

**BILLS SUPPLEMENT**

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**Bill No. 50**                      *Tier 4 Microfinance Institutions and  
Money Lenders (Amendment) Bill*                      **2024**

**TIER 4 MICROFINANCE INSTITUTIONS AND MONEY  
LENDERS (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 22<sup>nd</sup> 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 Tier 4 Microfinance Institutions and Money Lenders Act, 2016, Act 18 of 2016, to—

- (a) enable the mainstreaming of the Uganda Microfinance Regulatory Authority established under the Act into the Ministry responsible for finance thereby, *inter alia*, relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure;
- (b) facilitate efficient and effective service delivery by clearly delineating the mandates and functions of the Ministry in respected of the functions to be mainstreamed into the Ministry, 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.

**4. Provisions of the Bill**

The Bill has 79 clauses.

**MATIA KASAIJA (MP)**  
*Minister of Finance, Planning and Economic Development*

**TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS  
(AMENDMENT) BILL, 2024**

**ARRANGEMENT OF CLAUSES**

*Clause*

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21. Repeal of section 18 of principal Act

22. Repeal of section 19 of principal Act
23. Repeal of section 20 of principal Act
24. Repeal of section 21 of principal Act
25. Repeal of section 22 of principal Act
26. Repeal of section 23 of principal Act
27. Repeal of section 24 of principal Act
28. Repeal of section 25 of principal Act
29. Repeal of section 26 of principal Act
30. Repeal of section 27 of principal Act
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33. Amendment of section 31 of principal Act
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35. Amendment of section 33 of principal Act
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40. Amendment of section 39 of principal Act
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43. Amendment of section 44 of principal Act
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45. Amendment of section 47 of principal Act
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47. Amendment of section 52 of principal Act

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50. Amendment of section 55 of principal Act
51. Amendment of section 57 of principal Act
52. Amendment of section 58 of principal Act
53. Amendment of section 59 of principal Act
54. Amendment of section 60 of principal Act
55. Amendment of section 61 of principal Act
56. Amendment of section 62 of principal Act
57. Amendment of section 64 of principal Act
58. Amendment of section 65 of principal Act
59. Amendment of section 66 of principal Act
60. Amendment of section 69 of principal Act
61. Amendment of section 74 of principal Act
62. Amendment of section 75 of principal Act
63. Amendment of section 76 of principal Act
64. Amendment of section 77 of principal Act
65. Amendment of section 78 of principal Act
66. Amendment of section 79 of principal Act
67. Amendment of section 80 of principal Act
68. Amendment of section 82 of principal Act
69. Amendment of section 83 of principal Act
70. Amendment of section 90 of principal Act
71. Amendment of section 95 of principal Act
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- 74. Amendment of section 104 of principal Act
- 75. Amendment of section 105 of principal Act
- 76. Amendment of section 106 of principal Act
- 77. Amendment of section 107 of principal Act
- 78. Amendment of section 109 of principal Act
- 79. Repeal of Schedules to principal Act
- 80. Savings

A Bill for an Act

ENTITLED

**TIER 4 MICROFINANCE INSTITUTIONS AND MONEY  
LENDERS (AMENDMENT) ACT, 2024**

**An Act to amend the Tier 4 Microfinance Institutions and Money Lenders Act, 2016, Act 18 of 2016, to mainstream the functions of the Uganda Microfinance Regulatory Authority into the Ministry responsible for finance in order to 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;

“Ministry” means the Ministry responsible for finance.

## **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 22<sup>nd</sup> 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 Act 18 of 2016**

The purpose of amending the Tier 4 Microfinance Institutions and Money Lenders Act, 2016, Act 18 of 2016 is to mainstream the functions of the Uganda Microfinance Regulatory Authority established under the Act into the Ministry responsible for finance.

**4. Dissolution of the Uganda Microfinance Regulatory Authority**

On the commencement of this Act, the Uganda Microfinance Regulatory Authority shall be dissolved.

**5. Responsibility for functions under principal Act**

On the commencement of this Act, the Ministry shall be responsible for performing the functions of the dissolved Uganda Microfinance Regulatory Authority.

**6. Amendment of long title to Act 18 of 2016**

The long title to Act 18 of 2016, hereinafter referred to as the “principal Act”, is amended by repealing the words “to establish the Uganda Microfinance Regulatory Authority;”.

**7. Amendment of section 5 of principal Act**

Section 5 of the principal Act is amended by repealing the definitions of “Authority” and “Board”.

**8. Substitution of heading of Part II of principal Act**

For the heading of Part II of the principal Act, there is substituted the following—

**“PART II—ADMINISTRATION OF ACT”**

**9. Substitution of section 6 of principal Act**

For section 6 of the principal Act, there is substituted the following—

**“6. Administration of Act**

This Act shall be administered by the Ministry responsible for finance.”

**10. Repeal of section 7 of principal Act**  
Section 7 of the principal Act is repealed.

**11. Amendment of section 8 of principal Act**  
Section 8 of the principal Act is amended—

- (a) by substituting for “Authority” wherever it appears the word “Ministry”; and
- (b) by repealing subsection (2)(m).

**12. Amendment of section 9 of principal Act**  
Section 9 of the principal Act is amended by substituting for “Authority” wherever it appears the word “Ministry”.

**13. Repeal of section 10 of principal Act**  
Section 10 of the principal Act is repealed.

**14. Repeal of section 11 of principal Act**  
Section 11 of the principal Act is repealed.

**15. Repeal of section 12 of principal Act**  
Section 12 of the principal Act is repealed.

**16. Repeal of section 13 of principal Act**  
Section 13 of the principal Act is repealed.

**17. Repeal of section 14 of principal Act**  
Section 14 of the principal Act is repealed.

**18. Repeal of section 15 of principal Act**  
Section 15 of the principal Act is repealed.

**19. Repeal of section 16 of principal Act**  
Section 16 of the principal Act is repealed.

**20. Repeal of section 17 of principal Act**  
Section 17 of the principal Act is repealed.

**21. Repeal of section 18 of principal Act**  
Section 18 of the principal Act is repealed.

**22. Repeal of section 19 of principal Act**  
Section 19 of the principal Act is repealed.

**23. Repeal of section 20 of principal Act**  
Section 20 of the principal Act is repealed.

**24. Repeal of section 21 of principal Act**  
Section 21 of principal Act is repealed.

**25. Repeal of section 22 of principal Act**  
Section 22 of the principal Act is repealed.

**26. Repeal of section 23 of principal Act**  
Section 23 of the principal Act is repealed.

**27. Repeal of section 24 of principal Act**  
Section 24 of the principal Act is repealed.

**28. Repeal of section 25 of principal Act**  
Section 25 of the principal Act is repealed.

**29. Repeal of section 26 of principal Act**  
Section 26 of the principal Act is repealed.

**30. Repeal of section 27 of principal Act**  
Section 27 of the principal Act is repealed.

**31. Repeal of section 28 of principal Act**  
Section 28 of the principal Act is repealed.

**32. Repeal of section 29 of principal Act**

Section 29 of the principal Act is repealed.

**33. Amendment of section 31 of principal Act**

Section 31 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Ministry”.

**34. Amendment of section 32 of principal Act**

Section 32 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Ministry”.

**35. Amendment of section 33 of principal Act**

Section 33 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Ministry”.

**36. Amendment of section 34 of principal Act**

Section 34 of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**37. Amendment of section 35 of principal Act**

Section 34 of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**38. Amendment of section 37 of principal Act**

Section 37(1)(b) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**39. Amendment of section 38 of principal Act**

Section 38(1) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**40. Amendment of section 39 of principal Act**

Section 39 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**41. Amendment of section 42 of principal Act**

Section 42 of Principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**42. Amendment of section 43 of principal Act**

Section 43 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**43. Amendment of section 44 of principal Act**

Section 44 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**44. Amendment of section 46 of principal Act**

Section 46(2)(e) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**45. Amendment of section 47 of principal Act**

Section 47(2) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**46. Amendment of section 50 of principal Act**

Section 50(2) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**47. Amendment of section 52 of principal Act**

Section 52(2) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**48. Amendment of section 53 of principal Act**

Section 53 of the principal Act is amended by substituting for “Authority” wherever it appears the word “Ministry”.

**49. Amendment of section 54 of principal Act**

Section 54(1) of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**50. Amendment of section 55 of principal Act**

Section 55(2) of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**51. Amendment of section 57 of principal Act**

Section 57(3) of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**52. Amendment of section 58 of principal Act**

Section 58 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**53. Amendment of section 59 of principal Act**

Section 59 of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**54. Amendment of section 60 of principal Act**

Section 60 of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**55. Amendment of section 61 of principal Act**

Section 61(2) of the principal Act is amended by substituting for “Authority” the word “Minister”.

**56. Amendment of section 62 of principal Act**

Section 62 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**57. Amendment of section 64 of principal Act**

Section 64 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**58. Amendment of section 65 of principal Act**

Section 65 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**59. Amendment of section 66 of principal Act**

Section 66 of the principal Act is amended—

- (a) by substituting for “Authority” wherever it appears the word “Minister”; and
- (b) in subsection (1) by substituting for “its”, the words “he or she”.

**60. Amendment of section 69 of principal Act**

Section 69 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**61. Amendment of section 74 of principal Act**

Section 74 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**62. Amendment of section 75 of principal Act**

Section 75 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**63. Amendment of section 76 of principal Act**

Section 76 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**64. Amendment of section 77 of principal Act**

Section 77 of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**65. Amendment of section 78 of principal Act**

Section 78 of the principal Act is amended in subsection (3) by substituting for “Authority” the word “Minister”.

**66. Amendment of section 79 of principal Act**

Section 79 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**67. Amendment of section 80 of principal Act**

Section 80 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**68. Amendment of section 82 of principal Act**

Section 82 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**69. Amendment of section 83 of principal Act**

Section 83 of the principal Act is amended—

- (a) in subsection (1) by substituting for “Authority” the word “Minister” and substituting for “it is” the word “the Minister”;
- (b) in subsection (2) by substituting for “Authority”, the word “Minister”;
- (c) in subsection (3) by substituting for “Authority”, the word “Minister”; and
- (d) in subsection (4) by substituting for “Authority”, the word “Minister”.

**70. Amendment of section 90 of principal Act**

Section 90 of the principal Act is amended in subsection (1) by repealing the words “in consultation with the Authority,”.

**71. Amendment of section 95 of principal Act**

Section 95 of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**72. Amendment of section 100 of principal Act**

Section 100 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**73. Amendment of section 101 of principal Act**

Section 104(4) of the principal Act is amended by substituting for “Authority” the word “Ministry”.

**74. Amendment of section 104 of principal Act**

Section 104 of the principal Act is amended by substituting for “Authority” the word “Minister”.

**75. Amendment of section 105 of principal Act**

Section 105 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**76. Amendment of section 106 of principal Act**

Section 106 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**77. Amendment of section 107 of principal Act**

Section 107 of the principal Act is amended by substituting for “Authority” wherever it appears, the word “Minister”.

**78. Amendment of section 109 of principal Act**

Section 109 of the principal Act is amended in subsection (3) by substituting for “Authority” the word “Minister”.

**79. Repeal of Schedules 2 and 3 to principal Act**

Schedules 2 and 3 to the principal Act are repealed.

**80. Savings**

(1) The members of the Board and staff of the Uganda Microfinance Regulatory Authority shall be paid their terminal benefits in accordance with the terms and conditions of their service.

(2) Compensation is not payable to any member of the board of the Uganda Microfinance Regulatory Authority for loss of office

resulting from the dissolution of the Uganda Microfinance Regulatory Authority.

(3) The staff of the Uganda Microfinance Regulatory Authority may be redeployed to serve in the public service subject to availability of positions.

(4) On the commencement of this Act, all the property, assets, rights, obligations, and liabilities of the Uganda Microfinance Regulatory Authority shall vest in the Government of Uganda under the Ministry.

(5) Any proceedings commenced by or against the Uganda Microfinance Regulatory Authority may be continued by or against the Attorney General.

(6) A licence, permit, certificate or authorisation issued by the Uganda Microfinance Regulatory 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 Minister.

(7) 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.