



*Business growth is our business*

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**PRIVATE SECTOR POSITION PAPER ON THE LEGAL  
REFORMS REQUIRED TO SPUR PRIVATE SECTOR GROWTH  
AND COMPETITIVENESS IN UGANDA**

**SUBMITTED TO**  
**SECRETARY/ ACCOUNTING OFFICER**  
**UGANDA LAW REFORM COMMISSION (ULRC)**

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## 1.0 Introduction

The Private Sector Foundation Uganda (PSFU) extends its sincere appreciation to the Uganda Law Reform Commission (ULRC) for its continued leadership in reviewing, updating, and harmonizing Uganda's legal framework to support national development. The private sector recognizes ULRC's vital role in ensuring that the country's laws remain responsive to emerging economic realities and conducive to business growth and competitiveness.

Uganda's private sector is increasingly recognized as the engine of economic transformation, contributing approximately 80% of GDP, 90% of employment, and over 75% of total investment (UBOS, 2024). However, this growth potential remains constrained by outdated, fragmented, and unpredictable laws and regulations that limit innovation, formalization, and investment expansion. Addressing these legal bottlenecks is therefore critical to accelerating industrialization, export diversification, and sustainable job creation.

In this context, PSFU—representing the collective voice of Uganda's private sector—submits this position paper to highlight priority areas for legal reform that will unlock enterprise growth, enhance investor confidence, and strengthen Uganda's competitiveness in the East African Community (EAC) and African Continental Free Trade Area (AfCFTA) markets.

## 2.0 PSFU's Mandate and Appreciation of ULRC's Role

The Private Sector Foundation Uganda (PSFU) serves as the apex body of the private sector, representing over 340 business associations, corporate entities, and public-private partnerships across key sectors of the economy. As the Government's principal counterpart in private sector development, PSFU champions policy advocacy, regulatory reform, and public-private dialogue to promote a competitive, sustainable, and inclusive business environment.

PSFU commends the Uganda Law Reform Commission (ULRC) for its consistent commitment to modernizing Uganda's legal landscape to align with the country's evolving economic and social aspirations. ULRC's reform agenda—particularly in areas of commercial justice, land governance, cooperative regulation, and digital transformation—is indispensable to achieving Uganda's Vision 2040 and the National Development Plan (NDP IV) targets.

## 3.0 Rationale for this Paper

Despite recent policy progress, Uganda’s private sector continues to face **legal and regulatory inefficiencies** that hinder productivity and competitiveness. Challenges such as **delayed commercial justice (70% of commercial disputes exceed two years)**, **land tenure insecurity**, **unpredictable taxation**, and **weak contract enforcement** continue to escalate operational costs and discourage both domestic and foreign investment.

This position paper therefore outlines **three interlinked tiers of reform** aligned to PSFU’s **Tenfold Growth Strategy (2025–2035)** and Uganda’s Vision 2040:

- i. **Foundational Legal Environment Reforms** – to strengthen investor confidence, contract enforcement, and predictability.
- ii. **Sectoral Growth Enablers** – to modernize productive sectors, promote value-chain development, and support MSMEs.
- iii. **Digital and Future Economy Enablers** – to prepare Uganda for the digital, innovation, and green growth era.

Together, these reforms aim to **reduce the cost of doing business by up to 20%**, **attract quality investment**, and **position Uganda as a competitive regional hub** for trade and enterprise.

#### 4.0 First Order Reforms: Foundational Legal Environment

These are high-impact reforms that directly influence **investment climate**, **ease of doing business**, and **financial flow** in Uganda.

S/N	Issue / Law	Impact on Business & Growth & Competitiveness	Proposed Reform / Amendment	Justification (Key Words & Figures)
1	Commercial Justice Delays (Civil Procedure Act, Cap 71)	Over <b>70%</b> of commercial cases exceed <b>2 years</b> , causing liquidity lock-up and investor uncertainty.	<b>Introduce Fast-Track Commercial Division Rules</b> with resolution timelines <b>≤ 6 months</b> .	The <b>High Court backlog is 31.8%</b> (Judiciary Report, 2024). Accelerated dispute resolution would cut business costs by <b>15–20%</b> and restore investor confidence, unlocking capital for expansion and competitiveness.
2	<b>Land Act (Cap 227)</b>	Tenure insecurity and slow titling constrain agro-industrial investment.	Digitize land registry, streamline titling, and secure investor ownership rights.	<b>68%</b> of firms cite land disputes as top barrier (UBOS 2024); only <b>21%</b> of land parcels titled (MLHUD 2024). Digital reforms could raise agricultural FDI by <b>25%</b> by 2030.
3	<b>Public Procurement and Disposal of</b>	Local firms face unfair competition from foreign	Amend to include <b>30% local content enforcement</b> and	Public procurement equals <b>~30% of GDP</b> (MoFPED 2024); delayed payments (90–180 days)

	<b>Public Assets Act (PPDA, 2003)</b>	bidders; delays affect liquidity.	<b>prompt payment clause (≤30 days).</b>	constrain <b>&gt;60% of SMEs</b> . Reform will enhance cash flow, competitiveness, and domestic value retention.
4	<b>Investment Code Act (2019)</b>	Weak investor protection discourages long-term capital and PPPs.	Align with <b>AfCFTA investment protocol</b> and guarantee protection against arbitrary takeovers.	Uganda's FDI inflows rose to <b>USD 1.47 billion (2023)</b> but remain below peers. Stronger protection could raise FDI to <b>USD 2.5 billion by 2027</b> , boosting industrial investment and regional competitiveness.
5	<b>Tax Procedures Code Act (2014)</b>	Complex compliance and discretionary enforcement deter SME formalization.	Amend to introduce <b>tax dispute mediation</b> and <b>simplified filing</b> for SMEs.	Uganda's tax-to-GDP ratio stands at <b>13.2% (URA, 2024)</b> ; only <b>25% of MSMEs</b> file returns. Simplified digital filing and mediation can widen compliance, boost revenue, and lower SME costs by <b>10–15%</b> .

These first-order reforms are the bedrock of competitiveness: fast commercial justice, secure land rights, predictable taxes, and transparent procurement. With High Court backlog at **31.8%** as of **December 2024**, tighter timelines and ADR can unlock trapped working capital. Streamlined procurement—about **30% of GDP**—and clearer investor protections will lower risk premiums and spur FDI (**USD 2.9bn**, 2023). Collectively, reforms can trim business costs by **15–20%** and align Uganda with the World Bank's **B-READY (2024)** indicators and improve pillar scores by **2027**.

### 5.0 Second Order Reforms: Sectoral Growth Enablers

These laws and bills directly enhance **productivity, agribusiness competitiveness, and value-chain efficiency**, particularly for MSMEs.

S/N	Issue / Law	Impact on Business Growth & Competitiveness	Proposed Reform / Amendment	Justification (Key Words & Figures)
1	<b>Contract Farming Bill (2023, Draft)</b>	Absence of legal framework weakens farmer–buyer relations.	Expedite enactment and gazettment of <b>Contract Farming Law</b> .	Enhances agricultural commercialization and price predictability.
2	<b>Cooperative Societies Act (1991)</b>	Outdated law limits cooperatives' access to finance and partnerships.	Modernize to allow <b>digital cooperatives, federations, and cooperative banks</b> .	Strengthens aggregation and access to finance for over 6,000 cooperatives
3	<b>BDS Policy and Law (Proposed)</b>	Weak, fragmented MSME support; limited innovation,	Institutionalize BDS accreditation, financing, and	Uganda has <b>1.1 million MSMEs</b> employing <b>8.5 million people</b> (UBOS 2024); only <b>14%</b> access structured

		market linkages, and export capacity.	coordination under a national framework.	advisory or training. A legal BDS framework would raise productivity, export readiness, and competitiveness, boosting MSME contribution from <b>25% to 35% of GDP</b> by 2030.
4	<b>Insolvency Act (2011)</b>	Weak rescue framework leads to premature liquidation of viable firms.	Introduce <b>Corporate Rescue and Business Rehabilitation Provisions</b> .	Preserves jobs, supports credit recovery, aligns with AfCFTA best practices.
5	<b>Competition Act (2023)</b>	Lack of operational authority delays enforcement.	Fast-track establishment of <b>Competition and Consumer Protection Authority</b> .	Promotes fair trade, innovation, and consumer confidence.
6	<b>Trade Licensing Act (2015)</b>	Multiple licenses across agencies raise costs for SMEs.	Consolidate into <b>Unified Business Licensing System</b> under URSB.	Reduces business start-up costs by 40%; enhances Ease of Doing Business ranking.
7	<b>Counterfeit Goods Bill (Pending)</b>	Influx of counterfeit goods harms local industries and consumers.	Expedite enactment of the <b>Anti-Counterfeit Bill (2023)</b> .	Protects local industries, revenue, and consumer welfare.

#### Rationale:

Uganda's **productive sectors**—agriculture, manufacturing, services—require modern, sector-friendly laws that support growth at scale. These reforms will **unlock MSME potential, strengthen cooperatives, and enable value-chain financing**, directly aligning with NDP IV and the **Tenfold Growth Strategy** of PSFU.

#### 6.0 Third Order Reforms: Digital and Future Economy Enablers

These reforms prepare Uganda for the **digital transformation** and **green growth agenda**, ensuring competitiveness in a technology-driven global economy.

S/N	Issue / Law	Impact on Business Growth & Competitiveness	Proposed Reform / Amendment	Justification (Key Words & Figures)
1	<b>Electronic Transactions Act (2011)</b>	Weak enforcement of digital signature and e-contract provisions.	Update to include <b>Data Privacy &amp; E-commerce Trust Regulations</b> .	Boosts digital trade and e-payments—market worth UGX 7 trillion annually.

2	<b>National Standards and Quality Control (UNBS Act, 2013)</b>	Duplicated inspections and inconsistent enforcement.	Introduce <b>risk-based certification and mutual recognition agreements (MRAs)</b> .	Lowers cost of certification and supports exports under AfCFTA.
3	<b>Transport and Traffic Act (1998)</b>	Outdated logistics regulations constrain trade competitiveness.	Introduce <b>Axle Load Harmonization &amp; Digital Freight Regulation</b> .	Reduces NTBs and transport costs by 18% across EAC corridors.
4	<b>Environmental Laws (NEMA Act, 2019)</b>	Lengthy approval processes delay project implementation.	Establish <b>One-Stop Environmental Clearance Desk</b> for industrial projects.	Cuts approval time from 180 to ≤45 days, promoting sustainable investment.

**Rationale:** These reforms represent Uganda’s **next frontier**—a legal environment that supports **innovation, e-commerce, green finance, and efficient logistics**. While their short-term GDP effect is modest, their medium-term impact (by 2030) on productivity and youth employment will be substantial.

## 7.0 Policy Recommendations

- i. **Prioritize First-Order Reforms (2025–2027):** Focus on foundational laws to immediately enhance the investment climate, strengthen commercial justice, secure property rights, and promote transparent procurement.
- ii. **Fast-Track Second-Order Sectoral Bills:** Expedite enactment of the **Contract Farming Bill, BDS Policy and Law, Cooperatives Act Amendment, and Anti-Counterfeit Bill** to align Uganda’s legal framework with its productive and industrial structure.
- iii. **Phase-In Third-Order Reforms:** Prepare for the **digital and green economy transition** by integrating **ECCMIS, e-licensing, and digital contracting** provisions into national legislation to enhance innovation and efficiency.
- iv. **Institutionalize a PSFU–ULRC–MoJCA Dialogue Mechanism:** Establish a structured platform for **continuous private-sector feedback** and joint monitoring of legal reform implementation to ensure responsiveness, inclusivity, and sustained impact.

## 8.0 Conclusion

Uganda’s private sector competitiveness depends on the speed, predictability, and fairness of its legal system. Reforming commercial justice, securing property rights, ensuring transparent procurement, and modernizing sectoral and digital laws will unlock the country’s full economic potential.

**“A predictable and efficient legal system is the most powerful stimulus package Uganda can deliver to its private sector.”** — *Private Sector Foundation Uganda (PSFU), October 2025*