total Costs

		FY 2024/25	FY 2025/26
Category		Ushs.Bn	Ushs.Bn
Costs	Number of Staff (laid off)	16	0
	Costs (Terminal benefits) - Billions	0.913	0

d) Savings

The Bill will generate net savings for Government amounting to **Ushs. 10.446bn** as summarized in the table below:

Table 2: Total savings

		FY 2024/25	FY 2025/26
Category		Ushs.Bn	Ushs.Bn
Savings	Wage	0.261	0.261
	Board expenses	0.285	0.285
	Non-Wage	4.49	4.49
	Development	5.41	5.41
	Total	10.446	10.446
	Net Savings	9.533	10.446

Table 3: Financial Implications for the Bill over the Medium Term for Uganda Free Zones Authority (UFZA)

	FY 2024/25	FY 2025/26
Category	Ushs.Bn	Ushs.Bn
Costs	0.913	0
Staff to be laid off	16	0
o/w Terminal benefits	0.913	0
Savings	10.446	10.446
o/w Wage	0.261	0.261
o/w Board expenses	0.285	0.285
o/w Non-Wage	4.49	4.49
o/w Development	5.41	5.41
Net Savings	9.533	10.446

e) Impact on the Economy

Implementation of the Bill will help to:

- i) **Promote Foreign Direct Investment (FDI):** A streamlined and efficient UFZA will attract more foreign investors to establish operations within Uganda's free zones. These investors are attracted by incentives such as tax breaks, streamlined regulatory processes, and infrastructure support.
- ii) **Grow Exports:** Free zones provide a conducive environment for export-oriented industries by offering benefits such as duty-free import of raw materials and equipment, simplified customs procedures, and access to international markets.
- iii) **Create Employment Opportunities:** The establishment of businesses within free zones creates job opportunities for the local workforce. These opportunities span various sectors, including manufacturing, logistics, services, and administration. Job creation will reduce unemployment rates, alleviate poverty, and improve living standards for the population.
- iv) **Transfer and Develop Technology and Skills:** Companies operating within free zones will bring advanced technologies and management practices. This will facilitate technology transfer to local workers and businesses, enhancing productivity and competitiveness in the long run.
- v) **Develop Infrastructure:** To attract investment and facilitate business operations within free zones, infrastructure development is essential. This includes the construction of roads, utilities, telecommunications networks, and other necessary facilities. Investments in infrastructure will not only support businesses within free zones but also benefit surrounding communities and regions.

Submitted under my hand thisday of March, 2024.

JK
Matia Kasaija (M.P)
MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Received by

