

## **GUIDELINES FOR ALLOCATION OF INVESTMENT LAND BY UGANDA INVESTMENT AUTHORITY (UIA)**

### **1. APPLICATION**

1(a) An application for Investment land shall be on Form UIA 2 shall give:

- i. A detailed project proposal showing the project business activity and the main products or services to be produced on the land applied for.
- ii. The proposed total amount of investment in US dollars.
- iii. Documented evidence of the Investor's ability to raise funds to implement the project
- iv. Expected Project Impact on the Economy in terms of job creation, capital investment, and turnover and export revenue where applicable as well as other benefits to the community.
- v. The amount and nature of land (amount of acreage) that shall be required for the project including the necessary infrastructure facilities.
- vi. Evidence of the Investor's Track Record in terms of experience in implementing similar or related investment projects in the past.
- vii. The anticipated implementation period for the project (with key monthly milestones or activities articulated).
- viii. The anticipated impact of the project on the environment and whether an EIA shall be necessary.

1(b) The application for Investment land shall be accompanied with:

- i. The Memorandum and Articles of Association of the investing company/entity.
- ii. A copy of the Certificate of Registration or certification of incorporation.
- iii. The Company's Investment License issued by UIA.
- iv. A Business Plan articulating in detail items in sub-section 1(a) above
- v. Preliminary architectural layout of the proposed facilities (giving details of proposed land utilization).
- vi. For avoidance of doubt, submission of documentary evidence of financial capacity to fully use the land shall be mandatory.

### **2. LAND ALLOCATION PROCEDURE:**

- i. Application on Form UIA 2 for land by an investor company submitted to UIA Offices along with all required attachments as in 1(b) above.

- ii. Evaluation of the application by an Evaluation Committee comprising of the Executive Director and at least three Heads of Divisions of UIA. (a maximum of *10 Working Days*)
- iii. Consideration of the application by the relevant Sub-Committee of the UIA Board. (a maximum of *3 Months*)
- iv. Consideration and final allocation of land by the UIA Board. (a maximum of *2 Weeks*)
- v. Lease offers shall be valid for strictly 14 days within which written acceptance of the offer must be given to UIA. (effective a maximum of *1 Week after Board Approval*)
- vi. Submission of the draft lease agreement to the Solicitor General for clearance.
- vii. Legal documentation (Signing of Lease Agreement with UIA subject to approved terms and conditions and processing of Leasehold certificate of title) – (1 Month including Solicitor General Approvals)

### **3. TERMS AND CONDITIONS OF LAND ALLOCATION**

Land shall be allocated to Investors on the following conditions:

- i. Only entities recognized under the Companies Act of Uganda and qualifying Government Agencies for purposes of doing business or similar activities shall be eligible for UIA land allocation.
- ii. An initial lease offer of 5 years, within which the Investor would have undertaken substantial development on the land. This term to be extended to a full term of 49 years (or as may be determined by the UIA Board) upon satisfactory development of allocated land.
- iii. Those allocated investment land shall pay a premium and ground rent as shall be determined by the UIA Board (*See notes in 5(a) below*), unless the land is subsidized in line with the government policy on prioritized investment sectors.
- iv (a) Investors allocated fully subsidized land to provide a performance security in form of a bank or insurance bond equivalent to 10% of the value of the leased land valid for 18 months within which period the conditions in subsection (ivb) below should have been achieved.
- iv (b) Within 18 months from the date of allocation, the investor should have started development of the land in terms of approved building plans, approved EIA and commenced physical construction; failure of which the lease shall automatically lapse and land shall revert back to UIA and the performance bond will be cashed and the proceeds forfeited to the state.
- vii. The investor company allocated UIA Investment land shall not change its Shareholders for the first 5 years without the written approval of the Authority.
- viii. Priority will be given to the priority sectors as guided by Government's priority listing of investments.

#### 4. WAIVER OF PREMIUM

##### i. Priority Sectors

The following are currently the priority sectors in line with the government policy that will be eligible for fully subsidized land or waiver of lease premium charges.

- a. Agro-processing as defined by the UIA Board (*See notes in 5(b) below*)
- b. Mineral beneficiation
- c. Information and Communication Technology
- d. Tourism

##### ii. Government departments and agencies:

Government departments and agencies that have qualified for allocation of land for purposes of doing business or similar activities will be eligible for fully subsidized land an application to UIA prior to land allocation.

##### iii. Exceptional cases.

An investor who does not fall within the sectors in 4 (i) and (ii) above but applies for a waiver of premium shall be considered in exceptional circumstances. The exceptional circumstances will include cases where the Applicant;

- a. Has invested or plans to invest more than USD 25 million in the project requiring the land.
- b. Intends to create more than 500 jobs in the said project and,
- c. Is likely to incur over USD 400,000 on preparation of the land such as backfilling.

iv. An investor who had already paid part or the whole of the premium shall not be entitled to a refund when they are granted a waiver under this article.

#### 5. IMPORTANT NOTES

##### a) *Payments for Leased Land:*

*Payments for Leased Investment Land shall be as follows and/or as amended by UIA Board from time to time:*

- i. *Ground Rent to enable UIA manage the land shall be USD 10 per acre per annum for Greater Kampala Area and USD5 per acre per annum for other Parks in the country.*
- ii. *The Total Payable Lease Premium as shall be indicated in the Lease Agreement shall be payable in the following installments:*
  - *1<sup>st</sup> Installment of 10% of the total payable lease premium prior to signing of the Lease Agreement.*
  - *2<sup>nd</sup> Installment of 30% of the total payable lease premium within 6 months from the date of signing the Lease Agreement.*

- 3<sup>rd</sup> Installment of 30% of the total payable lease premium within 18 months from the date of signing the Lease Agreement.
  - 4<sup>th</sup> and last Installment of 30% of the total payable lease premium within 36 months from the date of signing the Lease Agreement.
- iii. The payments in (i) and (ii) above shall be independent of obligations on UIA or Government of Uganda such as development of infrastructure etc.
- iv. Failure to pay on time shall attract an interest equivalent to the Bank of Uganda inter bank lending rate payable to UIA and shall render the Lease Agreement subject to revocation at the exclusive option of UIA Board.
- v. No payment to UIA in respect of the allocated or leased land shall be refundable under any circumstances

**b) Definition of Agro-processing:**

*For purposes of land allocation, agro-processing constitutes activities whose major raw materials are primary agricultural products grown on farms in Uganda. These include the following:*

- i. *Manufacture of Food, Beverages and Tobacco*
- ii. *Herbal products from agricultural products*
- iii. *Manufacture of rubber products from gum trees or similar sources.*
- iv. *Production of fertilizers and pesticides to boost agricultural production*
- v. *Production of higher value products from raw trees.*

**c) Dispute Resolution:**

*All disputes arising from and related to allocation of investment land by UIA and/or interpretation and implementation of lease Agreements shall be governed by the laws of the Republic of Uganda.*