

Doing Business Reform in Uganda.

The Doing Business Report published annually by the World Bank investigates the regulations that enhance or constrain business activity and those that constraint based on key indicators across 181 countries. The indicators relating to 10 stages of a business's life are: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business.

Data for each economy is updated annually and *Doing Business* publishes rankings for each economy according to its performance on the 10 indicator sets and the overall ease of doing business.¹

Uganda currently ranks 111th out of the 181 economies measured by the *Doing Business 2009* report on the overall ease of doing business. On one area, Uganda ranks in the bottom quartile – Registering property (167th). On six areas, Uganda ranks in the bottom half: Starting a business (129th), Registering property (167th), Getting Credit (109th), Protecting investors (126th), Trading across borders (145th) and Enforcing contracts (117th). Uganda's top performance is in the Employing workers indicator, where it ranks 11th. Low performance in the rankings on several topics indicates that there are numerous opportunities for further reforms in Uganda.

The Government of Uganda requested for assistance from the World Bank in formulating strategies to improve Uganda's Investment Climate based on the above indicators. To this effect, a mission visited the country in December 2008 to discuss possible strategies for undertaking a series of reforms to improve Uganda's competitiveness rankings. A Reform Memorandum was produced which outlines short and medium term recommendations to improve Uganda's environment for doing business. The CICS Secretariat was recently named the Doing Business Reform Unit to coordinate the planned reforms by the Ministry of Finance, Planning and Economic Development.

Reforms are recommended in the areas of Starting a Business, Dealing with Construction Permits, Registering Property, Getting Credit, Protecting Investors, Trading across Borders, and Enforcing Contracts.(See table at end of text) Successful implementation of the suggested reforms will lead to an improved environment for doing business in Uganda and will be reflected in the *Doing Business* indicators.

The following targets have been set for the programme in the next two years:

1. Recognition of Uganda as a top reformer in Africa.
2. Movement of at least 10 points on the rank scale for at least 5 indicators.
3. The Doing Business Action plans guides the budget process for key institutions that support competitiveness.

¹ The ease of doing business ranking is a simple average of the country percentile rankings on each of the 10 topics covered by *Doing Business*.

Suggested Reforms to Improve Uganda's doing business 2010 indicators

TOPICS	INDICATORS (2009 DB REPORT)	SHORT-TERM	LONG- AND MEDIUM-TERM
Starting a business	Procedures: 18 Days: 25 Cost (% of GNI): 100.7 Global rank: 129	<ul style="list-style-type: none"> • Combine the application for reservation of a name and the actual reservation of the name. • Make the registration forms and articles of associations for company formation standard, free and available at the Office of the registrar and online. • The Uganda Revenue Authority (URA) to ask a bank (s) to set up a Teller counter at the Uganda Registration Services. • Replace the personal inquiry form with an affidavit signed by company directors. • Combine the uniform tax identification number, the corporate tax and the VAT registration. • Expedite and make the issuance of business license more efficient. • Reduce time required to register with the National Social Security Fund. • Make the company seal requirement optional. 	
Dealing with construction permits	Procedures: 16 Days: 143 Cost (% of GNI): 703.5 Global rank: 81	<ul style="list-style-type: none"> • Conduct a detailed mapping exercise to pinpoint blockages and barriers in construction permits administration procedures. • Reduce the time to obtain the clearance for architectural drawings. 	<ul style="list-style-type: none"> • Reduce the cost and time to connect to utilities. • Eliminate the submission of construction drawings to the Land Registry for clearance. • Reduce the fees to obtain the clearance for architectural drawings.
Registering a property	Procedures: 13 Days: 227 Cost (% of property value): 4.1 Global rank: 167	<p>Reduce the time necessary to obtain a property consent form.</p> <ul style="list-style-type: none"> • The Uganda Revenue Authority (URA) to ask a bank (s) to set up a Teller counter at the Land Office. • Introduce standardized property transfer documents. 	<ul style="list-style-type: none"> • Reduce time to conduct property valuation. • Replace the percentage based fee structure by a flat fee structure. • Unify and computerize property records at the Land Registry.

TOPICS	INDICATORS (2009 DB REPORT)	SHORT-TERM	LONG- AND MEDIUM-TERM
Getting credit	Legal rights: 7 out of 10 Credit information: 2 out of 6 Coverage of borrowers (% of adults): 0% Global rank: 109	<ul style="list-style-type: none"> Expand the scope of information gathered and distributed to include data from retailers, trade creditors or utility companies (electricity, telephone.), as well as financial institutions. 	<ul style="list-style-type: none"> Revise the legislation to address the issue of priorities of unsecured creditors (like the state on tax claims or wages) and clearly limit the claim's priority to a specified period of arrearage or to a monetary amount Improve the collateral registry
Protecting investors	Disclosure index: 2 Director liability: 5 Ease of shareholder suit: 5 Investor protection: 4.0 Global rank: 126	<ul style="list-style-type: none"> Expand disclosure of related-party transactions. Increase shareholder's liability. Increase shareholders's access to documents and evidence. 	
Trading across borders	Days to export: 39 Cost to export: US\$3,090 Days to import: 37 Cost to import: US\$3,290 Global rank: 145	<ul style="list-style-type: none"> Allow electronic transmission of the Customs Declaration entry and attachments from Mombassa port to Kampala. Adopt a uniform electronic customs program throughout the region. Improve implementation of risk-based inspections. Extend working hours of border posts. 	<ul style="list-style-type: none"> Harmonize documentation with the East African Community. Improve port infrastructure.
Enforcing contracts	Procedures: 38 Time (days): 535 Cost (% of claim): 44.9 Global rank: 117	<ul style="list-style-type: none"> Introduce a fast track for small claims with streamlined procedures, at Chief Magistrate's Court as well as Commercial Court. Restrict adjournments and limit delays. Publish Courts activity reports. 	<ul style="list-style-type: none"> Increase the efficiency of Chief Magistrate's Court by mapping the caseload to the number of magistrate and implement comprehensive training. Designate magistrates for civil or commercial disputes at the Chief Magistrate's Court. Introduce performance management for judges and magistrates. Introduce court administrators. Introduce e-filing at the Commercial Court.