



UGANDA INVESTMENT AUTHORITY (UIA) LAND ALLOCATION GUIDELINES.

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. Alignment of the proposal with the National Development Plan.
- vi. The amount and nature of land (amount of acreage) that shall be required for the project including the necessary infrastructure facilities.
- vii. Evidence of the Investor's Track Record in terms of experience in implementing similar or related investment projects in the past.
- viii. The anticipated implementation period for the project (with key monthly milestones or activities articulated).
- ix. 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.
- vii. The activity schedule highlighting key milestone for the first 12 months duly broken into deliverables for every six months.
- viii. The written commitment that milestones will be met and where the investor fails, land is withdrawn.

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. The application shall be evaluated in line with the land application guidelines as herein below:
 - a) Evaluation of the application by the Land Applications Appraisal committee constituted by Management which makes recommendations to Management. (a maximum of 5 Working Days)
 - b) Consideration of the LAAC recommendations by Management comprising of the Director General and at least three Heads of Divisions of UIA. (a maximum of 5 *Working Days*)
 - c) Consideration of the application by the relevant Sub-Committee of the UIA Board. (a maximum of 3 *Months*)
 - d) Consideration and final allocation of land by the UIA Board. (a maximum of 2 *Weeks*)
 - e) The application shall be processed in not more than two months from the date of receipt of the application.
 - f) A decision is communicated giving a lease offer or reasons why the application was declined.
- iii. 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*)
- iv. The written acceptance of the offer shall indicate the name of a registered survey firm to be given survey instructions to undertake surveying of the land and produce deed prints within 3 months from the date of offer
- v. The value of the land allocated to an investor shall be determined and shall be captured as the contribution of UIA.
- 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)
- viii. UIA shall have powers to allocate any land for which a lease agreement has not been signed even if a lease offer has been accepted by the investor. Land allocation shall be confirmed only and only if the lease offers leads to signing of the lease agreement.
- ix. The Board will provide electronic approval of land applications especially for the urgent land allocations

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 ground rent as shall be determined by the UIA Board.

iv Performance Security:

- (a) Investors 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 14 months within which period the conditions in subsection (ivb) below should have been achieved.
- (b) Within 12 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.

V. Development Conditions:

- a) Within 12 months from the date of signing the lease agreement you are required to have acquired
 - Approved Building Plans
 - Approved EIA
 - Fencing of the land (Boundary marking of the land)
 - Levelling the land
 - Commencement of construction e.g. wall fence or foundation of the buildings
- b) Constructed factory/office buildings up to wall plate level 2 years after signing of the lease agreement
- c) Roofed the factory / office buildings 3 years after signing the lease agreement.
- d) Commenced installation of machinery and recruitment/training of staff within 4 years
- e) Started operations as per the approved land use 5 years after signing the lease
- f) Failure to meet any of the development conditions in V(a-e) above will lead to automatic termination of the lease agreement and the land reverting back to the Lessor. Consequently, the Lessee shall forfeit the land, premium, park service

charge, ground rent and any fees/charges already paid to the Lessor and any investment made in the land.

- vi. The investor company allocated UIA Investment land shall not change its Shareholders for the first 5 years without the written approval of the Authority
- vii. Priority will be given to the priority sectors as guided by Government's priority listing of investments.
- viii. No investor shall be allowed to take possession of the land without a signed lease agreement and Leasehold Certificate of Title.
- ix. The lease agreement shall be signed within one month following its clearance by the Solicitor General
- x. Any allocation of land for which a lease agreement has not been signed by the investor within a stipulated period and will be available for allocation to other investors.
- xi. The effective date of land allocation is the day the lease agreement is signed.
- xii. The investor shall take possession of the land within a period of six (6) months from the date the lease Agreement is signed.
- xiii. The investor shall forfeit the land if possession is not effected within the stipulated period. Possession means starting to prepare the land for the planned development in line with the approved business plan
- xiv. In addition to the restrictions to change the land use, an investor shall not transfer, sublease or sub-divide the allocated land except with consent from UIA

4. WAIVER OF PREMIUM

- i. Premium was waived by the Board for upcountry Industrial and Business Parks as it was done in KIBP Namanve in order to have a uniform charging scheme.
- ii. 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. PAYMENT OF GROUND RENT AND PARK SERVICE CHARGE

- i. A sum **US \$ 10 (United States Dollars ten)** per acre to be paid annually by the lessee on account of ground rent
- ii. The lessee shall pay an annual park service charge of **0.5%** (zero point five percent) of the premium amount and the said sum shall be revisable every **5 (five)** years.

- iii. Park service charges are payable when the Park infrastructure is put in place.

6. WITHDRAW OF LAND FROM COMPANIES.

- i. The Board has the power to withdraw land from any entity that has failed to develop the land within the specified period or defaulted any of the lease covenants.
- ii. When land is withdrawn, the Investor forfeits the land, premium, park service charge, ground rent and any fees/charges already paid to the Lessor and any investment/development made on the land.
- iii. A Company may appeal to the Board only once; such appeal shall be based on new and/or additional information not available at the time the withdrawal decision was made. The Board decision on such appeal shall be final.

7. MORTGAGING LAND

The terms upon which Applicants can be considered for grant of consent to mortgage are;

- (i) To qualify to mortgage Government land, a local investor should have invested/ developed at least 30 percent (30%) of the declared investment capital and needs funds for completion or expansion or operationalization of the investment. A foreign investor should have invested 60%.
- (ii) The required percentage (30% for local investors and 60% for foreign investors) of the total value of the declared investment capital referred to herein above shall be determined by the Office of the Chief Government Valuer or any other independent accredited valuer whose report shall be examined and approved by the Chief Government Valuer.
- (iii) Financial Institutions shall formally request for consent from Uganda Investment authority (UIA) with respect to mortgaging the right use of the land by the investors stating clearly that they understand the terms and conditions in the relevant legal framework.
- (iv) Where the investor fails to pay, the Financial Institutions shall be entitled to take over the lease under its terms and conditions.
- (v) In the event of default by the investor and subsequent foreclosure, the Bank shall notify the leasing authority (UIA).

- (vi) UIA and the Financial Institution shall concurrently source for a new investor on similar terms and conditions of the lease agreement however, the Bank's choice will be given preference.
- (vii) In case both the UIA and financial institutions fail to identify a new investor for the same land use, the government may change the land use in accordance with the physical planning Act to attract a new investor.
- (viii) In case the Financial Institution fails to comply with the set Covenants and Conditions, UIA shall re-enter the land.
- (ix) Once a mortgage is processed and granted to an investor, the mortgaged land /or properties shall be published in the Uganda Gazette.

8. Transfer of leasehold interest in land

- i. An application for transfer of the Leasehold interest of land will only be considered when the land allocatee has developed an operational project on the land in accordance with the submitted Business Plan.
- ii. An application for transfer of land shall be accompanied by;
 - a. A duly registered company Resolution approving the decision to seek for consent to transfer.
 - b. Details of the company that the Applicant intends to transfer to including the Company's Certificate of incorporation, Memorandum and Articles of Association and a company profile.

9. 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.