

BILLS SUPPLEMENT

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Bill No. 26***Free Zones (Amendment) Bill*****2024****THE FREE ZONES (AMENDMENT) BILL, 2024****MEMORANDUM****1. Policy and principles of the Bill**

The policy behind the Bill is to give effect to the Government Policy for Rationalisation of Government Agencies and Public Expenditure (RAPEX) which was adopted by the Cabinet on 22nd February 2021.

2. Defects in existing law

The Constitution establishes a definite number of Government agencies, including constitutional commissions, authorities, boards, local councils and other statutory bodies. These were established to perform certain specified constitutional functions. Over the years, however, there has been a proliferation of agencies established by Acts of Parliament, Executive Orders and administrative arrangements. Whereas most of the agencies are necessary due to the critical nature of the functions they perform, Government has established that a certain limited number of agencies were established without due consideration to the aspects of institutional harmony, functional duplications, overlaps and affordability. Government has also established that some agencies have served the purpose for which they were established. The mandate of a few other agencies has been overtaken by events. Such agencies need to be rationalised.

More importantly, the proliferation of agencies has created mandate overlaps and jurisdictional ambiguities among the agencies.

Additionally, the high cost of administering the agencies has drained the national treasury at the expense of effective service delivery. This has overstretched the capacity of Government to sustain them. Government has also established that the generous salary structures of the agencies has created salary disparities between employees of the agencies and public officers in the traditional civil service leading to demotivation of human resources in the mainstream public service.

3. Remedies proposed in the Bill.

The intention of the Bill is to amend the Free Zones Act, 2014, Act 5 of 2014, to—

- (a) enable the merging of the Uganda Free Zones Authority and the Uganda Export Promotions Board into one entity called the Uganda Free Zones and Export Promotions Authority under the supervision of the Ministry responsible for trade, *inter alia*, relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure of maintaining two agencies yet one agency may perform all the functions of the two agencies;
- (b) facilitate efficient and effective service delivery by clearly delineating the mandates and functions of the Uganda Free Zones and Export Promotions Authority, thereby, avoiding duplication of mandates and functions;
- (c) promote coordinated administrative arrangements, policies and procedures for—
 - (i) ensuring the efficient and successful management, financial accounting and budgetary discipline of government agencies and departments;
 - (ii) enabling the Government to play its proper role more effectively; and

- (iii) enforcing accountability;
- (d) to restructure and re-organise the Uganda Free Zones Authority by eliminating functional ambiguities in the Authority to enable the merger with the Uganda Export Promotions Board.

4. Provisions of the Bill

The Bill has 13 clauses. Clause 2 provides for the objectives of the Bill. Clause 3 provides for the purpose of amending the Free Zones Act, 2014 which is to merge the Uganda Free Zones Authority and the Uganda Export Promotions Board into one entity called the Uganda Free Zones and Export Promotions Authority under the supervision of the Ministry responsible for trade. The rest of the clauses of the Bill seek to ensure the effective merger of the two agencies.

FRANCIS MWEBESA,
Minister for Trade, Industry and Cooperatives.

THE FREE ZONES (AMENDMENT) BILL, 2024**ARRANGEMENT OF CLAUSES*****Clause***

- 1. Interpretation**
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A Bill for an Act

ENTITLED

THE FREE ZONES (AMENDMENT) ACT, 2024

An Act to amend the Free Zones Act, 2014, Act 5 of 2014 to rename the Uganda Free Zones Authority as the Uganda Free Zones and Export Promotions Authority; to give additional functions to the Uganda Free Zones Authority relating to the promotion of exportation of goods; to generally give effect to the Government Policy on Rationalisation of Government Agencies and Public Expenditure, and for related purposes.

BE IT ENACTED by Parliament as follows:

1. Interpretation

In this Act, unless the context otherwise requires—

“agency” means a body established by an Act of Parliament and includes an authority;

“commission” means a body established by the Constitution;

“Government” means the Government of Uganda.

2. Objectives

(1) The main objective of this Act is to give effect to the Government Policy for Rationalisation of Government Agencies and Public Expenditure adopted by the Cabinet on 22nd February, 2021 and contained in Cabinet Minute No. 43(CT 2021).

(2) Without prejudice to the general effect of subsection (1), the following objectives shall be deemed to fall under the objective specified in that subsection—

- (a) the merging, mainstreaming and rationalisation of agencies, commissions, authorities and public expenditure thereby, *inter alia*, relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure;
- (b) the facilitation of efficient and effective service delivery by clearly delineating the mandates and functions of government agencies and departments and thereby avoiding duplication of mandates and functions;
- (c) the promotion of coordinated administrative arrangements, policies and procedures for—
 - (i) ensuring the efficient and successful management, financial accounting and budgetary discipline of government agencies and departments;
 - (ii) enabling the Government to play its proper role more effectively; and
 - (iii) enforcing accountability; and
- (d) the restructuring and re-organisation of agencies and departments of Government by eliminating bloated structures and functional ambiguities in Government agencies and departments.

3. Purpose of amendment of the Free Zones Act, 2014

The purpose of amending the Free Zones Act, 2014, Act 5 of 2014 is to enable the merger of the Uganda Free Zones Authority and the Uganda Export Promotions Board into one entity called the Uganda Free Zones and Export Promotions Authority under the supervision of the Ministry responsible for trade.

4. Amendment of short title of Free Zones Act, 2014

There is substituted for the short title to the Free Zones Act, 2014, hereinafter referred to as the “principal Act” the following—

“Uganda Free Zones and Export Promotions Act, 2024”;

5. Amendment of long title of principal Act

There is substituted for the long title to the principal Act the following—

“An Act to make provision for the establishment, development, management, marketing, maintenance, supervision and control of free zones; to facilitate the development, promotion and coordination of all export-related activities that lead to export growth on a sustainable basis; to establish a body to be responsible for the establishment, development, management, marketing, maintenance, supervision and control of free zones; the development, promotion and coordination of all export-related activities; and to provide for related matters.”

6. Amendment of section 2 of principal Act

Section 2 of the principal Act is amended—

- (a) in the definition of “Authority” by substituting for “Uganda Free Zones Authority” the following—

“Uganda Free Zones and Export Promotions Authority”;

- (b) in the definition of “Board” by substituting for “Uganda Free Zones Authority” the following—

“Uganda Free Zones and Export Promotions Board”; and

- (c) by substituting for “Minister” the following—

““Minister” means the Minister responsible for trade;”.

7. Amendment of section 6 of principal Act

Section 6 of the principal Act is amended by substituting for “Uganda Free Zones Authority” wherever it appears the following—

“Uganda Free Zones and Export Promotions Authority”.

8. Amendment of section 7 of principal Act

Section 7 of the principal Act is amended by substituting for “Uganda Free Zones Authority” the following—

“Uganda Free Zones and Export Promotions Authority”.

9. Amendment of section 9 of principal Act

Section 9 of the principal Act is amended by substituting for subsection (1) the following—

“(1) The following shall be the members of the Board—

- (a) a Chairperson, who shall be a person of high moral character with proven integrity and relevant experience;
- (b) the Vice Chairperson,
- (c) a representative of the Ministry responsible for finance;

- (d) a representative of the Ministry responsible for trade,
- (e) three members knowledgeable in labour matters, export promotions or land matters; and
- (h) a representative of the Uganda Revenue Authority, who shall be an *ex officio* member.”

10. Amendment of section 13 of principal Act

Section 13 of the principal Act 5 is amended—

- (a) in subsection (1) by inserting immediately after “free zones” the following—

“and to facilitate the development, promotion and coordination of all export-related activities that lead to export growth on a sustainable basis”;

- (b) in subsection (2) by inserting immediately paragraph (q) the following—

“(qa) to provide trade and market information services, including—

- (i) details of tariffs for all markets by product category;
- (ii) general market entry information;
- (iii) lists of importers by country and product category;
- (iv) price data from major price determining centres;
- (v) analyses of market trends for products exported by Uganda;

- (vi) information on import and export procedures and documentation requirements by Uganda's trading partners;
 - (vii) data tracking on trade flows by product and by importing and exporting country;
 - (viii) dissemination of market information;
- (qb) to promote the development of export, including—
- (i) provision of hands-on technical advice in production and postharvest handling of exports;
 - (ii) test marketing new export commodities and products;
- (qc) to provide trade promotional services, including—
- (i) organising participation in relevant regional and international trade fairs for both public and private sector participants;
 - (ii) maintaining up-to-date information on all trade fairs of interest to Uganda;
 - (iii) organising trade missions to target countries; and
 - (iv) organising inward buyer missions to link up with Ugandan suppliers;
- (qd) to provide customised advisory services in various areas, including—
- (i) basic business skills;
 - (ii) export distribution channels;

- (iii) basic elements of foreign trade practice;
 - (iv) briefing on target markets by product, with detailed documentation regarding standards and quality requirements, pricing spreads and margins and tariff classification;
 - (v) details of preferences given to Uganda products by country;
 - (vi) technical evaluation of a company's readiness to export;
 - (vii) technical advice on export agreements; and
 - (viii) advice on how to secure preshipment credit and other short term medium export credits;
- (qc) to formulate and recommend to the Government export plans, policies and strategies designed to provide efficient, adequate and coordinated measures for promotion of Uganda exports."

11. Amendment of section 16 of principal Act

Section 16 of the principal Act is amended by substituting for subsection (1) the following—

"(1) The Minister shall, on recommendation of the Board and after consultation with the Ministry responsible for the public service, appoint the Executive Director of the Authority."

12. Amendment of section 17 of principal Act

Section 17 of the principal Act is amended—

- (a) by substituting for subsection (1) the following—

“(1) The Board shall, after consultation with the Minister responsible for the public service, appoint officers and staff as may be necessary for the proper and efficient discharge of the objects and functions of the Authority under this Act.”; and

(b) by substituting for subsection (2) the following—

“(2) The officers and staff appointed under subsection (1) shall be paid such remuneration and allowances as the Board, in consultation and approval of the Minister responsible for the public service, may determine.”.

13. Savings

(1) On the commencement of this Act, the Authority shall be rationalised in terms of the membership of the Board and staff of the secretariat to reflect the merger of the Uganda Free Zones Authority and the Uganda Export Promotions Board by this Act.

(2) The rationalisation of the Authority referred to in subsection (1) shall be in accordance with the guidelines of the Ministry responsible for the public service.

(3) The rationalisation referred to in subsection (1) shall be carried out by the Authority and the Ministry responsible for the public service.

(4) On the commencement of this Act, the Minister shall immediately appoint—

- (a) the members of the Board of the Uganda Free Zones and Export Promotions Authority in accordance with this Act;
- (b) the Executive Director of the Uganda Free Zones and Export Promotions Authority.

(5) The board members and staff of the Uganda Free Zones Authority including the Executive Director who, because of the merger of the Uganda Free Zones and Export Promotions Board, are not appointed to the Board of the Uganda Free Zones and Export Promotions Authority or to serve Uganda Free Zones and Export Promotions Authority, shall be paid their terminal benefits in accordance with the terms and conditions of their service.

(6) Compensation is not payable to any member of the board of the Uganda Free Zones Authority for loss of office resulting from the merger of Uganda Free Zones and Export Promotions Authority.

(7) Any person employed by the Uganda Free Zones Authority immediately before the commencement of this Act whose services are transferred to the Uganda Free Zones and Export Promotions Authority shall transfer to the Uganda Free Zones and Export Promotions Authority on similar or better terms than those enjoyed by those employees before the transfer.

(8) On the commencement of this Act, all the property, assets, rights, obligations, and liabilities of the Uganda Free Zones Authority shall vest in the Uganda Free Zones and Export Promotions Authority.

(9) Any proceedings commenced by or against the Uganda Free Zones Authority may be continued by or against the Uganda Free Zones and Export Promotions Authority.

(10) A licence, permit, certificate or authorisation issued by the Uganda Free Zones Authority under the Act which is in force immediately before the commencement of this Act shall have effect from the commencement of this Act as if granted by the Uganda Free Zones and Export Promotions Authority.

(11) The terms and conditions including the rights and obligations under a licence, permit, certificate or authorisation in force immediately before the commencement of this Act, shall not be less favourable than those that applied immediately before the commencement of this Act.