

Uganda

## Uganda Development Corporation Act Chapter 326

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# Uganda

## Uganda Development Corporation Act Chapter 326

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### An Act to establish the Uganda Development Corporation Limited.

#### 1. Interpretation

For the purposes of this Act, unless the context otherwise requires—

- (a) "**board**" means the board of directors appointed under [section 6](#);
- (b) "**chairperson**" means the chairperson of the board or the joint chairperson of the board;
- (c) "**corporation**" means the Uganda Development Corporation Limited;
- (d) "**private shareholder**" means any holder of shares in the corporation other than the Government;
- (e) "**undertaking**" means any undertaking carrying on any commercial, industrial, mining or agricultural operations.

#### 2. Objects of the corporation

- (1) The corporation may, in order to facilitate the industrial and economic development of Uganda, promote and assist in the financing, management or establishment of—
  - (a) new undertakings;
  - (b) schemes for the better organisation and modernisation of and the more efficient carrying out of any undertaking; and
  - (c) the conduct of research into the industrial and mineral potentialities of Uganda.
- (2) The corporation may acquire the undertaking mentioned in Part I of the Schedule to this Act and the interest of the Government in the undertakings mentioned in Part II of such Schedule.
- (3) Subject to [section 4](#), in carrying out the objects provided for in subsection (1) the corporation shall have due regard to the economic and commercial merits of any undertaking it promotes, assists, finances or manages, but may take into consideration in considering such economic and commercial merits, the economic merits of any other undertaking in which it has an interest or the economic merits of Uganda as a whole.
- (4) Nothing in this section shall be deemed to authorise the compulsory acquisition by the corporation of any undertaking or any interest in any undertaking.

#### 3. Powers of the corporation

- (1) For the purpose of attaining its objects, the corporation shall have power—
  - (a) to promote or finance any undertaking in Uganda;

- (b) to lend or advance money to, or to acquire an interest in, or to provide, or by underwriting or otherwise to assist in the subscription of, capital for any undertaking engaged in, or proposing to establish, or to expand or modernise, any business in Uganda;
  - (c) to acquire upon such terms as the Minister deems equitable the undertaking mentioned in Part I of the Schedule to this Act and the interest of the Government in the undertakings mentioned in Part II of that Schedule;
  - (d) to manage, develop, let, hire or buy, subscribe for or otherwise acquire or sell, or otherwise dispose of, or hypothecate, or otherwise deal in immovable or movable property of any sort, including stocks, shares, bonds, debentures and securities of, and any interest in, any limited company;
  - (e) to make, draw, accept or endorse negotiable instruments;
  - (f) to give a guarantee in relation to the financing of any undertaking or the performance of any contract by any undertaking;
  - (g) to raise money by the issue of debentures or debenture stock;
  - (h) to borrow and lend money for the purposes of the day-to-day operations of the corporation;
  - (i) to act as the manager, agent or secretary of any undertaking and to appoint any person to act on behalf of the corporation as director of, or in any other capacity in relation to, any undertaking and to act as the agent or representative of other undertakings, whether carrying on business in Uganda or elsewhere;
  - (j) to conduct research into the mineral, industrial and agricultural potentialities of Uganda and to establish and administer for that purpose research institutes and bodies;
  - (k) to establish provident and pension fund schemes for the benefit of its employees, or any employees of any company in which it has obtained an interest, and generally to enter into any contract and perform any act whether within Uganda or elsewhere which may be necessary for, or incidental or conducive to, the attainment of any of the objects of the corporation, or which are calculated directly or indirectly to enhance the value of the services which the corporation can render towards the commercial, industrial, mining or agricultural development of Uganda.
- (2) Notwithstanding [section 2](#) and subsection (1) of this section, the corporation shall not without the prior authorisation of the Minister—
- (a) increase its capital;
  - (b) establish any new undertaking;
  - (c) acquire any interest in any undertaking; or
  - (d) increase its capital investment in any undertaking.
- (3) Notwithstanding subsection (2), the Minister shall not authorise the corporation to increase its capital without the prior approval of Parliament signified by resolution.
- (4) Where under subsection (1) the corporation engages in any research or establishes any research institute or body which not only benefits any company or undertaking in which the corporation has an interest, but is of benefit to Uganda as a whole, the Government may with the approval of Parliament signified by resolution pay the corporation such sum towards the expenses of such research institute or body as it thinks fit, and any such sum shall be charged upon the Consolidated Fund without further appropriation than this Act.
- (5) Whenever the corporation invests money in, or lends money to, any undertaking, it shall so far as possible ensure that its loan or investment is not unduly in excess of any loan or investment by any other person interested in the undertaking.

#### 4. Power of Minister to give directions

The Minister may give to the corporation such directions as to the exercise and performance by the corporation of its functions under this Act as appear to the Minister to be requisite in the public interest, and the corporation shall give effect to any such directions.

#### 5. Corporation to be a body corporate

The corporation when established shall be a body corporate with perpetual succession and a common seal, with power to acquire and dispose of land and minerals, and to sue and be sued, and to perform such other acts as bodies corporate may by law perform.

#### 6. Board of directors

- (1) The operations of the corporation shall be managed and controlled by a board of directors which may exercise all such powers of the corporation as are not by this Act or by the Companies Act applied to the corporation, or by any regulations made under [section 14](#) required to be exercised by the shareholders of the corporation at a meeting of shareholders.
- (2) The board of directors shall consist of not less than four and not more than twelve directors.
- (3) If at any time the number of directors holding office falls below four, the remaining directors shall appoint such other directors as they shall think necessary who shall hold office until the next annual general meeting of the corporation.
- (4) The Minister shall appoint the directors and shall choose them by reason of their ability and experience in business or administration.
- (5) Notwithstanding subsection (4), if at any time the shares in the corporation held by persons other than the Government equal 25 percent of the shares, then the private shareholders shall appoint not less than two directors.
- (6) The Minister shall appoint one of the directors appointed by him or her to be chairperson of the board, but that director shall not be a person in the whole time service of the Government unless the Minister is satisfied that no other suitable person is available.
- (7) The Minister may appoint such one of the directors as he or she thinks fit to share the office of chairperson as joint chairperson of the board.
- (8) The directors may appoint one of their number to be deputy chairperson of the board.
- (9) No decision or act of the board or act done under the authority of the board shall be invalid by reason only of the fact that the person with respect to whose election as a director the provisions of this Act have not been observed sat or acted as a member of the board at the time when the decision was taken or that act was done or authorised.
- (10) Every director, agent, auditor, secretary and other officer for the time being of the corporation shall be indemnified out of the assets of the corporation against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted, or in connection with any application made under the Companies Act in which relief is granted to him or her by the court, if any such proceeding is brought against him or her in his or her capacity as such director, agent, auditor, secretary or other officer as aforesaid.
- (11) No person shall, by reason of the fact that he or she has been appointed a member of the board, whether he or she is receiving a salary or not from the corporation, be rendered incapable of being an elected member of, or of sitting or voting as a member of Parliament.

## 7. Period of office of directors

- (1) Every director, other than the chairperson, shall be appointed for a period of two years; except that a person appointed to fill the place of a director whose appointment is revoked or who resigns or dies or for any other reason becomes incapable of acting shall hold office for the unexpired period of the term of office of the director in whose place he or she is appointed.
- (2) Subject to subsection (1), a director shall hold office upon such conditions as to terms of service and remuneration as the board with the approval of the Minister may determine.
- (3) Notwithstanding subsections (1) and (2), the Minister shall determine all the terms and conditions of service of the chairperson of the board.

## 8. Chairperson to preside at meetings

- (1) The chairperson shall preside at all meetings of the board at which he or she is present; and if the chairperson is absent the joint chairperson shall preside at all such meetings at which he or she is present.
- (2) At all meetings of the board the chairperson and the joint chairperson shall each have a deliberative vote; and in the event of an equality of votes, the chairperson, or the joint chairperson if he or she is presiding, shall in addition have a casting vote.
- (3) The deputy chairperson shall preside at any meeting of the board from which the chairperson and the joint chairperson are absent and shall at any such meeting have all the powers and discharge all the duties of the chairperson.
- (4) Where the chairperson, the joint chairperson and the deputy chairperson are absent from any meeting of the board, the directors who are present at the meeting shall elect one of their number to preside at the meeting, but that person, in the event of equality of votes, shall not have a casting vote.
- (5) Subject to this section, the decision of the majority of the directors present at a meeting of the board shall constitute a decision of the board.

## 9. Share capital of the corporation

- (1) Subject to this section, the share capital of the corporation shall be five million pounds ordinary shares divided into units of one hundred pounds which shall be taken up by the Government.
- (2) The shares in the corporation shall be paid for in such manner as Parliament shall determine.
- (3) Payment for the shares in the corporation shall be made at such times and in such amounts as may after consultation be agreed by the Minister responsible for finance and the board; except that the Minister may appoint a day by which the total amount shall be paid.
- (4) Any portion of the share capital which consists of money and which is not required by the board for the immediate purposes of the corporation may be invested by the board in such a manner as the Minister responsible for finance may approve.
- (5) Without the prior approval of Parliament signified by resolution, the Government shall not transfer shares of a nominal value of more than two million pounds.
- (6) The Minister may with the approval of the Cabinet transfer shares to the nominal value of one million pounds to the administration of a district and may transfer shares to the nominal value of a further one million pounds to the administration of a district or any other person or body of persons.
- (7) Any transfer under subsection (6) shall be subject to such terms and conditions as the Minister shall approve, and those terms and conditions may make provision for the payment of a fixed rate of interest on any of the shares so transferred.

- (8) Subject to [section 3\(2\)](#) and (3), the board may from time to time with the approval of the shareholders previously given at a meeting of shareholders increase the share capital of the corporation to such extent as it may seem to it to be expedient by the creation and issue of ordinary or preference shares or such other class of shares as it may determine, which shares may be issued upon such terms and conditions as the board may, with the approval of the Minister, determine, including conditions as to voting rights of the holders of the shares, and in the case of preference shares, the condition that the holders of the shares shall not be entitled to vote.

## 10. Liability of shareholders limited

The liability of any holder of shares in the corporation shall be limited to the amount unpaid on the shares held by him or her.

## 11. Meeting of shareholders where only one shareholder present

- (1) If at any time and place appointed for a meeting of shareholders only one shareholder is present in person or represented by proxy, a resolution signed by that shareholder or his or her proxy shall be deemed to be a resolution of shareholders taken at a meeting of shareholders; but this section shall have effect only while the Government is the only holder of shares in the corporation.
- (2) The Government shall be represented at all meetings of shareholders by the Minister responsible for finance or his or her representative.

## 12. Expenditure of the board

The expenditure incurred by or on behalf of the board, including the remuneration of the directors, shall be defrayed from the funds of the corporation.

## 13. Dividend to be approved

No dividend shall be declared by the board unless the dividend has been earned and previously been approved by the Minister.

## 14. Regulations may be made by shareholders

The shareholders of the corporation may by resolution at a meeting of shareholders make regulations as to —

- (a) the election of directors by the private shareholders under [section 6\(5\)](#);
- (b) the meetings of the board and the procedure at the meetings, including the quorum necessary and the minutes to be kept;
- (c) the taking of decisions by directors or any of them without holding a meeting of the board;
- (d) meetings of shareholders, the matters to be dealt with and the procedure at the meetings, including the quorum necessary and the minutes to be kept;
- (e) the submission annually of a balance sheet and accounts to a meeting of shareholders;
- (f) the provision of an official seal or seals and the use of any seal;
- (g) such other matters as are necessary or useful for carrying out the business of the corporation.

## 15. Accounts and audit

- (1) The board shall cause proper books of account to be kept in the same manner as for a company incorporated under the Companies Act.

- (2) The accounts of the corporation shall be audited by an auditor or auditors appointed annually by the board and approved by the Minister.
- (3) The board shall cause an annual report to be prepared on all its activities.

#### **16. Accounts and reports to be laid before Parliament**

The accounts and annual report of the board shall be laid on the table of Parliament.

#### **17. Winding up of the corporation**

The corporation shall not be wound up except by or under the authority of an Act of Parliament.

#### **18. Application of the Companies Act**

- (1) The Minister may from time to time by statutory instrument apply to the corporation any provision of the Companies Act or any Act amending or replacing that Act which is not inconsistent with the provisions of this Act, with such modifications as he or she may think fit to make.
- (2) Subject to subsection (1), none of the provisions of the Companies Act, or any amendment of it, or any other law relating to corporations shall apply to the corporation.

### **Schedule (Section 2)**

#### **List of undertakings**

##### **Part I. Undertaking which the corporation may acquire**

The Cement Plant at Tororo.

##### **Part II. Undertakings in which the corporation may acquire the interest of the Government**

The Uganda Fish Marketing Corporation.

The Lake Victoria Hotel.