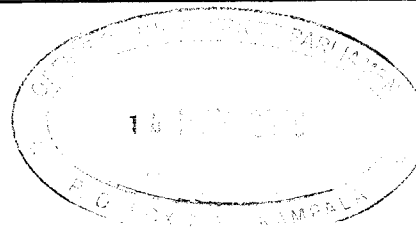




THE PARLIAMENT OF UGANDA

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In any correspondence on
this subject please quote No.
14th May, 2020



The Clerk,
Parliament of Uganda,
KAMPALA.

NOTICE OF AMENDMENT TO THE NATIONAL LOCAL CONTENT BILL, 2019

Proposed amendment

1. Replacement of the word 'Ugandan entity' with 'Ugandan company' under Clause 14(1) part IV – SUBCONTRACTING OF CONTRACTS AND PUBLIC WORKS

To state as follows;

Every contract for public works granted to an individual or entity other than a Ugandan company or citizen, shall contain a requirement for such individual or entity to subcontract at least forty per cent of the contracted works to a **Ugandan company**.

Justification

To remove the ambiguity surrounding the beneficiaries of this local content bill. Ugandan entity means a Ugandan company or a resident company. A *resident company under the Income Tax Act Cap 340 is also defined as that having its management and control exercised in Uganda at any time during the year the of income.*

Foreign companies that have stayed and transacted business in Uganda for a year or two may suffocate the indigenous companies.

Secondly, for consistency with other provisions in this bill i.e Section 26 (3)(a) under Part VII – COMPLIANCE WITH THE ACT which requires the provider or contractor to subcontract at least forty per cent of the scope of the contracted activities to a **Ugandan company**.

2. Comment to Clause 14 (3)

The Minister should clearly specify the minimum portion of a contract that is to be exclusively subcontracted to Ugandan companies, i.e fifteen per cent

3. Replacement of the period of **ten years** with **five years** under Section 17 (2) Part IV - SUBCONTRACTING OF CONTRACTS AND PUBLIC WORKS as follows:

"the Ugandan company shall be barred from doing business with Government for a period not exceeding **five years**".

Justification

The period of five years for upcoming small companies is punitive enough to restore sanity in the administration of business as compared to ten years that will completely kick them out of business.

4. **Insert another sub clause to provide for termination of the subcontract where there is exploitation and breach on the part of the main contractor**

5. Amendment Section 18 (1) to read as follows:

A Ugandan entity to which a contract has been subcontracted under section 14 shall, upon successful completion of the contracted works, obtain a certificate of completion **endorsed by both the main contractor and the client.**

Justification

To smoothen working relationship between the contractor and subcontractor, this also guards against any disputes arising from delayed payments to the subcontractor.

6. Replacement of Section 30. Incentives

"The Minister may grant appropriate incentives to persons who comply with the requirements of this Act". With

The Minister shall reserve certain components of the contracts for local companies and shall ensure that local companies access financing at affordable rates

Justification

Ugandan companies should be able to secure bonds or performance guarantees and other securities for the contracts.



Nakate Lillian Segujja, DWR
LUWERO DISTRICT