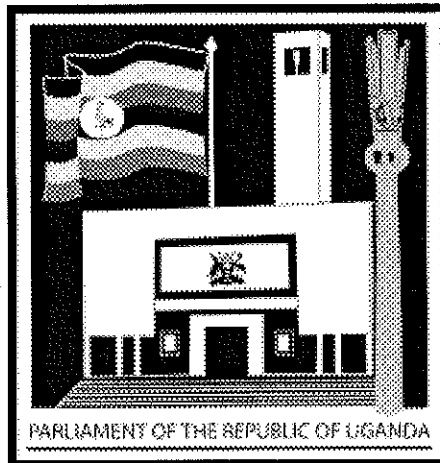


REPUBLIC OF UGANDA



**REPORT OF THE SECTORAL COMMITTEE ON TOURISM, TRADE AND INDUSTRY  
ON THE UGANDA DEVELOPMENT CORPORATION BILL, 2014**

OFFICE OF THE CLERK TO PARLIAMENT  
PARLIAMENT BUILDING  
KAMPALA-UGANDA

**August 2015**

*[Handwritten signatures and initials]*

The bottom of the page features several handwritten signatures and initials in black ink. From left to right, there is a large, stylized signature, a signature that appears to be 'Amey', a signature that appears to be 'Hunny', a signature that appears to be 'Thie', and a signature that appears to be 'ATCPH'. There are also some smaller initials and marks scattered around these signatures.

# **REPORT OF THE SECTORAL COMMITTEE ON TOURISM, TRADE AND INDUSTRY ON THE UGANDA DEVELOPMENT CORPORATION BILL, 2014.**

## **1. Introduction**

The Uganda Development Corporation Bill, 2014 was read for the first time on Thursday 26<sup>th</sup> February, 2015 and referred to the Sectoral Committee on Tourism, Trade and Industry in accordance with Rules of Procedure of Parliament. In analysing the Bill, the Committee was guided by Rule 118 of the Rules of Procedure of Parliament.

## **2. Objectives of the Bill**

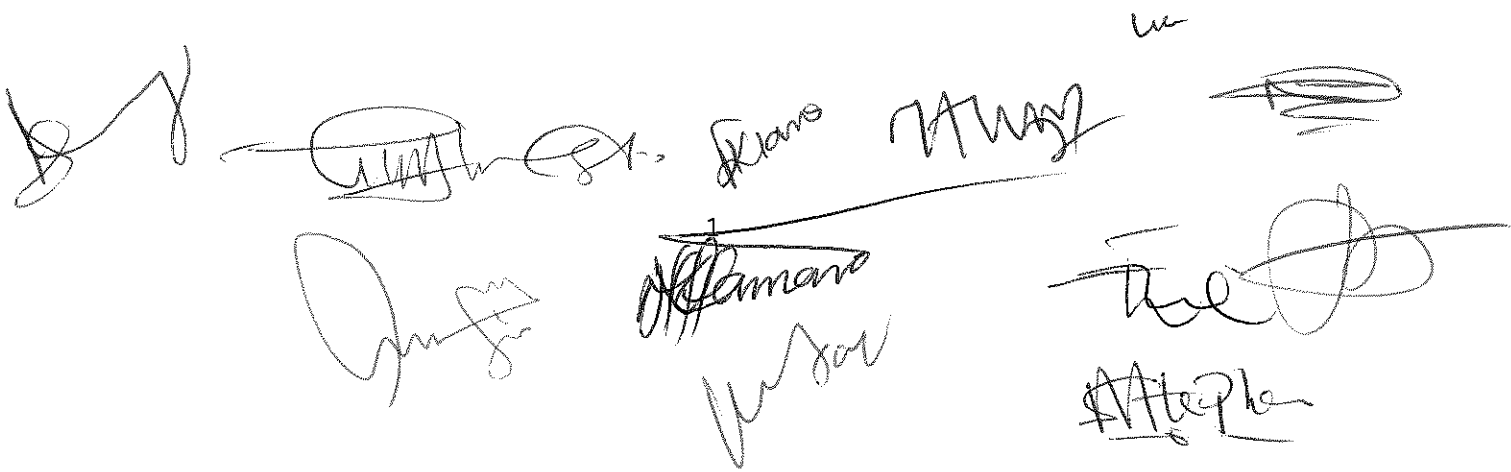
The objectives of the Bill are;

- i. to establish the Uganda Development Corporation as a statutory body to be the investment arm of the Government of Uganda and/ or in partnership with the private sector;
- ii. To promote and facilitate the industrial and economic development of Uganda;
- iii. and for related matters

## **3. Methodology**

In coming up with this report,

- i. the Committee held a workshop in which it discussed the Bill with the following stakeholders;
  - a. Ministry of Justice and Constitutional Affairs.
  - b. Ministry of Trade, Industry and Cooperatives.
  - c. Uganda Development Company Limited.
- ii. Held meetings with the following stakeholders;
  - a. Ministry of Trade, Industry and Cooperatives.
  - b. Ministry of Finance, Planning and Economic Development.
  - c. Southern and Eastern African Trade Information and Negotiations Institute (SEATINI).
  - d. Private Sector Foundation Uganda.

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a large signature, a signature with 'ST.' below it, a signature with 'Kiano' above it, a signature with 'Mugaz' above it, a signature with 'Mugaz' above it, a signature with 'Mugaz' above it, a signature with 'Mugaz' above it, and a signature with 'Mugaz' above it.

#### 4. Observations and Recommendations

- i. The Committee observed that some of the investments that are to be taken over by Uganda Development Corporation (UDC) are heavily indebted such as Phoenix Logistics, among others.

The Committee further observed that Uganda Development Company Limited (UDCL) is not aware of all the entities where Government has an interest and the status of all the entities.

***The Committee recommends that Uganda Development Company Limited (UDCL) submits an exhaustive list of status of all assets and liabilities that are to be taken over by UDC. The Minister of Finance, Planning and Economic Development should also submit to Parliament a report on all entities that belonged to UDC and their status and the entities where Government has an interest and their status.***

- ii. The Committee noted that some properties that are under UDCL are being encroached upon and there is a risk of losing them if they are not protected.

***The Committee recommends that UDC protects all property under it from encroachers and reclaims the ones that have been encroached upon.***

- iii. The Committee observed that UDC may engage in strategic sectors of the economy for the purposes of economic and industrial development.

***The Committee recommends that Uganda Development Corporation plays a supportive role to the private sector in strategic sectors of the economy for the purposes of economic and industrial development.***

#### 5. Conclusion.

The Committee recommends that the Uganda Development Corporation Bill, 2014 be passed into law subject to the following amendments;

A collection of handwritten signatures and initials in black ink, likely representing the members of the committee who approved the report. The signatures are scattered across the bottom of the page, some overlapping. One signature appears to be 'G. K. Nsububa', another 'J. K. Nsububa', and others are less legible. There is also a small number '2' written near one of the signatures.

**PROPOSED AMENDMENTS TO UGANDA DEVELOPMENT CORPORATION  
BILL, 2014:**

**Clause 4. Functions of the Corporation.**

Proposal to amend clause (4):

In sub-clause (1):

- i. In paragraph (e) by inserting the phrase "part B of" between the word "in" and the word "schedule" on line two.

**Justification:** to cater for the property that is to be transferred to the Corporation under part B of schedule 2.

- ii. In paragraph (h) by inserting at the end of the paragraph, the phrase:

*"where Government is in partnership or joint venture with another entity"*

- iii. In paragraph (j) by inserting at the end of the paragraph, the phrase:

*"where Government intends to acquire interest"*

- iv. Inserting a new paragraph (m) after paragraph (l) to provide as:

*(m) "to ensure the commercial, financial and technical soundness and viability of entities with which government enters into partnership ventures."*

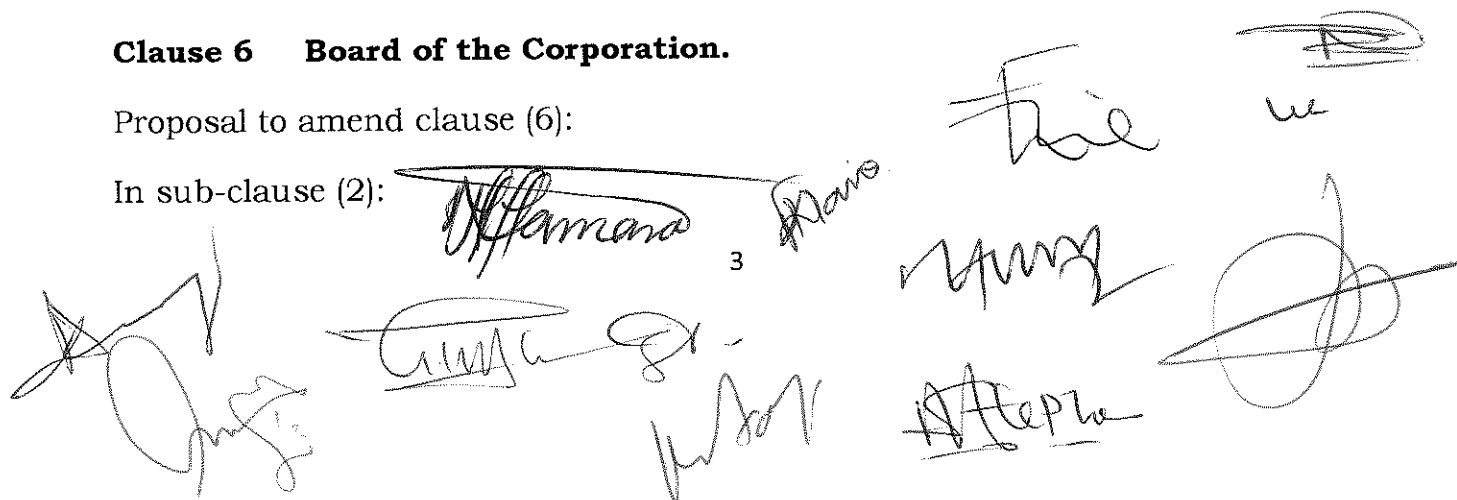
**Justification:**

- To authorize the Corporation to engage in and promote ventures in which Government is in partnership with other private entities.
- To require the Corporation to ensure the commercial soundness of entities in which government engages in business partnership ventures.

**Clause 6 Board of the Corporation.**

Proposal to amend clause (6):

In sub-clause (2):

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a large signature, a signature that appears to be 'Hamana', a signature that appears to be 'Kiano', a signature that appears to be 'Fie', a signature that appears to be 'Kiano', a signature that appears to be 'Kiano', and a large circular signature. There is also a small number '3' written near the 'Hamana' signature.

- i. In paragraph (b) by inserting at the end of the paragraph, the phrase:  
*"being an officer not below the rank of Commissioner"*
- ii. In paragraph (c) by inserting at the end of the paragraph the phrase:  
*"being an officer not below the rank of Commissioner"*
- iii. In paragraph (d) by inserting at the end of the paragraph the phrase:  
*"being an officer not below the rank of Director"*

**Justification:**

To require the Ministries and Departments of Government represented on the board to send only senior officers to represent those Ministries and Departments in the Board of the Corporation.

In sub-clause (4):

Inserting the word "political" between the words "elective" and "office" on line two.

In sub-clause (6):

Inserting the phrase "*other than a member appointed under subsection (2) (b), (c) and (d)*" between the words "board" and "shall" on line one.

**Justification:**

- To waive the limit of the tenure of representatives of the Government Ministries and Departments who are appointed to the board by virtue of their employment in those Ministries and Departments.

**Clause 7. Vacating office of member of the Board.**

Proposal to amend clause (7):

In sub-clause (1):

- i. In paragraph (e)(i) by inserting the word "or" between the word "functions" and the word "member"
- ii. In paragraph (e)(ii) by substituting for the word "or" appearing between the word "infirmity" and the word "body" on line two, the word "or".

**Justification:** For clarity.

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a signature that appears to be 'J. J.', a signature that appears to be 'Pamano', a signature that appears to be 'Dane', a signature that appears to be 'The', a signature that appears to be 'Amy', a signature that appears to be 'ATC', and a large, stylized signature that appears to be 'J. J.'.

### **Clause 11. Cooperation with other agencies.**

Proposal to amend clause (11) as follows-

1. In sub-clause (2) by inserting the word "of" between the word "purpose" and the word "subsection" and;
2. By inserting a new sub-sub-clause (3) to provide as follows:

*(3) Any person in authority in a Government Ministry, Department or Agency, who contravenes sub-section (2), commits an offence and is liable on conviction to a fine of one hundred sixty eight currency points or imprisonment for seven years or both.*

**Justification:** to require all officers of Government departments or agencies to accord the Corporation all the necessary cooperation to execute its mandate.

### **Clause 12. Executive Director.**

Proposal to amend clause (12) in sub-clause (3) by inserting the phrase "for re-appointment" between the word "eligible" and the word "for" on line two.

**Justification:** for clarity.

### **Clause 14. Board Secretary.**

Proposal to amend clause (14) by re-drafting it as-

#### **14. Corporation Secretary**

- 1) *There shall be a secretary to the Corporation who shall be appointed by the board on terms and conditions specified in the instrument of appointment.*
- 2) *The secretary to the Corporation shall be the principal legal advisor of the Board.*
- 3) *The secretary to the Corporation shall be responsible for-*
  - a) *arranging the business at meetings of the Board.*
  - b) *taking minutes at the meetings of the Board.*
  - c) *keeping the records of the decisions and other policy records of the Board.*

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a large, stylized signature, a signature that appears to be 'Francis', a signature that appears to be 'The', and several other smaller, less legible signatures and initials.

- Justification:**

**Clause 17. Capital of the Corporation.**

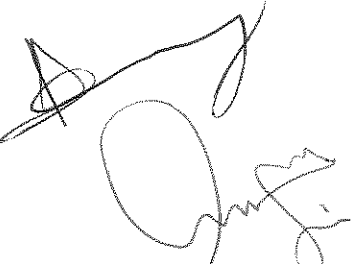
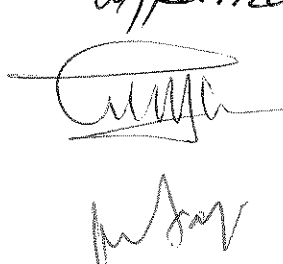
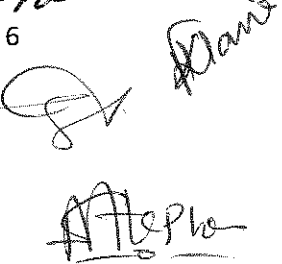
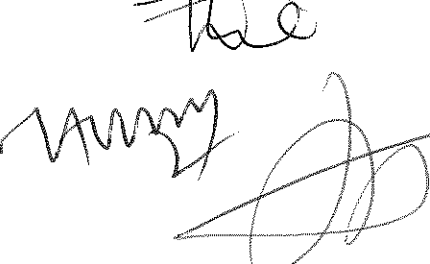
**Justification:**

**Clause 18. Funds of the Corporation.**

- 1) *The funds of the Corporation shall consist of-*
  - (a) Money appropriated by Parliament for the purposes of the Corporation;*
  - (b) Grants, gifts or donations extended to the Corporation;*
  - (c) Loans obtained with the approval of Cabinet in accordance with the Public Finance Management Act.*
- 2) *All funds received by the Corporation under subsection (1) shall be declared to the Minister responsible for Finance in accordance with the Public Finance Management Act.*

**Clause 19. Borrowing powers of Corporation.**

Proposal to amend clause (19) by re-drafting it as-

*Subject to Article 159 of the Constitution, the Board may with the approval of Parliament borrow money as may be required for meeting its obligations or for the discharge of the functions of the Corporation under this Act.*

**Justification:**

To subject the borrowing of funds by the Board to Parliamentary approval, in accordance with the Constitution.

**Clause 20. Power to open and operate bank accounts**

Proposal to amend clause (20) by redrafting the clause as:

*The Corporation may in accordance with section 33(2) of the Public Finance Management Act open and operate bank accounts as are necessary for the performance of the functions of the Corporation.*

**Clause 22. Application of Corporation funds.**

Proposal to amend clause (22) by re-phrasing it as:

*The funds of the Corporation may be applied for the performance of the functions of the Corporation in accordance with the annual budgetary estimates for each financial year.*

**Justification:**

- To require the application of the funds of the Corporation to be done only in accordance with the annual budgetary estimates.

**Clause 23. Declaration of earnings**

Proposal to amend clause (23):

- In sub-clause (1) by substituting for the words "one month" on line one the word "three months".
- In sub-clause (2) by re-phrasing it as:
  - The Board may in consultation with the responsible Minister, apply the earnings of the Corporation to the business of the Corporation with the prior approval of the Minister responsible for Finance.*

Handwritten signatures and initials are present at the bottom of the page, including names like 'Mama', 'Klano', 'The', and 'Stephen'.



**Justification:**

- To require the approval of the Minister responsible for Finance before application of funds of the Corporation.

**Clause 24. Investment of surplus funds.**

Proposal to amend clause (24):

- i. Redraft the head-note as: *“Investment of Corporation funds”*.
- ii. in sub-clause (1) by re-phrasing it as:
  - 1) *The Board shall declare to the Minister any money of the Corporation that is not utilized at the end of each financial year.*
- iii. in sub-clause (2)(c) by deleting the phrase “with the approval of the Minister” appearing at the end of the clause.

**Justification:**

- For clarity
- To empower the Board to make fully binding investment decisions.

## Clause 27. Audit

Proposal to amend clause (27) in sub-clause (2) by re-drafting it as-

- (2) *The Auditor General shall within six months after receipt of the accounts, submit to Parliament a report on the audited accounts of the Corporation.*

**Justification:** to require the Auditor General to submit audit reports to Parliament in accordance with the National Audit Act, 2008.

**Clause 28. Industrial and Economic Development Fund.**

Proposal to amend clause (28) by-

1. inserting just after sub-clause (1) a new sub-clause (2) as follows:

2) ~~the Industrial and Economic Development Fund shall be utilized to-~~

- (a) finance the promotion and facilitation of Industrial and Economic development of Uganda.
- (b) finance and manage industrial and agricultural undertakings or economic developments in which Government has interest.
- (c) promote and facilitate research into industrial developments.

2. Deleting paragraph 4(a) and redrafting the sub-clause and renumbering it as sub-clause (5) as follows:

(5) *The Minister shall, by Statutory Instrument with the approval of Cabinet provide for the control and management of the fund.*

3. Inserting just after sub-clause (4) (now sub-clause (5)) a new sub-clause (6) to provide as-

(6) *The Minister shall lay the Instrument made under sub-section (5), before Parliament.*

**Justification:**

- To spell out the areas where the funds shall be utilized.
- To require the laying of the Instrument made by the Minister before Parliament.

**Clause 30. Annual and other reports**

Proposal to amend clause (30)

- i) in sub-clause (2) by substituting for the word "Authority", the word "Corporation"
- ii) in sub-clause (3) by re-drafting the clause as-

(3) *The Board shall also submit to the Minister quarterly performance reports and other reports as the Minister may from time to time require.*

**Justification:**

To require the Board to submit performance reports to the Minister.

9

The bottom of the page features several handwritten signatures and initials. From left to right, there is a signature that appears to be 'J. N. N.', a signature that appears to be 'M. M.', a signature that appears to be 'D. D.', a signature that appears to be 'F. F.', and a signature that appears to be 'A. A.'. There are also some initials and marks scattered around these signatures.

**Clause 33. Vesting of Assets and Liabilities:**

Proposal to amend clause (33) by re-drafting the entire clause as:

**Clause 33. Vesting of Assets and Liabilities**

- (1) All property, rights, assets, liabilities and obligations of Uganda Development Corporation Limited listed under part A of schedule 2 are upon commencement of this Act, transferred to the Corporation.
- (2) The Minister shall in accordance with clause 4(1)(e), by Statutory Order, list other property, rights, assets, liabilities and obligations of Government to be included in part B of schedule 2.

**Justification:**

- To categorize the property currently being managed by Uganda Development Corporation Limited, as different from property managed by other entities.
- To require the Minister to list other property owned by Government and intended to be taken over by the Corporation.

**Clause 34. Employees.**

Proposal to amend clause (34) by re-drafting it as-

**34. Employees.**

- (1) Upon commencement of this Act—
- (a) all persons who immediately before the date of commencement of this Act were employed by Uganda Development Company Limited, shall continue to be employed by the Corporation;
- (b) the terms and conditions, including the salary, on which a person referred to in paragraph (a) was employed immediately before the commencement of this Act, shall not be less favorable than those that applied to that person's office immediately before the commencement of this Act; and
- (c) there is no break or interruption in the employment of such persons because of the enactment of this Act.

persons because of the enactment of this Act.

(2) Subject to subsection (1) (b), the terms and conditions of service of any employee referred to in subsection (1) may be varied after the commencement of this Act.

**Justification:**

- To guarantee employment status of the current employees of Uganda Development Company Limited.
- To empower the Corporation to vary the terms and conditions of service of the current employees of Uganda Development Corporation on the basis of their suitability.

**Clause 36. Regulations.**

Proposal to amend clause (36) in sub-clause (2) by-

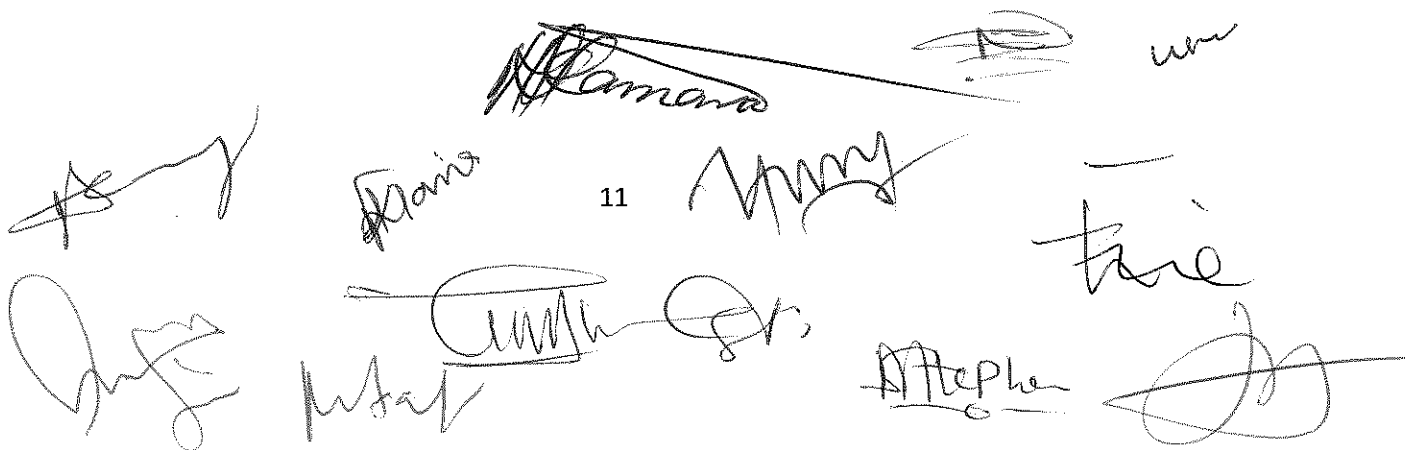
1. Re-drafting paragraph (c) as:

*(c) Provide for the forfeiture of anything used for the commission of an offence.*

2. In paragraph (d) by deleting the word "may" appearing at the beginning of the paragraph.

**Justifications:**

- To give Courts room to exercise discretion in making their orders
- For clarity.

The bottom of the page features several handwritten signatures and initials. At the top center, there is a signature that appears to be 'K. Kamukama' with a large 'X' over it. To the right of this is a signature that looks like 'W'. Below these, there are several other signatures: on the left, a signature that looks like 'J. K.'; in the center, a signature that looks like 'K. Kamukama' with a large 'X' over it; to the right of that, a signature that looks like 'K. Kamukama'; and on the far right, a signature that looks like 'K. Kamukama'. The number '11' is written in the center of the page, below the 'K. Kamukama' signature with the 'X'.

(Section 33)

## **SCHEDULE 2**

### **PART A**

A list of Investments managed by Uganda Development Company Ltd to be transferred to the Corporation.

1. Soroti Fruits Limited;
2. Luwero Fruits Limited;
3. Lake Katwe Salt Factory Limited;
4. Kalangala Infrastructure Services Limited and;
5. KIIRA Motors Corporation
6. Uganda National Commodity Exchange.

(Section 4(1)(e))

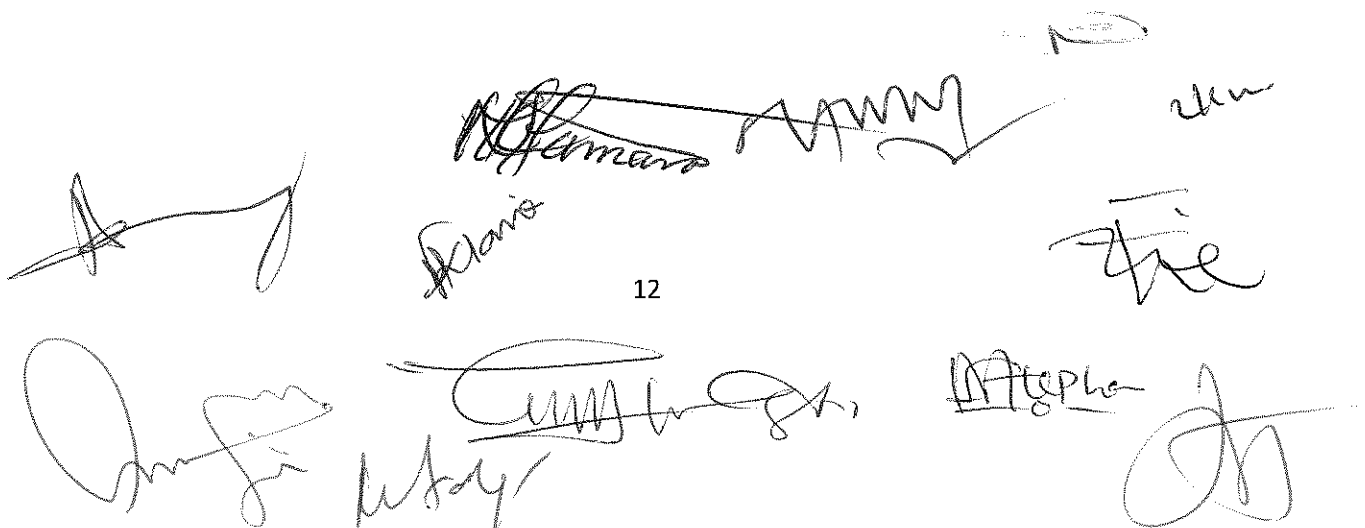
## **SCHEDULE 2**

### **PART B**

A list of entities owned by Government, to be taken over the Corporation.

1. Nile Hotel Limited
2. Apollo Hotel Limited
3. Embassy House.

**Justification:** To provide for the two parts of schedule 2 so as to classify entities to be transferred from UDCL to the Corporation differently from those to be transferred from Government to the Corporation.

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a signature that appears to be 'A. J.', a signature that appears to be 'K. K.', a signature that appears to be 'K. K.', a signature that appears to be 'K. K.', a signature that appears to be 'K. K.', a signature that appears to be 'K. K.', a signature that appears to be 'K. K.', and a signature that appears to be 'K. K.'.

### SCHEDULE 3

Proposal to amend Schedule 3 as follows;

#### 1. Meetings of the Board.

(i) in paragraph 1(3) by redrafting it as follows:

(3). *The meetings of the Board shall be convened by the Secretary to the Board upon the direction of the Chairperson of the Board.*

#### Justification:

- To empower the Chairperson of the Board to direct the convening of the meetings of the Board.

#### 3. Decisions of the Board

In paragraph 3(2) by substituting for the paragraph (2) the following:

*(2) A decision may be made by the Board without a physical meeting of the members of the Board, by video conferencing, teleconferencing or other electronic means that ensures participation by all members of the Board.*

#### Justification:

To cater for the recent developments in technology in the conduct of business.

#### 6. Minutes of Proceedings.

In paragraph 6(1) by substituting for the phrase:

(1) *"Executive and Secretary to the Board"* appearing at the end of the clause the phrase *"Chairperson and Secretary to the Board"*.

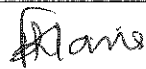

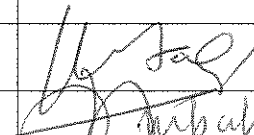
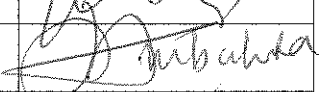
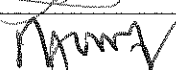
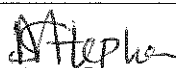
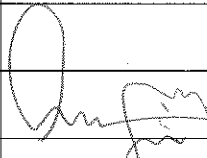
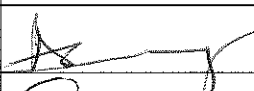
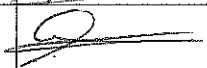

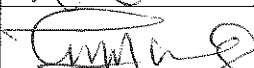

#### Justification:

- To empower the Board Chairperson to sign the minutes of Board meetings as co-signed by the Secretary to the Board

13

The bottom of the page features several handwritten signatures and initials in black ink. From left to right, there is a signature that appears to be 'D. V.', a signature that looks like 'H. M.', a signature that is partially obscured and possibly 'A. M.', a signature that is very stylized and possibly 'F. M.', and a signature that is also stylized and possibly 'H. M.'. There are also some initials and marks scattered around these signatures.

**REPORT OF THE COMMITTEE ON TOURISM, TRADE AND INDUSTRY ON  
THE UGANDA DEVELOPMENT CORPORATION BILL, 2014**

NO	NAME	PARTY	SIGNATURE
1.	<b>Kabahenda Flavia R. C/P</b>	<b>NRM</b>	
2.	<b>Namara Grace VC/P</b>	<b>INDEP</b>	
3.	Kasaija Steven Kagwera	NRM	
4.	Tete Everline Chelangat	NRM	
5.	Balyeku Moses Grace	NRM	
6.	Mbahimba James	NRM	
7.	Mugema Peter	NRM	
8.	Mpairwe Beatrice	NRM	
9.	Namayanja Rose	NRM	
10.	Mayende Steven Dede	NRM	
11.	Okot Ogong Felix	NRM	
12.	Nakabaale Patrick	NRM	
13.	Karungi Elizabeth	NRM	
14.	Mulimba John	NRM	
15.	Naggayi Nabilah Sempala	FDC	
16.	Ajok Lucy	UPC	
17.	Lubogo Kenneth	INDEP	
18.	Businge-Rusoke Victoria	NRM	
19.	Aleper Margaret Achilla	NRM	
20.	Lubega Godfrey	INDEP	
21.	Kamara John Nizeyimana	NRM	
22.	Kasule Lumuba J	NRM	