

THE LOCAL CONTENT BILL, 2017

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ENTITLED

THE LOCAL CONTENT BILL, 2017

An Act to provide for the establishment of a national local content committee, the maximization of value-addition and job creation through the use of local expertise, goods and services, businesses and financing in all undertakings where public funds are used or where the undertaking is a licensable activity, the development of local content plans and the supervision, coordination, monitoring and implementation of local content; and for related matters.

BE IT ENACTED by Parliament follows:

PART I

PRELIMINARY

1. Commencement

This Act shall come into force upon assent by the President and publication in the gazette.

2. Application

(1) This Act shall apply to all matters pertaining to local content in respect of all activities or operations carried in Uganda as prescribed under subsection (2).

(2) This Act shall apply to any person, body or entity carrying on any undertaking or activity where-

- (a) public funds are used;
- (b) ~~t~~The activity or procurement is carried out by a local government or local authority;
- (c) ~~t~~The undertaking, activity or procurement is carried out by an entity, individual or company being a beneficiary of a tax waiver, remission or any such similar tax incentives.
- (d) the undertaking is a licensable activity or operation within the provisions of the-
 - (i) Mining Act, 2003;
 - (ii) Electricity Act, 1999;
 - (iii) Uganda Tourism Act, 2008; and
 - (iv) Any other licensable activity as prescribed by the Minister.
- (e) ~~t~~The activities or undertaking is carried out by a foreign entity, company or person in possession of an investment license;
- (f) ~~t~~The activity or undertaking is carried out by a private party under a Public Private Partnership Agreement.
- (g) ~~t~~The activity or undertaking is a public works, including engineering, designing, procurement and construction undertakings financed through public borrowing;
- (h) ~~t~~The activity or undertaking arises from a procurement process carried out in accordance with the Public Procurement and Disposal of Public Assets Act, 2003.

3. Object and purpose the Act

The object and purpose of the Act is –

- (a) To promote economic transformation of Uganda through meaningful participation of Ugandan companies and individuals in the economy;
- (b) to promote the training and employment of Ugandans, transfer of skills, knowledge, technology and the provision of goods and services by Ugandan companies and individuals;
- (c) to promote the maximization of value-addition and job creation through the use of local expertise, goods and services, businesses, financing and their retention in the country;
- (d) to require and encourage a person, entity or body subject to this Act, to source certain goods and services exclusively from Ugandan companies and individuals, especially goods and services that are manufactured or readily available in Uganda;
- (e) to require the provision of goods and services not available in Uganda to be done by Ugandan companies and individuals which have entered into joint ventures with international companies and individuals;
- (f) to ensure that maximum value is added through local capacity development by increasing in-country activities and giving preference to the following-
 - (i) locally owned, controlled and financed enterprises and companies; and
 - (ii) resident companies and enterprises that demonstrate a clear commitment and capacity for maximizing local value-added, participation and capability development consistent with Uganda's aspirations and vision;
- (g) to focus on improving local skills, business know-how, technology, financing, capital market development and wealth capture and distribution in the economy;
- (h) to provide for the employment of Ugandans and giving first consideration for training and employment of Ugandans and in addition, provide for disadvantaged individuals or groups to have access to training and employment opportunities and to participate in the supply of goods and services used in any proposed work or activity;
- (i) to require persons and bodies subject to this Act to give first consideration to services provided from within Uganda and to goods manufactured in Uganda where those services and goods are competitive in terms of fair market price, quality and delivery;
- (j) to provide for the creation of partnerships between foreign and resident companies and individuals;
- (k) to provide for the recruitment, training, development and promotion of Ugandan personnel with relevant educational background, experience and qualification;
- (l) to preserve foreign exchange conservation, value addition and self-sustaining integrated economy; and
- (m) to promote foreign direct investments, creation and development of production and service capacities in Uganda.

4. Interpretation.

In this Act, unless the context otherwise requires-

“Currency point” has the value assigned to it in schedule 1;

“Benefit diversion” means an initiative implemented where the economic benefits received by a person or entity as a result of the implementation of the provisions of this Act do not flow to a Ugandan company or individual as required by this Act.

“Foreign investor” means a-

- (a) person who is not a citizen of Uganda;
- (b) a company,
- (c) a partnership in which the majority of partners are not citizens of Uganda

in possession of an investment license issued under the Investment Code Act, Cap 92

“Fronting practice” means a transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of this Act or the implementation of any of the provisions of this Act or any other law relating to local content.

“License” means a licensee issued under the-

- (a) Mining Act, 2003;
- (b) Electricity Act, 1999;
- (c) The tourism Act, 2008; and
- (d) Any other law as the Minister may by regulations, prescribe.

“Licensee” means a person to whom a heeneelicense is granted under the-

- (a) Mining Act, 2003;
- (b) Electricity Act, 1999;
- (c) The Tourism Act, 2008; and
- (d) Any other law as the Minister may by regulations, prescribe.

“Licensable activity or operation” means any undertaking requiring a heeneelicense under the-

- (a) Mining Act, 2003;
- (b) Electricity Act, 1999;
- (c) The Tourism Act; and
- (d) Any other laws as the Minister may, by regulations prescribe.

"Local content" means the quantum or percentage of locally produced materials, personnel, financing, goods and services utilized by a person, body or entity subject to this Act in any operation, undertaking or activity carried in Uganda and which can be measured in monetary terms;

"Manufacture" means —

- (a) the making of any goods or part of any goods;
- (b) the altering, ornamenting, finishing, assembling or processing in any form of any goods; or
- (c) the adapting for sale of any goods, in which machinery operated by mechanical power is used;

"Minister" means Minister responsible for trade;

~~, industry and cooperatives;~~

"National Local Content Committee" means the National Local Content Committee established under section 5 of this Act;

"Nonresident" means a person who is not a ~~resident of Uganda; citizen of Uganda.~~

"Person, body or entity subject to this Act" means a person, body, entity carrying on any undertaking or activities prescribed under subsection (2) of section 2 of this Act.

"Private party" means a special purpose vehicle incorporated under the laws of Uganda to implement a specific public private partnership

"Public Private Partnership Agreement" means a written contract recording the term of a public private partnership concluded between a contracting authority and a private party;

"Public funds" means monetary resources appropriated to an entity through the budgetary processes, including from the Consolidated Fund, grants and credits put at the disposal of the entity by foreign donors and revenues generated by the entity;

"Public works" means any construction work undertaken by any person, body or entity on behalf of Government or a local government which is funded or financed in whole or in part with public funds.

"Ugandan individual" means a Citizen of Uganda, except a dual citizen.

"Ugandan Company" means a company incorporated under the laws of Uganda in which its shares are wholly owned by Ugandan individuals and controlled in Uganda by Ugandan individuals;

"Resident Company" means a company ~~that~~—

- (a) ~~is~~ incorporated or formed under the laws of Uganda;
- (b) has its management and control exercised in Uganda;
- (c) undertakes the majority of its operations in Uganda, and

(d) is considered a resident company for tax purposes by tax authorities

“Shoddy work” means poor quality or inferior workmanship.

“Technology Transfer” means planned and approved activities and mechanisms aimed at transferring skills, knowledge, technologies and methods between a person or entity subject to this Act and a resident company or individual in Uganda.

PART II LOCAL CONTENT COMMITTEE

National local content committee

5. National Local Content Committee

(1) There is established a committee to be known as the National Local Content Committee.

(2) The Committee shall consist of the following-

- (a) A representative from the Office of the Prime Minister, who shall be the chairperson;
- (b) A representative from the private Sector, who shall be the deputy chairperson;
- (c) A representative from the Ministry responsible for trade ~~industry and cooperatives~~;
- (d) A representative from the Ministry of gender, ~~labour and social development~~;
- (e) A representative from the Ministry of Energy ~~and Mineral Development~~;
- (f) A representative ~~of from~~ Uganda ~~in~~ Manufacturers Association,
- (g) A representative from Uganda National Chamber of Commerce and Industry;
- (h) A representative from the Ministry of Justice;
- (i) A representative from the Ministry of finance, planning and economic development who shall be its secretary;
- (j) A representative from Uganda Roads Authority; and
- (k) A representative from Uganda Investment Authority.

(3) A member referred to in subsection (2) (a), (c), (d), (h) and (i) shall be appointed by the Minister of the respective Ministry and shall not be below the rank of principal.

(4) A member referred to in subsection (2) (e), (f), (g), (j) and (k) shall be appointed by the heads of the institutions nominating them.

(5) The chairperson and deputy chairperson shall-

- (a) Not be of the same gender;
- (b) Be of high moral character and proven integrity,
- (c) Be holders of degrees from recognised universities; and
- (d) Possess relevant qualifications in economics and public administration.

6. Functions of the Committee

(1) The function of the committee ~~are tshao H be to~~

- (a) supervise, coordinate and monitor the development of local content in Uganda;
- (b) to categorizes service providers and suppliers and the capacity those providers and the suppliers poses;
- (c) advise on the necessary changes to various types of legislation for the effective achievement of local content initiatives

- (d) supervise, coordinate and monitor the implementation and schedule development of local content in Uganda;
- (e) appraise and evaluate the local Content Programs and reports submitted to the Committee in compliance with the provisions of this Act or to any other government body under the authority of any Act;
- (f) Conduct reviews of the local Content Programmes and reports submitted to it under this Act or to any other government body under the authority of any Act;
- (g) assist local contractors and resident companies and individuals to develop their capabilities and capacities to further the attainment of the goal of developing local content in the Uganda;
- (h) Establish and review regularly the range of service categories required in the implementation of current and future projects.
- (i) Support the implementation of interventions identified in the National Human Resource Plan to bridge the identified labor gap in the country;
- (j) establish the capacity of local entrepreneurs to supply the required goods and services;
- (k) To advise the President and cabinet on local content development and local content implement in national programs and projects.
- (l) make procedures to guide the implementation local content;
- (m) monitor and coordinate the National Content performance of any entity, body or person subject to this Act;
- (n) make or approve auditing procedures and conduct regular audits for the purposes of monitoring the implementation and compliance with this Act;
- (o) conduct annual surveys to inform the state of national capabilities and capacities on goods and services that are manufactured and available in Uganda;
- (p) develop information sharing platforms to inform the general public of all available contracts and any other opportunities that are subject to local content requirements and obligations;
- (q) provide guidelines, definitions and measurement of local content and local content indicators to be utilized in Uganda;
- (r) conduct studies, research and investigations that may further the attainment of the goal of developing local content in Uganda;
- (s) organize conferences, workshops, seminars, symposia, trainings, road shows and other public education to further the attainment of the goal of developing local content in the Uganda; and
- (t) carryout any other function as may be directed in writing by the Minister.

7. Tenure of Office

- (1) The Members of the Committee shall hold office for three years and are eligible for re appointment for one more term only.
- (2) A member may-
 - (a) At any time before the expiry of his or her term, resign his or her office by giving written notice to the Minister and to the Chairperson of the Committee.
 - (b) Be removed from office by the Minister where the member-
 - (i) fails to attend three consecutive meetings of the committee without written authorization of the chairperson,

- (ii) is incapacitated by physical or mental illness and is incapable of performing his or her duties as a member of the committee for a period of not less than six months,
- (iii) he or she is convicted of an offence and sentenced to a term of imprisonment of not less than six months without the option of a fine,
- (iv) is ~~insolvent~~~~bankrupt~~, or has made an arrangement with his creditors, or has granted a trust deed to his creditors or has made a composition contract with his creditors,
- (v) acts in a manner that is contrary to the objectives of this Act;
- (vi) is in the opinion of the Minister unable or unfit to perform his duties as member of the committee.

8. Terms of service

- (1) The terms of service of the members of the committee shall be from time to time determined by the Minister.
- (2) Members of the committee shall be paid such allowances as may from time to time be determined by the Minister in consultation with the Minister responsible for finance.

9. Meetings of the committee

- (1) Meetings of the committee shall follow the procedure prescribed under the second schedule to this Act.
- (2) The chairperson of any meeting of a committee shall have an original vote and, when the votes are equally divided, a casting vote in addition to his or her original vote.
- (3) The validity of proceedings of the committee shall not be affected by—
 - (a) any vacancy among the members, whether occurring by reason of death, resignation or otherwise;
 - (b) the appointment of a member at any time to fill such a vacancy; or
 - (c) any defect in the appointment of a member.

10. Committee secretariat

- (1) There shall be a secretariat of the committee headed by persons designated by the Accounting Officer of the ministry of Trade, industry and cooperatives;
- (2) The secretariat may have other public officers as maybe transferred or seconded to it by the Accounting Officer to carry out functions as may be assigned to it by the committee.

11. Functions of the secretariat

The secretariat shall-

- (a) Coordinate the meetings of the committee;
- (b) Provide technical support for the implementation of this Act;
- (c) Produce and disseminate information as directed by the committee;
- (d) Receive notices on behalf of the committee;
- (e) Keep record of matters before or handled by the committee;
- (f) Perform any other function as directed by the committee.

12. Protection from liability

Members of the committee and any employee of the secretariat or any person acting on behalf of the committee shall not be held personally liable in respect of any act or omission done in good faith in the performance of his or her duties under this Act.

PART III- NATIONAL LOCAL CONTENT REQUIREMENTS

Priority of locally manufactured goods and services

13. Local content requirements

A person, entity or body subject to this Act shall ensure that local content obligations are implemented in its overall project development, management and execution of any undertaking carried out in Uganda.

14. First consideration for locally manufactured goods.

- (1) A person, entity or body subject to this Act shall give first priority and exclusively use locally manufactured goods.
- (2) A good shall be taken to be manufactured in Uganda where the production or making of the good is carried out wholly or partly in Uganda.
- (3) In determining where a good was manufactured, the rules of origin applicable in the East African community shall apply.
- (4) Where goods manufactured in Uganda do not meet the quality, quantity, timeline for delivery required by the person, entity or body carrying out the procurement, the goods shall, with the express authorization of the committee, be procured from anywhere and shall be provided by a company which has entered into a joint venture with a Ugandan company or individual.
- (5) Notwithstanding subsection (3), a person, entity or body subject to this Act who alleges that the goods required, though manufactured in Uganda, do not meet the quality, quantity, timeline for delivery required by such a person, body or entity carrying out the procurement, shall, by written application to the committee, request for authorization to procure the goods or service from elsewhere.
- (6) The application under subsection (4) shall be accompanied by information indicating-
 - (a) The nature of the good sought;
 - (b) Whether similar goods are readily available in Uganda;
 - (c) The reason for which the goods are required;
 - (d) Any special application for which the goods sought will be applied;
 - (e) The quality, quantity, timeline for delivery required by the person, entity or body carrying out the procurement;
 - (f) The market price for the goods;
 - (g) The market price for similar goods from elsewhere;
 - (h) Any other information that the applicant deems necessary; and
 - (i) Any other information the committee may deem necessary.
- (7) In determining the application, the committee may consult any person, body or entity it deems fit except that the committee shall on every application consult the relevant government agencies, Ministry and association relevant to the application.
- (8) For avoidance of doubt, goods shall not be solely rejected on grounds of-
 - (a) quality, where such goods meet the standards developed or approved for such goods by the Uganda Bureau of standards or any other agency; or

- (b) Price, where such goods are manufactured in Uganda and are required by this law or any other law to be exclusively procured from Uganda; or
 - (c) Quantity and timeline for delivery required if it can be demonstrated by the Ugandan manufacturer that it can meet the quantity and timelines for delivery of the goods or a portion of the required goods.
- (9) For avoidance of doubt, the locally manufactured goods shall be exclusively supplied by Ugandan companies and individuals.

15. Priority for Ugandan companies and individuals

- (1) A person, entity or body subject to this Act shall give first priority and exclusively grant contracts for the procurement of goods or services listed in the third schedule to Ugandan companies and individuals.
- (2) A person, entity or body subject to this Act shall give first priority and exclusively grant contracts for the procurement of goods which are not manufactured or readily available in Uganda to Ugandan companies.
- (3) Notwithstanding subsection (1), where it appears to a person, body or entity subject to this Act that there are no suitably qualified Ugandan companies or individuals or by their nature, the goods cannot be supplied within the required timeline, the contract shall be given to a company that has entered into a joint venture with a Ugandan company or individual.

16. Priority for locally available goods

- (1) Subject to section 14, a person, entity or body subject to this Act shall give priority and exclusively use locally available goods whenever the goods sought are not manufactured in Uganda.
- (2) A good shall be taken to be taken to be locally available in Uganda where it is-
 - (a) not manufactured in Uganda; but
 - (b) is readily available in Uganda, and
 - (c) available from a resident company or Ugandan company or individual.

17. Priority for locally available services

- (1) A person, body or entity subject to this Act shall give first priority and exclusively use services which are readily available in Uganda.
- (2) A service shall be taken to be available in Uganda if it is provided by a Ugandan Company or individual.
- (3) Where a service required by a person, entity or body subject to this Act-
 - (a) **i**s not locally available in Uganda; or
 - (b) **i**f available, does not meet the timeline for delivery required by the person, entity or body carrying out the procurement,

the services shall, with the express authorization of the committee, be procured from anywhere and shall be provided by a company or individual which has entered into a joint venture with a Ugandan company or individual.

(4) The application under subsection (3) shall be accompanied by information indicating-

- (a) ~~t~~The nature of the service sought;
- (b) ~~W~~Whether similar services are readily available in Uganda;
- (c) ~~t~~The reason for which the services are required;
- (d) ~~t~~The timeline for delivery required by the person, entity or body carrying out the procurement;
- (e) ~~t~~The cost for providing similar services;
- (f) ~~a~~Any in other information that the applicant deems necessary; and
- (g) ~~a~~Any other information the committee may deem necessary.

(5) In determining the application, the committee may consult any person, body or entity it deems fit except that the committee shall on every application consult the relevant government agencies, Ministry and association relevant to the application.

(6) For avoidance of doubt, services shall not be solely rejected on grounds of-

- (a) Price, where such services are available in Uganda and are required by this law or any other law to be exclusively procured from Uganda; or
- (b) Quantity and timeline for delivery required, if it can be demonstrated by the Ugandan service provider that it can meet the quantity and timelines for delivery of the contracted work or a portion thereof.

(7) For avoidance of doubt, locally available services shall be exclusively provided by a Ugandan company or individual.

18. Priority for Ugandan companies in procurement of services

- (1) A person, body or entity subject to this Act shall give first priority and exclusively grant contracts for the procurement of services which are not readily available in Uganda to Ugandan companies or individual.
- (2) Notwithstanding subsection (1), where it appears to a person, body or entity subject to this Act that there are no suitably qualified Ugandan companies or individuals or by their nature, the services cannot be provided within the required timeline, the contract shall be given to a company that has entered into a joint venture with a Ugandan company or individual.

19. Priority for agricultural produce

- (1) A person, entity or body subject to this Act shall give priority and exclusively use locally available agricultural produce.

- (2) Agricultural produce shall be taken to be locally available in Uganda where such produce is grown or produced in any part of Uganda.
- (3) The agricultural produce referred to under subsection (1) are listed in the fourth schedule to this Act.
- (4) For avoidance of doubt, a person subject to this Act intending to import any agricultural produce listed in the fourth schedule shall seek the authorization of the committee.
- (5) The committee shall grant the authorization under subsection (4) only where the agricultural produce locally available in Uganda, does not meet the quality, quantity and timeline for delivery required by the person, body or entity carrying out the procurement.
- (6) For avoidance of doubt, the agricultural produce locally available in Uganda shall be supplied exclusively by Ugandan companies and individuals.

20. Certain goods and services to be exclusively procured from Uganda.

- (1) A person, entity or body subject to this Act shall reserve contracts for certain goods and services to be procured from Uganda and supplied exclusively by Ugandan companies and individuals.
- (2) The goods and services referred to under subsection (1) are listed in the third schedule to this Act.
- (3) The Minister may, in consultation with the committee and from time to time, amend the third schedule to this Act.

Locally available resources

21. Priority of locally available resources

- (1) A person, entity or body subject to this Act shall give first priority and use exclusively locally available resources in carrying on any undertaking in Uganda.
- (2) For avoidance of doubt, a person subject to this Act intending to use resources, other than those available, shall seek the authorization of the committee.
- (3) The committee shall grant the authorization under subsection (1) only where the locally available resources do not meet the quality, quantity and timeline for delivery required by the person, body or entity carrying out the procurement.

Goods and services from member states of the East African Community

22. Priority of goods or services manufactured or supplied from member states of the East African Community

- (1) Subject to this Act, a person, entity or body subject to this Act shall give priority to goods and services manufactured or provided by individuals and companies from member states of the East African Community.
- (2) Subsection (1) shall only apply where-
 - (a) The procurement is approved by the committee;
 - (b) The goods or services are manufactured or provided by a company or individual from any member state of the East African Community;
 - (c) The goods or services are not manufactured or readily available in Uganda;
 - (d) The member state grants similar priority to goods and services manufactured in Uganda or provided by Ugandan companies and companies, and

- (e) The goods or services are competitive as regards to price compared to goods or services from other countries.
- (3) For avoidance of doubt, companies or individuals from member states of the East African Community mean in case of company, it is incorporated in a member state of the East African Community and manufactures goods or provides services in that member state of the East African Community.

Subcontracting of contracts by Ugandan company or individual

23. Power to subcontract

- (1) A Ugandan company or individual to whom a contract-
 - (a) for public works is awarded or subcontracted to;
 - (b) is awarded to procure or supply a good or service listed in the third or fourth schedules to this Act;
 - (c) required to be exclusively procured or supplied from Uganda and supplied by a Ugandan company or individual under this Act or any other law;
 - (d) is awarded by a person, body or entity subject to this Act as a result of the application of a preference or reservation scheme under this Act or any other law; or
 - (e) is awarded in compliance of local content obligations or in order to meet the objectives of this Act or any other law relating to local content,
 may, with the express authorisation of the Committee and in accordance with this section, subcontract a portion of the contract or the performance of any of its obligations under such contract.
- (2) A Ugandan company or individual intending to subcontract a contract referred to in subsection (1) shall make an application to the Committee for authorisation.
- (3) The application shall be accompanied by-
 - (a) The name of the applicant,
 - (b) The contract or obligations it intends to subcontract;
 - (c) The name of the person it intends to subcontract;
 - (d) The reasons for subcontracting; and
 - (e) Any other document or information the Minister may, by regulations prescribe.
- (4) The committee shall examine the application and where satisfied with the reasons for subcontracting, approve the request with or without condition.
- (5) The Committee shall only grant authorisation if it is satisfied-
 - (a) With the reasons advanced by the applicant for subcontracting;
 - (b) That the person or entity to which the contract or any obligation is to be subcontracted shall comply with the provisions of this Act or any other law;
 - (c) That the person or entity to whom the contract or any obligation is to be subcontracted falls in the category of service providers and suppliers that enables such a person or entity to carry out the subcontracted work;
 - (d) That the person or entity to whom the contract or any obligation is to be subcontracted possess the requisite funds and technical skills to execute the work in the time line required;
 - (e) That subcontracting the contract or any obligation will be beneficial to company or individual or to Uganda; and
 - (f) With any other condition that may be imposed by the Minister, by statutory instrument.

24. Priority for resident and Ugandan companies and individuals in subcontracts

- (1) A Ugandan company or individual intending to subcontract a contract or any obligation in a contract referred to in subsection (1) shall give the first priority to suitably qualified Ugandan company or individual or resident company.
- (2) For a avoidance of doubt, a company or entity to which a contract has been sub contracted shall only be entitled to not more than two running sub contracts at any one time.
- (3) Where there is no suitably qualified Ugandan company, individual or resident company, the Ugandan company or individual may, in accordance with section 23, subcontract to a foreign company.

25. Percentage of contract or obligations to subcontract

- (1) A Ugandan company or individual may subcontract-
 - (a) In case of a contract, thirty per cent of the contract; or
 - (b) In case of a contract for works granted pursuant to section 33 of this Act, fifteen percent of the scope of the contracted activities.
- (2) For avoidance of doubt, a Ugandan company or individual shall not subcontract its entire share or obligations under a contract.

26. Liability for subcontracted obligations

The Ugandan company or individual shall, notwithstanding subcontracting the fulfilment of its obligations, remain liable for fulfilling the contract.

Employment of Ugandans

27. First consideration for employment of Ugandans

- (1) Suitably qualified Ugandan citizens shall be given first consideration for employment and shall exclusively be employed in any project, activity or operation executed or performed in Uganda by a person or entity to whom a contract is granted by a person, body or entity subject to this Act.
- (2) A person, body or entity subject to this Act shall only employ Ugandan citizens in its undertaking, activity or operation unless it has been certified by the Committee that suitably qualified Ugandan citizens are not available, or are incapable of performing the particular type of work.
- (3) All positions held by Ugandan citizens shall attract salaries, wages and benefits commensurate to the job description.

28. Training and skills transfer

- (1) A person, body or entity subject to this Act shall, annually submit to the committee for approval, a detailed program for the training of Ugandans in the undertaking or operation being carried on by such person, body or entity subject to this Act.
- (2) The program referred to under subsection (1) shall provide for the training of Ugandans in all phases of the undertaking or operation the person, body or entity is undertaking in Uganda.
- (3) The person, body or entity shall carry out the program in accordance with Uganda's training and employment program and priorities and for the promotion of technology transfer to Uganda in relation to its activities or operations.

- (4) For avoidance of doubt, every contract for public works granted to an individual, entity or company other than a Ugandan company or individual shall contain a requirement for such individual, company or entity to sub contract certain works or a minimum portion of the contract to a Ugandan company.

29. Restriction on the employment of non-citizens

- (1) A person, body or entity subject to this Act shall only employ non-citizens where suitably qualified Ugandan citizens are not available or are incapable of performing the particular type of work.
- (2) For avoidance of doubt, a person, body or entity subject to this Act may employ such number of non-citizens in its management or core technical staff levels.
- (3) A person intending to employ a non-citizen other than as allowed under subsection (2) shall make an application to the committee indicating-
- (a) The job title of such a person;
 - (b) The academic qualifications and relevant experience of such a person;
 - (c) The salary and other allowances to be granted to such a person;
 - (d) The measures undertaken to find suitably qualified Ugandans; and
 - (e) Any other information as maybe required by the Committee
- (4) The committee shall only allow the employment of non-citizens on being satisfied that every reasonable effort was made to find suitably qualified Ugandan and none exists.
- (5) Where a non-citizen is employed in any undertaking, such a person shall be deputised by a Ugandan citizen.
- (6) A person, body or entity subject to this Act shall, before making an application to the Ministry of Internal Affairs or any other relevant agency for or renewal of a work permit, receive the approval of the Committee.
- (7) The application referred to under subsection (6) shall be detailed and include-
- (a) The job title;
 - (b) academic qualifications, documents and curriculum vitea;
 - (c) description of responsibilities;
 - (d) the duration of the proposed employment in Uganda;
 - (e) justification why a non-citizen is required and why a Ugandan citizen is not being hired;
 - (f) list of Ugandans identified for training;
 - (g) an individual training plan for the replacement of the non-citizen; and
 - (h) any other information required by the Committee.
- (8) A person, body or entity subject to this Act shall submit to the Committee a succession plan for every position not held by a Ugandan citizen and the plan shall provide for Ugandan citizen to understudy each non-citizen.
- (9) A work permit granted under this or any other law shall not exceed three years and shall only be renewed one time only.

30. Policy for the employment of Ugandans.

- (1) A person, body or entity subject to this Act shall develop and submit to the Committee for approval, an employment policy on the employment of Ugandan citizens clearly specifying the minimum standards that must be met.
- (2) The policy referred to under subsection (1) shall-

- (a) take into consideration the promotion of participation of specific groups including women and workers from different geographical areas or ethnic backgrounds; and
- (b) include an outline of the -
 - (i) hiring and training needs of the licensee and the licensee's major contractors with a breakdown of the skills needed;
 - (ii) the anticipated skill shortages in the Uganda labour force; and
 - (iii) the activity specific training requirements.
- (c) be submitted within six months of commencement of this Act and thereafter, every calendar year.

31. Requirement for labour clause.

- (1) Notwithstanding anything to the contrary, all public works contracts awarded to a person, body or entity subject to this Act shall contain a labour clause mandating the use of a minimum number of Ugandan labour.
- (2) A person, body or entity subject to this Act shall where practicable, use locally available labour drawn from local communities ~~in~~in the area of that person's, body or entity's operation or activities.

Contracts for public works

32. Contracts for public works

- (1) The Minister shall, in consultation with the committee and the Public procurement and disposal of public authority and by notice in the gazette reserve certain contracts for public works to be exclusively granted to Ugandan companies and individuals.
- (2) Every contract for public works granted to an individual, entity or company other than a Ugandan company or individual, shall contain a requirement for such individual, company or entity to subcontract certain works or a minimum portion of the contract to a Ugandan company.
- (3) The Minister may from time to time, by notice in the gazette, declare the minimum portion of a contract that is to be exclusively subcontracted to Ugandan Companies.
- (4) The Ugandan company referred to under subsection (3) shall take an active participation in the joint venture and shall possess adequate experience in provision of such services.
- (5) For avoidance of doubt, subsection (2) shall not apply where the contract is awarded to a Ugandan company.
- (6) Notwithstanding anything to the contrary, a Ugandan company referred to under subsection (2) shall take an active participation in the joint venture and shall possess adequate experience in provision of such services.
- (7) For avoidance of doubt, all public works contracts shall, in addition to any other requirement, be approved by the committee.

33. Unbundling of contracts

A person subject to this Act shall, as a way of supporting participation of Ugandan companies, provide additional and timely information, reduce the size and complexity of the scope of works by unbundling of contracts and formulate work packages which are within the means of Ugandan companies to execute.

Subcontracting of public works to a Ugandan company

34. Requirement to subcontract

- (1) It shall be a requirement for a person or entity to whom a contract for public works is granted, to subcontract at least 30 per cent of the total contract sum or 30 per cent of the scope of the contracted activities, to a Ugandan company for execution.
- (2) Subsection (1) shall only apply to contracts for public works granted to an entity other than a Ugandan company.
- (3) The items to be subcontracted as required in subsection (1) shall be clearly specified in the bidding documents, with a clear distinction from the main contractor's work.

35. Eligibility of subcontractor

- (1) For a person or entity to qualify as a subcontractor, it shall fulfil the following requirements-
 - (a) It shall be a Ugandan company or individual;
 - (b) It shall not be owned or be a subsidiary or agent of the main contractor
 - (c) It shall be registered as an eligible subcontractor by the Committee;
 - (d) It shall have a tax clearance from the relevant tax body;
 - (e) It shall possess the necessary equipment and technical expertise in the construction industry;
 - (f) It shall not be blacklisted by the Committee or the public procurement and disposal of public assets Authority, or barred to do business with government or otherwise be convicted of breach of any of the provisions of this Act; and
 - (g) Any other requirements as may be prescribed by the Minister, by regulations.
- (2) A person shall not be eligible for appointment as a subcontractor to more than two running contracts.

36. Selection of subcontractor

- (1) A person, body or entity subject to this Act shall include in the solicitation documents for public works-
 - (a) a list of eligible Ugandan companies or individuals from which a bidder may choose a subcontractor to bid with.
 - (b) The maximum number of subcontractors a bidder is permitted to subcontract;
 - (c) The works or activities, representing the percentage prescribed in section 37, to be subcontracted; and
 - (d) Any other item as may be prescribed by the Minister, by regulations.
- (2) The bidder shall prepare a bid which shall be accompanied by-
 - (a) An agreement setting out the parties undertaking;
 - (b) A programme of works;
 - (c) The subcontractor's bill of quantities; and
 - (d) Any other item which may be prescribed by the Minister, by regulations.
- (3) The main contractor shall at all times be responsible for the performance of the contract and shall, without recourse to the subcontractor, provide the relevant security and funds for the performance of the contract.

37. Removal of subcontractor

- (1) A subcontractor shall not be removed except in accordance with this section.

- (2) A subcontractor shall only be removed by the Committee, on its own volition or upon application of any person, on the following grounds-
 - (a) Failure or neglect to perform the contracted works;
 - (b) Abscondment or abandonment of work;
 - (c) Inordinate delay in executing the contracted works;
 - (d) Bankruptcy or liquidation;
 - (e) Assigns or subcontracts any part of the contract without the express authorisation of the Committee;
 - (f) Assigns or sells its shares or otherwise ceases to be a Ugandan company;
 - (g) Obtained the subcontract by fraud or misrepresentation;
 - (h) Lack of the requisite skills, expertise or personnel to execute the contract; and
 - (i) Shoddy work.
- (3) A subcontractor removed under subsection (2) shall be deregistered from the list of eligible contractors and shall be barred from doing business with Government for a period of ten years.

38. Completion certificate

- (1) A subcontractor shall, upon successful completion of the contracted work, obtain a certificate of satisfaction from the main contractor, which certificate shall not be unreasonably withheld.
- (2) The completion certificate shall be in the prescribed form and shall state-
 - (a) The name of the main contractor;
 - (b) The name of the subcontractor;
 - (c) The nature of the work done by the subcontractor;
 - (d) The date on which the contracted work was commenced;
 - (e) The date on which the contracted work completed;
 - (f) The payments made to the subcontractor;
 - (g) The funds or other obligations still owed to the subcontractor if any; and
 - (h) Any other matters as may, by regulations, be prescribed by the Minister.
- (3) A person aggrieved by the refusal or delay to issue a certificate of completion may, by complaint in writing, petition the Committee.
- (4) The Committee may, upon receipt of a complaint in subsection (3), take any action as it deems fit.

Technology Transfer

39. Technology transfer.

- (1) A person, body or entity subject to this Act shall take steps aimed at promoting the effective transfer of technology, transfer of technical knowhow and skills relating to the undertaking such person, body or entity is contracted to do.
- (2) Without limiting the general effect of subsection (1), a person, body or entity subject to this Act shall give full and effective support to technology transfer by encouraging and facilitating the formation of joint ventures, partnering and the development of technology licensing agreements between Uganda and foreign contractors and service or supplier companies.

National local content plan

40. Development of a National Local Content Plan

- (1) The Committee shall in consultation with the Minister, develop a national local content plan.
- (2) The national local content plan shall, upon approval by the Minister, be published in the gazette and any newspaper of wide circulation.
- (3) The contents of the national local content plan shall be prescribed by the Minister, by regulations.

41. Development of a Local Content Plan

- (1) Every person, entity or body subject to this Act shall, when submitting a bid to undertake an activity or operation prescribed under subsection (2) of section 2 of this Act or within six of commencing of activities by a foreign investor and every calendar year thereafter, develop and submit to the Committee a detailed local content plan for approval.
- (2) The local content plan shall state in detail the proposals for-
 - (a) the employment and training of Ugandans;
 - (b) technology transfer;
 - (c) transfer of knowledge and skills to Ugandans;
 - (d) research and development in Uganda;
 - (e) the procurement of goods and services obtainable in Uganda;
 - (f) local supplier development programme;
 - (g) Partnership with resident companies and individual;
 - (h) phasing out of expatriates;
 - (i) training and capacity building;
 - (j) a detailed list of goods and services to be provided exclusively by resident companies and individuals or in accordance with the Act; and
 - (k) any other information as prescribed by regulations.
- (3) The Committee shall review the plan and where it is satisfied with the contents of the plan, approve it with or without amendments.
- (4) Where the committee is not satisfied with the plan, it shall return the Plan with comments for improvement and person, body and entity shall make the necessary amendments to the Plan before resubmitting it to the Committee for approval.

42. Deviation from the approved plan

- (1) A person, body or entity subject to this Act intending to deviate from the plan approved by the Committee in section 30 shall apply in writing to the Committee, stating the grounds on which the deviation is sought.
- (2) It shall be an offense for any person to deviate from approved plan without the authorisation of the Committee.

43. Development of a local content strategy

- (1) Every person, entity or body subject to this Act shall, every calendar year, develop and submit to the Committee, a local content strategy for approval.
- (2) The local content strategy shall contain measures the person, body or entity subject to this Act is to undertake for the attainment of local content requirements as prescribed by regulations.

44. Local capacity appraisal

- (1) The committee shall annually, establish existing local capacities, gaps, needs and challenges and make a report to the Minister..
- (2) The report referred to under subsection (1) shall be disseminated to key stakeholders in the implementation of local content, including investors, Ministries, agencies and government departments.

Procurement principles

45. Procurement planning

- (1) A person, body or entity subject to this Act shall-
 - (a) properly plan for, and, as far as possible, accurately estimate the costs of, the provision of services or goods for which an invitation for bids is to be made;
 - (b) determine whether the procurement is subject to special consideration as required in this Act or any other Act; and
 - (c) determine the deliverables or performance indicators in terms of which a person awarded a contract will be assessed.
- (2) Bid documents shall, in addition to any other requirement, state-
 - (a) The good or service to be procured;
 - (b) The special considerations the procurement is subject to
 - (c) The minimum local content requirements; and
 - (d) Any other information as may be, by regulations, prescribed.
- (3) A person, body or entity subject to this Act shall maintain a procurement process for acquiring goods and services which gives priority to Ugandan companies and individuals.

46. Evaluation of local content in bids

- (1) During the bid evaluation process for contracts subject to local content requirements, advantage shall be given to a bidder on the basis of the level of its local content proposals.
- (2) A bidder shall, in addition to any other legal requirements, state in its bid proposals on local content, including, where possible-
 - (a) The nationality of the entity;
 - (b) The ownership of the entity and how its shares are owned;
 - (c) The origin of the good or service to be procured;
 - (d) The number of Ugandans employed by the entity;
 - (e) The foreign staff employed by the entity;
 - (f) How the contracted work will be subcontracted;
 - (g) How locally available resources will be utilized;
 - (h) The Minimum number of Ugandan citizen it will employ;
 - (i) The measures it will undertake to transfer knowledge and skills to Ugandans;
 - (j) Measures it will undertake to transfer technology to Ugandans;
 - (k) Measures for local supplier development;
 - (l) Partnership with Ugandan and resident companies and individual; and
 - (m) Any other matter as may, by statutory instrument prescribe.
- (3) A bidder shall, to the satisfaction of the procuring entity, adduce evidence and prove all the matters contained in its bid.
- (4) Where a good or service is reserved to be exclusively procured from Uganda or provided by a Ugandan company or individual, only bids that satisfy that requirement shall be considered.

- (5) Whenever bids are 10 percent close to each other at commercial evaluation stage, the bid containing the highest level of local content shall be selected.
- (6) Local content shall form part of the bid evaluation criteria and in all circumstances it shall be allocated at least 60 percent of the total evaluation score.
- (7) For avoidance of doubt, a bid shall be evaluated first, on its responsiveness to local content requirements and then on the other evaluation criteria.
- (8) For avoidance of doubt, local content shall be rated on the matters prescribed in subsection (2).

47. Powers of the committee in procurement

- (1) A person who alleges that any of the provisions of this Act have not been complied with in any procurement or award of a contract may make a complaint to the committee.
- (2) Upon receipt of a complaint in subsection (1) or on its own volition, a committee may require the submission of a contract awarded to a person, body or entity subject to this Act to satisfy itself that the provisions of this Act have been complied with.
- (3) Where the committee is satisfied, upon investigation, that a contract awarded to a person, body or entity subject to this Act, was in conflict with any of provision of this Act, it may make any orders it deems fit, which may include cancellation of the contract.

48. Reservation and preference schemes

- (1) The Committee may, in consultation of the Public procurement and disposal of public assets Authority and with the approval of the Minister, issue reservation and preference schemes for the promotion of local content in public procurements.
- (2) The schemes referred to in subsection (1) may –
 - (a) Reserve certain goods and services to be procured exclusively by Ugandan companies and individuals;
 - (b) Grant Ugandan companies and individuals preference in public procurement;
 - (c) Establish thresholds for contracts to be exclusively executed by Ugandan companies and individuals;
 - (d) Encourage joint ventures between Ugandan companies and other companies in public procurement;
 - (e) Reserve certain goods and services to be procured by resident companies; and
 - (f) Any other matter as maybe prescribed by the Minister.
- (4) Notwithstanding any law to the contrary, whenever any law empowers any person or body to issue guideline reserving certain contracts for the promotion of local content in public procurements, such reservations schemes shall comply with the provisions of this Act and regulations made thereunder.
- (5) From the date of commencement of this Act, any reservation scheme issued for the promotion of local content in public procurements that is inconsistent with the provisions of this Act shall, to the extent of the inconsistency, be void.

Complaint

49. Complaint to the Committee

- (1) A person who has reason to believe that a person, entity or body subject to this Act has not complied with any provision of this Act shall make a complaint in writing to the Committee.
- (2) The Committee shall upon receipt of the complaint referred to in subsection (1) investigate the complaint and if satisfied with the allegation made in the complaint and take any action as it deems fit or authorized in this Act.
- (3) Nothing shall prevent a person, body or entity against whom a complaint is made to make a written statement to the Committee on any matter contained in the complaint.
- (4) Any person or body aggrieved by the decision of the Committee may appeal to the high court, whose decision shall be final.

PART IV - SPECIAL POWERS OF THE COMMITTEE

50. Powers to open inquiry

- (1) The committee shall on its own volition, or upon a directive of the Minister or upon a complaint lodged with it, open an inquiry into-
 - (a) Any matter affecting the enforcement of this Act;
 - (b) The conduct of a person, body or entity subject to this Act in as far as meeting its local content obligations, implementing this Act or any directions given under this Act;
 - (c) The fulfillment of that person, body or entity's local content obligations;
 - (d) The award or execution of any contract subject to local content obligations; and
 - (e) Any other matter affecting local content in Uganda.
- (2) Notwithstanding subsection (1), the committee may either conduct such an inquiry or appoint a person to conduct it and make a report to it.
- (3) For the purposes of any inquiry, the committee or a person appointed to conduct the inquiry may by order, require any person to-
 - (a) furnish accounts and statements in writing with respect to any matter in question at the inquiry,
 - (b) return answers in writing to any questions or inquiries addressed to him or her on any such matter, and to verify any such accounts, statements or answers by statutory declaration;
 - (c) furnish copies of documents in his or her custody or under his or control which relate to any matter in question at the inquiry, and to verify any such copies by statutory declaration; and
 - (d) attend at a specified time and place and give evidence or produce any such documents.
- (4) For the purposes of any such inquiry, evidence may be taken on oath, and the person conducting the inquiry may for that purpose administer the oath, or may instead of administering an oath, require the person examined to make and subscribe a declaration of the truth of the matters about which he or she is examined.
- (5) A person who has any information relating to the subject matter of the inquiry may, by written notification, bring it to the attention of the Committee or the person conducting the inquiry.

- (6) For avoidance of doubt, a person referred to in subsection (5) shall for purposes of the inquiry, be taken to be a whistleblower and shall be protected as required under the whistleblower's protection Act, 2010.
- (7) In conducting the inquiry, the Committee or person appointed to conduct the inquiry shall adhere to the principles of natural justice.
- (8) At the conclusion of the inquiry, the Committee or person appointed to conduct the inquiry shall make a report of its findings and recommendations.
- (9) The report referred to in subsection (8) shall be submitted to the Minister, or a complainant, or the person body or entity against whom the inquiry was instituted and any other person as the Committee deems fit.
- (10) The Committee shall, in implementing the inquiry's findings and recommendation-
 - (a) In case of findings disclosing contravention of any provision of this Act, take any action as empowered by this Act; and
 - (b) In case of findings disclosing an act or omission constituting an offence under this Act or any other law, make a report to the Directorate of Public Prosecutions.
- (11) A copy of the report referred to under subsection (8) shall, if certified by the Committee to be a true copy, be admissible as evidence of any fact stated in the report and as evidence in any legal proceedings instituted against a person or entity referred to in the report.
- (12) A person who-
 - (a) Fails, refuses or neglects to attend to a hearing when summoned or called upon;
 - (b) Fails, refuses or neglects to comply with any order issued by the Committee or a person appointed to conduct the inquiry;
 - (c) Conspires with any person to pervert or interfere with the inquiry;
 - (d) Fails, refuses or neglects to produce a document or anything when required;
 - (e) Alters, suppresses, conceals or destroys any document which is required or maybe relevant to the inquiry; or
 - (f) Interferes with a witness or any person likely to give evidence or produce documents before the inquiry

Commits an offence and is on conviction, liable to imprisonment for five years.

51. Power to appraise contracts and activities

- (1) The Committee may on its own volition or upon request, during any stage of the execution of a contract subject to local content obligations, appraise the execution of that contract or the implementation of the contracted activity.
- (2) The committee shall during the appraisal process, with or without notification-
 - (a) Access any physical location in which the contracted activity is carried out;
 - (b) Access any document as it deems fit;
 - (c) Consult any person as it deems fit; and
 - (d) Require the submission of any document or any other item necessary for the appraisal.
- (3) The Committee may during the appraisal process examine whether-
 - (a) the person executing the contract or carrying on the contracted activity does so in compliance with its local content obligations;
 - (b) the contract or the contracted activity is executed or undertaken in compliance with the provisions of this Act;

- (4) The Committee may, where it finds that the contract or the contracted activity is executed or carried out contrary to this Act or to the agreed or contracted local content obligations,-
 - (a) Cancel or order for the cancellation of the contract;
 - (b) Suspend the execution of the contract or the carrying on of the contracted activity until it is satisfied that sufficient measures have been undertaken to comply with this Act or with local content obligations; or
 - (c) Make any other orders as it deems fit.
- (5) A person who-
 - (a) refuses or neglects to comply with orders and directives of the committee issued during the appraisal process;
 - (b) refuses or neglects to avail any document or item when requested by the Committee;
 - (c) denies, without reasonable cause, the committee access to any place;
 - (d) does any act with the aim of interfering with the Committee's appraisal process;

commits an offence and is liable on conviction to imprisonment for five years ~~imprisonment~~.

52. Power to review and approve contracts

- (1) The Committee may review a contract to satisfy itself that local content obligations have been sufficiently provided.
- (2) Notwithstanding subsection (1), the committee shall review all contracts entered into by a person, body or entity subject to this Act where the contract is subject to local content obligations as prescribed in this Act or any other law.
- (3) A person, body or entity subject to this Act shall upon making a decision to award a contract subject to local content obligations, submit the draft contract and all the documents leading to the decision to the Committee for review and approval.
- (4) The committee shall only approve a contract submitted under subsection (3) where it is satisfied that adequate provision has been made to comply with the local content provisions prescribed in this Act or any other law.
- (5) Where the Committee withholds approval of the contract, it shall communicate the reasons for refusal to the person, body or entity that requested for the approval.
- (6) A contract subject to this section shall not be binding until it is approved by the Committee.

53. Power to terminate contract

- (1) The Committee shall have the power to terminate a contract subject to this Act or issued under this Act in circumstances prescribed in subsection (2).
- (2) The circumstances referred to in subsection (1) are where-
 - (a) The execution of such a contract is contrary to the provisions of this Act;
 - (b) The contracting party refuses or does not comply with its local content obligations;
 - (c) The contracting party fails or neglects to comply with the orders and directives issued by the Committee;
 - (d) The contract was obtained by false misrepresentation, fraud or falsified documents;
 - (e) The contract was issued in contravention of this Act; and
 - (f) Upon assignment or transfer, the person or entity to whom the contract is assigned or transferred refuses to comply with this Act or local content obligations in the contract

or neglects or acts in a manner or indicates that it is not or will not be bound by the contracted local content obligations.

- (3) The Committee shall only terminate a contract after complying with the rules of natural justice.
- (4) Where the Committee terminates a contract in the circumstances prescribed in subsection (2), the person or entity to whom the contract was awarded shall be barred from entering into a contract with a person subject to this Act, for a period of five years from the date of termination.

PART V- COMPLIANCE WITH THE ACT

54. Compliance with obligations under the Act

- (1) The obligations under this Act accruing to a person, body or entity subject to this Act shall in equal measure accrue to a contractor, subcontractor, agent or successor in title of such person, body or entity.
- (2) Parties who jointly undertake to execute any activity subject to this Act shall be jointly and severally responsible to the State for complying with the obligations arising under this Act.

55. Security for performance of obligations

The Committee may require a person, body or entity subject to this Act to make arrangements as may be satisfactory to the Committee, for the execution of a bond or other form of security for the performance and observance of the obligations under this Act to which such a person, body or entity may be subject to.

56. Failure to comply with the Act.

- (1) Where a person, entity or body subject to this Act fails to comply with the requirements of this Act, the costs and expenses incurred by such a person, body or entity shall not be deductible as a cost of doing business in determining the chargeable income of the person, body or entity.
- (2) Notwithstanding subsection (1), a person, entity or body subject to this Act who fails to comply with the requirements of this Act shall be blacklisted by the Committee from doing business with Government or to be sub contracted by any other person to undertake any activity for a government entity, ministry, department, agency for a period of ten years.
- (3) The committee shall issue a certificate of satisfaction to a person, entity or body subject to this Act which has, to the satisfaction of the committee, fully complied with its obligation under this Act.
- (4) A Ugandan company or individual who, having been contracted to provide goods or services in fulfillment of local content obligations under this Act, does not fulfill its contractual obligations to the satisfaction of the person, entity or body subject to this Act, such a person, body or entity may complain to the committee which may, upon proof of the allegation, blacklist the resident company or individual for a period to be determined by the committee.
- (5) A Ugandan company or individual or any other person, body or entity blacklisted under this section shall not, while being blacklisted, participate in any procurement process

organized under the public procurement and disposal of public assets Act, 2003 or benefit from the provisions of this Act.

57. Fiscal incentives

The Minister may, in consultation with the Minister responsible for Finance grant appropriate fiscal and tax incentives to persons, bodies and entities who comply with the requirements of this Act.

58. Prohibition of importation of certain goods

- (1) A person, body or entity subject to this Act shall not, while carrying on any activity regulated under this Act, import any goods that are readily available or manufactured in Uganda except with express authorization of the Minister.
- (2) The Minister shall, prior to granting authorization for the importation of goods prohibited under subsection (1) consult the national local content committee and the Uganda manufacturer's association.
- (3) Notwithstanding anything to the contrary, a person, body or entity shall not import into Uganda goods and services listed in the third and fourth schedule except with express authorization of the Minister.

PART VI- OFFENCES AND PENALTIES

Offences and penalties

59. Offences and penalties

- (1) It is an offence for a person-
 - (a) to fail or refuse to submit a plan, report or other document required to be submitted under this Act or to knowingly make a false statement;
 - (b) Connives with any person to infringe the provisions of this Act;
 - (c) to hinder, obstruct or improperly attempt to influence the Committee when exercising any power or performing any duty in this Act;
 - (d) misrepresents or attempts to misrepresent fulfillment of local content obligations;
 - (e) to contravene a directive issued under this Act;
 - (f) being a citizen of Uganda, to act as an agent or connive with a foreign company or citizen in order to comply with the local content requirements of this Act.
 - (g) engages in fronting practice;
 - (h) engages in benefit deviation;
 - (i) sales, transfer or assigns the subcontract or part of the subcontract without authorization from the Committee;
 - (j) connives to or receives, in lieu of carrying out the contracted work, payment from any person;
 - (k) Fails or neglect to perform the contracted works;
 - (l) Absconds or abandons a contract before completion;
 - (m) Without authorisation, subcontracts all its entire share or obligations in a contract;
 - (n) without authorisation, subcontracts or attempts to subcontract any contract or its obligations contrary to this Act;
 - (o) Assigns or sells its shares or otherwise ceases to be a Ugandan company without express authorisation of the Committee;

- (p) Having ceased to be a Ugandan company, continues to trade as one;
 - (q) Obtains the subcontract by fraud or misrepresentation; and
 - (r) Carries out Shoddy work.
- (2) A person who commits an offence prescribed in subsection (1) (a) to (e) is liable on conviction, to a term of imprisonment not exceeding five years.
 - (3) A person who commits an offence prescribed in subsection (1) (f) is liable on conviction, to a term of imprisonment not exceeding ten years.
 - (4)
 - (5) Where an offence prescribed in subsection (1) is committed by a body corporate, such body corporate and a director, manager, secretary or other similar officer of the body corporate or any person who was purporting to act in any such capacity shall be taken to have committed that offence and shall be liable to be prosecuted and punished as required in subsection (2) or (3).
 - (6) A person convicted of an offence referred to in subsection (1) shall in addition to the penalty prescribed in subsection (2) and (3), be barred from contracting with a person, body or entity subject to this Act for a period of ten years.

60. General penalty

A person who breaches any provision of this Act for which no penalty is provided shall be liable to a fine not exceeding one hundred currency points or a term of imprisonment not exceeding three years or to both.

PART VII-

MISCELLANEOUS PROVISIONS

61. Categorization of Ugandan companies and individuals

- (1) The committee shall categorize Ugandan individuals and companies on the basis of their capabilities and shall keep and maintain a register for such companies and individuals.
- (2) The Committee shall, in determining the categories, have regard to-
 - (a) The nature of the business the company or individually undertakes;
 - (b) The nature of goods or service the company or individual deals in;
 - (c) The experience the company or individual has in providing such a good or service;
 - (d) The contracts successfully executed by the company or individual; and
 - (e) Any other matter that the Committee deems fit.
- (3) The Committee shall ensure that-
 - (a) a company or individual is categorized as either a supplier of a good or service or as a service provider;
 - (b) companies and individuals with the requisite experience are categorized differently from those without; and
 - (c) where a company or individual categorized in a lower category attains the requisite experience and capacity, it is categorized and registered in a higher category;
- (4) Notwithstanding anything to the contrary, where this Act or any other law empowers a company or an individual to subcontract a contract or any part of the contract to a Ugandan company or individual, the entity shall give preference and exclusively subcontract to a company or individual that is categorized and registered in a lower category.

62. Register of Ugandan companies

- (1) The committee shall keep and maintain a register of Ugandan companies.

- (2) The register shall be in the prescribed form and may be accessed by the public upon payment of the prescribed fee.
- (3) A person intending to have a company registered as required in subsection (1) shall, to the satisfaction of the Committee, prove the matters prescribed in subsection (4).
- (4) The matters referred to in subsection (3) are-
 - (a) That the company is to be incorporated under the laws of Uganda;
 - (b) That the company's shares are wholly owned by Ugandan individuals;
 - (c) That the company is managed and controlled in Uganda by Ugandan individuals;
 - (d) That the directors of the company are all Ugandan individuals and are resident in Uganda;
 - (e) That the company shall have a place of business in Uganda.
- (5) Upon registration, the Committee shall issue a certificate to the company.
- (6) The certificate referred to in subsection (5) shall-
 - (a) be conclusive proof that the company is a Ugandan company; and
 - (b) confer onto the company the rights or duties accruing to a Ugandan company under this Act or any law.
- (7) The Committee may remove or suspend the registration of a company on the following ground-
 - (a) Where it no longer meets the requirements for certification as a Ugandan company;
 - (b) Where the Committee has reason to believe that the company, though appearing to be eligible for registration as a Ugandan company, does not qualify for certification as a Ugandan company;
 - (c) The company or any of its directors or person in authority have infringed the provisions of this Act; and
 - (d) The company sells its shares or transfers its assets to any other person or entity;
- (8) The certificate referred to in subsection (1) shall be for one year but may be renewed by the Committee, on application.
- (9) The committee may renew a certificate issued pursuant to this section on being satisfied of the matters referred to in subsection (4).
- (10) Notwithstanding subsection (9), the committee shall not renew a certificate issued under this section if the company or a director or any other person in authority, has infringed any of the provisions of this Act.

63. Supremacy of this Act.

- (1) Subject to the Petroleum (Exploration, Development and Production) Act 2013 and the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013, this Act shall take precedence over all existing laws relating to national local content in Uganda and where there is a conflict between the provisions of this Act and such an Act, the provisions of this Act shall prevail.
- (2) Notwithstanding subsection (1), this Act shall apply where the Petroleum (Exploration, Development and Production) Act 2013 or the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013, are silent on a matter.

64. Treatment of Ugandan companies in competitive bidding

- (1) In competitive bidding not subject to this Act, a Ugandan company or individual shall not be disqualified exclusively on the basis that it is not the lowest financial bidder, provided the value does not exceed the lowest bid price by 20 percent.
- (2) A person, body or entity subject to this Act shall give priority to a Ugandan company or individual taking part in a procurement not regulated by this Act.
- (3) A person, body or entity subject to this Act shall, as a condition for granting a contract to a foreign company or individual, require a portion of the contracted activities to be undertaken by a Ugandan company or individual.

65. Amendment of schedules

The Minister may, acting on the advice of the committee, amend the schedules to this Act and thresholds prescribed under this Act.

66. Sector codes of good practice

- (1) The Committee shall, in consultation with the relevant person, body or entity and with the approval of the Minister develop or approve sector codes of good practice for the implementation of local content obligation in that sector of the economy.
- (2) The sector code of good practice referred to in subsection (1) shall, upon being developed or approved by the Committee, be published in the gazette or a newspaper of wide circulation.

67. Prohibition of imposition of foreign standards

- (1) A person subject to this Act shall not require the provision of a good or service or the use of material in carrying on a public work based on standards other than those developed or approved by Uganda National Bureau of Standards.
- (2) Whenever it is inevitable to use foreign standards, a person subject to this Act shall ensure that an equivalent standard applicable in Uganda is used.
- (3) Wherever there is no standard developed or approved by Uganda National Bureau of standards, a person subject to this Act shall, with the approval of Uganda National Bureau of standards, use a standard applicable in the United Kingdom.

68. Prohibition on foreign technical qualifications

- (1) A person subject to this act shall not require a Ugandan citizen to poses a foreign technical qualification as a condition for employment.
- (2) Notwithstanding subsection (1), whenever it is inevitable to require a foreign technical qualification, a person subject to this Act shall ensure that an equivalent qualification applicable in Uganda is used.
- (3) For avoidance of doubt, the qualification referred to in subsection (2) shall be determined by the National Council for Higher Education and that decision shall be final.

69. Regulations.

- (1) The Minister may, by statutory instrument, make regulations generally for giving effect to the provisions of this Act and for its due administration.
- (2) Regulations made under subsection (1) shall be laid before Parliament.

SCHEDULES

SCHEDULE 1

Section 4

CURRENCY POINT

A currency point is equivalent to twenty thousand shillings

SCHEDULE 2

Section 9

MEETINGS OF THE NATIONAL LOCAL CONTENT COMMITTEE

1. Meetings of the committee

- (1) The Chairperson shall convene every meeting of the committee at times and places as the committee may determine, and the committee shall meet for the discharge of business at least once in three months.
- (2) The Chairperson may, at any time, convene a special meeting of the committee and shall also call a meeting within fourteen days, if requested to do so in writing by at least three members of the committee.
- (3) Notice of a committee meeting shall be given in writing to each member at least fourteen working days before the day of the meeting.
- (4) The Chairperson shall preside at every meeting of the committee and in the absence of the Chairperson; the members present shall appoint a member from among themselves to preside at that meeting.

2. Quorum

- (1) The quorum for a meeting of the committee is seven members.
- (2) All decisions at a meeting of the committee shall be by a majority of the votes of the members present and voting and in the case of an equality of votes, the person presiding at the meeting shall have a casting vote in addition to his or her deliberative vote.

3. Minutes of meetings.

- (1) The committee shall cause to be recorded and kept, minutes of all meetings of the committee in a form approved by the Minister.
- (2) The minutes recorded under this paragraph shall be submitted to the committee for confirmation at its next meeting following that to which the minutes relate and when so confirmed, shall be signed by the Chairperson, in the presence of the members present at the latter meeting.

4. Power to co-opt

- (1) The committee may invite any person who, in the opinion of the committee, has expert knowledge concerning the functions of the committee, to attend and take part in the proceedings of the committee.
- (2) A person attending a meeting of the committee under subparagraph (1) may take part in any discussion at the meeting on which his or her advice is required but shall not have any right to vote.

5. Validity of proceedings not affected by vacancy

The validity of any proceedings of the committee shall not be affected by a vacancy in its membership or by any defect in the appointment or qualification of a member or by reason that a person not entitled, took part in its proceedings.

6. Disclosure of interest of members

- (1) A member of the committee who is in any way directly or indirectly interested in a matter before the or proposed by or to the committee, or in any other matter which falls to be considered by the committee, shall disclose the nature of his or her interest at a meeting of the committee.
- (2) A disclosure made under subparagraph (1) shall be recorded in the minutes of that meeting.
- (3) A member who makes a disclosure under subparagraph (1) shall not—
 - (a) be present during any deliberation of the committee with respect to that matter; or
 - (b) take part in any decision of the committee with respect to that matter.
- (4) For purposes of determining whether there is a quorum, a member withdrawing from a meeting or who is not taking part in a meeting under subparagraph (3) shall be treated as being present.

7. Committee may regulate its procedure

Subject to this Act, the committee may regulate its own procedure or any other matter relating to its meetings.

LIST OF GOODS AND SERVICES WHICH SHALL BE PROCURED EXCLUSIVELY FROM UGANDA AND SUPPLIED BY UGANDAN COMPANIES AND INDIVIDUALS.

- (a) Personnel transportation
- (b) Security
- (c) Banking services;
- (d) Foods and beverages
- (e) Hotel accommodation and catering
- (f) Human resource management
- (g) Stationary and Office supplies
- (h) Emergency response services
- (i) Custom clearance
- (j) Fuel supply
- (k) Land surveying
- (l) Public works, in accordance with the threshold determined by the Minister
- (m) Clearing and forwarding
- (n) Crane hire;
- (o) Locally manufactured or available construction materials
- (p) In-land transport
- (q) Supply of locally available drilling and production materials
- (r) Environment studies and impact assessment
- (s) Communications and information technology services
- (t) Waste Management
- (u) Legal services
- (v) insurance services
- (w) accounting services
- (x) sugar and sugar products
- (y) textiles products for the army, police, school uniforms, hospitals;
- (z) animal and human food
 - (aa) agricultural inputs
 - (bb) scholastic materials
 - (cc) steel products
 - (dd) plastic products
 - (ee) electrical cables
 - (ff) insurance services
 - (gg) wood products
 - (hh) building materials
- (ii) mattresses
- (jj) drinking water
- (kk) confectionaries
- (ll) construction equipment
- (mm) domestic transportation and haulage services
- (nn) supply of building material
- (oo) tour services
- (pp) rubbish collection
- (qq) sewage services
- (rr) goods and services procured by local governments or local authorities

SCHEDULE 4

Section 17

LIST OF AGRICULTURAL PRODUCE WHICH SHALL BE PROCURED EXCLUSIVELY FROM UGANDA AND SUPPLIED BY UGANDAN COMPANIES AND INDIVIDUALS.

- (a) Coffee
- (b) Cotton
- (c) Maize
- (d) Mangoes
- (e) Honey
- (f) Flowers
- (g) Potatoes
- (h) Sunflower
- (i) Oranges
- (j) Lime
- (k) Wheat
- (l) Beef
- (m) Live animals
- (n) Eggs
- (o) Tomatoes
- (p) Onions
- (q) Ground nuts
- (r) Cassava