



PROTECTING CIVIL LIBERTIES &  
PROMOTING HUMAN RIGHTS **FOR ALL.**

# A SIMPLIFIED GUIDE TO THE NGO ACT, 2016



Key issues you should know about not-for-profit organizing in Uganda

# ACKNOWLEDGMENT

This simplified guide to the Non-Governmental Organisations Act, 2016 was written and published by Chapter Four Uganda. The contents were informed by a review of the Act. This guide is not intended to be a complete statement of the law.

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# LIST OF ACRONYMS

CAO:	Chief Administrative Officer
CBO:	Community Based Organization
CDO:	Community Development Officer
DCDO:	District Community Development Officer
DEO:	District Education Officer
DNMC:	District NGO Monitoring Committee
EAC:	East African Community
GISO:	Gombolola Internal Security Officer
ISO:	Internal Security Officer
MOU:	Memorandum of Understanding
NGO:	Non-Governmental Organization
SNMC:	Sub-County NGO Monitoring Committee
URA:	Uganda Revenue Authority
URSB:	Uganda Registration Services Bureau

# FOREWORD

Governments in Africa have over the past years moved to regulate Civil Society Organizations. The regulations provide for a wide number of controls and obligations that CSOs have to meet if they are to operate in a country. In Uganda, there are a number of regulations under different laws such as the NGO Act, 2016, the Companies Act, Trustee Incorporation Act etc.

The NGO Act, 2016 came into force in March 2016 and places a number of obligations on NGOs working in Uganda. The law applies to a host of NGOs including local or indigenous NGOs, foreign NGOs, CBOs, Trustees and Companies whose work or focus is on providing voluntary not-for-profit services to the community. The Act has been criticized for putting in place too many conditions for NGOs and these may curtail their operation and limit access to services by members of the community.

Several CSOs operating in Uganda do not know the legal obligations placed by this law and other laws governing the environment in which they operate. Many have not engaged lawyers to help them through the legal obligations that they are expected to meet. On the other hand, a number of CSOs in Uganda have faced legal and regulatory sanction because of non-compliance. This presents a challenge for the continued operation of CSOs in Uganda. CSOs and their leaders need to be conversant with the laws that govern the sector to be able to meet requirements of the laws and be able to engage with those in charge of regulating the sector and avoid being in conflict with the law.

Chapter Four Uganda has developed this simplified guide highlighting key issues in the NGO Act, 2016. It is hoped that the guide can help give a basic understanding of the requirements in the NGO Act. The easy to read, question and answer format was adopted to help the reader understand the key issues in an easy and simplified manner. It should be noted that this is not a law but rather a simplification of parts of the law highlighting the frequently asked questions. A user will need to read the actual law to get more details.

It should also be noted that this booklet does not cover administrative aspects of the law that focuses on the NGO Bureau and its management. CSOs or their

leaders need to look at other laws governing their specific sectors such as the Companies Act, the Trustees Incorporation Act to meet obligations set out under those laws as well.

It is our hope and belief that CSOs operating in Uganda will find this publication useful and that it can help guide them through the key requirements under the NGO Act.

A handwritten signature in black ink, appearing to read 'N. Opiyo', with a large, stylized initial 'O'.

**Nicholas Opiyo**  
**Executive Director**

# INTRODUCTION

Uganda recently passed a new NGO Act that aims at reforming the NGO sector. The NGO Act, 2016 came in force in March 2016 and repeals the old NGO Registration Act Cap 113. The new Act aims at providing a conducive and enabling environment for NGOs, strengthening capacity of NGOs and government regulatory bodies among other things.

The law provides for a new NGO Bureau with roles including licensing and inspection of NGOs as well as general implementation of the law. It also provides for district and sub county level NGO Monitoring Committees. Whereas the law was made through a consultative process and a number of issues in the law are handled in a progressive manner, some actors in the NGO sector have raised concerns on increased bureaucracy the law brings and the likelihood of delay of delivery of services due to this bureaucracy.

The Act creates obligations which NGOs must fulfill in their operations. These range from registering with the bureau, signing MOUs with districts, filing yearly returns, among others. This book tries to simplify the key issues in the Act to help NGOs and other players in the sector have a quick reference for adjustment and compliance with the new law. It highlights the key things that NGO actors need to know.

# GENERAL NGO ISSUES, TYPES AND MEANING OF NGOS

## **What is an NGO?**

The NGO Act, 2016 defines an NGO as a legally constituted organization under the Act, which may be a private voluntary grouping of individuals or associations established to provide voluntary services to the community or any part, but not-for-profit or commercial purposes.

Generally speaking, any form of not-for-profit organization incorporated or established under the Act will be considered an NGO.

## **What are the different types of NGOs recognized in Uganda?**

Uganda's law recognizes four (4) types of organizations, these include:

- i. Indigenous NGOs: These are organizations founded and controlled by Ugandan citizens.
- ii. Foreign organizations: These are organizations incorporated outside Uganda and are controlled by people who are not citizens of Uganda or citizens of the East African Community and operating in Uganda under a permit issued by the Bureau.
- iii. International Organization: This means an organization that was incorporated outside the East African Community and is wholly or partially controlled by citizens of countries other than citizens of member states of the East African Community.
- iv. Regional organization: This means an organization incorporated in one or more of the Partner States of the East African Community, and which is partially or wholly controlled by citizens of one or more of the Partner States of the East African Community, and which is operating in Uganda under the authority of a permit issued by the Bureau;

Note: The categorization of different NGOs is mainly based on the citizenship of persons who are key decision makers in the organization. This potentially means an organization incorporated in Uganda by non-Ugandans can be considered non-Ugandan.

## **Are religious institutions registered under the old NGO Registration Act NGOs?**

Yes, all faith-based institutions incorporated under the NGO Registration Act such as Churches, temples, mosques and other places of worship are still recognized as NGOs under the new NGO Act.

The NGO Act, 2016 does not separate faith-based institutions from NGOs. They are all considered the same and all faith-based institutions registered under the NGO Act have to fulfill all conditions in the Act unless the minister has exempted a particular institution.

## **What are the key institutions that regulate NGOs?**

The NGO Act provides for three important levels of regulation of NGOs. At the top is the NGO Bureau, which is a semi autonomous body charged with overall regulation of the sector. The Bureau has powers to open upcountry offices in any part of the country but at present, it is based at the Ministry of Internal Affairs.

The overall decision-making body for the Bureau is the Board. The board of the Bureau is composed of:

- a. A chairperson;
- b. A vice chairperson;
- c. Two representatives from the Non-Governmental Organizations Sector in Uganda and;
- d. Three other persons.

The Minister of Internal Affairs appoints the Board members with approval of cabinet. These are in charge of overall policy guidance of the Bureau. Below the board is an Executive Director helped by numerous staff. These are in charge of the day-to-day activities of running the Bureau.

The Bureau has inspectors who can be sent to carry out inspection to any NGO operating in Uganda. These plus other officers will carry out the overall enforcement of the Act.

At Local government level is the District NGO Monitoring Committee made up of the following:

- a. The Chief Administrative Officer who is the chairperson of the committee;
- b. The District Community Development Officer who is the secretary to the committee;
- c. The District Health Officer;
- d. The District Internal Security Officer; and
- e. A representative of NGOs in the district;
- f. The District Education Officer; and
- g. The Secretary for Gender and Community Services.

The duty of the DNMC is to consider and register CBOs, monitor SNMCs, recommend NGOs to the Bureau for registration, advise district council on matters of NGOs, among others.

Below the DNMC is a Sub-County NGO Monitoring Committee (SNMC) comprised of:

- a. The Senior Assistant Secretary who is the Chairperson of the committee;
- b. Sub-County Community Development Officer (CDO) of the sub county who is the Secretary to the committee;
- c. The sub-county Health Inspector;
- d. The Gombolola Internal Security Officer (GISO) and
- e. A representative of organizations in the sub-county.

The functions of the SNMC are to recommend CBOs to DNMC for registration, advice DNMC on matters of NGOs and CBOs in a particular sub-county and do general monitoring of the work of NGOs and CBOs.

## **What are the key obligations that an NGO MUST fulfill?**

The NGO Act has several obligations that an NGO must fulfill. These obligations include:

1. An NGO must be fully incorporated with a certificate of incorporation for it to operate in Uganda.

2. Every NGO must register with the Bureau for it to operate in Uganda.
3. Every NGO has a duty to follow the conditions set in the permit as it operates. Failure to follow these conditions will result into punishment of the organization or the directors or officers of the organization. The failure can also result into closure of the organization or suspension of the permit.
4. An NGO must carry out what was specified in its constitution.
5. An NGO must operate within its area specified in the permit. In case of requirement to expand, the NGO must inform the Bureau.
6. An NGO has a duty to apply for renewal of its permit within 6 months before it expires.
7. An NGO must sign an MOU with the district(s) where it operates.
8. An NGO Must inform the DNMC of the activities it is carrying out in the district before conducting the activity.
9. An NGO Must not engage in acts prejudicial to national security.
10. The organization MUST file annual returns to the NGO Bureau every year. The annual returns include;
  - a. Audited accounts of the organization.
  - b. Report of activities.
  - c. Income and expenditure statement (submitted to district technical committee and DMNC).
  - d. Work plan (submitted to district technical committee and DMNC)
11. If the organization is employing any person who is not a citizen of Uganda, the organization should ensure such a person has a valid work permit allowing such a person to work in Uganda.

# INCORPORATION, REGISTRATION AND APPLICATION FOR PERMITS FOR NGOS

## **What is the difference between registration and incorporation of an NGO?**

Incorporation is a process through which an NGO comes into being. It is a process through which a group of persons start an NGO, which is issued a certificate of incorporation at the end of the process. Once incorporation is complete the NGO becomes a legal person, it can sue, be sued, own property, employ people etc.

Registration on the other hand is a process of ensuring the NGO is known by a government entity. The NGO Bureau creates a register in which all NGOs operating in Uganda are registered. Every NGO must be entered in this register.

## **How does a person start an NGO?**

Any person or group of persons intending to start an NGO must develop a constitution of an NGO. The constitution is registered with the Uganda Registration Services Bureau (URSB).

*Note: At the time of developing this guideline, URSB and the NGO Bureau had not come up with guidelines for incorporating new NGOs. However, all new NGOs will have to be incorporated at URSB.*

## **Where do I register an NGO? What are the requirements to register an NGO?**

All NGOs have to be registered with the Bureau. New NGOs will have to apply for registration at the Bureau. An NGO must fill the application form as provided in the NGO Regulations, pay application fees and apply to the bureau with the following:

- a. Application for registration by completing Form A as prescribed in the Schedule;
- b. A certified copy of the certificate of incorporation;
- c. A copy of the organization's constitution or governing documents;
- d. A chart showing the governance structure of the organization;

- e. Proof of payment of the prescribed fee (In Uganda shillings, 100,000/= for indigenous or regional organization; 520,000/= for foreign organizations; 260,000/= for continental organization; and 800,000/= for an international organization);
- f. Proof of source of funding of the activities of the organization;
- g. A copy of a valid identification document for at least two founder members;
- h. Minutes of a meeting of members or the governing body authoring the organization to register with the Bureau;
- i. A resolution of members (or governing body) authorizing the organization to register with the Bureau;
- j. A statement complying with section 45 of the Act (statement showing the organogram of the organization, the requirements for employment of non-Ugandans and how non-Ugandans will be replaced with Ugandan counterparts in cases where the organization employs non-Ugandans;
- k. Recommendations from DNMC where organization's headquarters are located and from the responsible ministry or government department; and
- l. Any statements that the minister may require through a regulation.

After fulfilling the above, the NGO Bureau shall register the NGO. A registered NGO will be given a certificate of registration (Form B of the regulations). Once registered, the NGO will remain registered unless the registration has been canceled by the Bureau (for one of the reasons provided for by the law) or if the organization voluntarily applies for deregistration or if it is wound up and dissolved.

**Can the Bureau refuse to register an organization? What can be the reasons for refusal to register an NGO?**

The Bureau may refuse to register an organization where in its opinion the organization's constitution violates any law in Uganda or where the persons applying for registration of the organization gave false or misleading information.

In cases where the Bureau refuses to register the organization, it shall inform the organization concerned of the reasons for the refusal in writing. The notification shall be by Form C of the regulations.

### **What happens when the Bureau refuses to register an organization?**

Where the Bureau refuses to register an organization, an aggrieved party can challenge the decision not to be registered by filing a case with the NGO Adjudication Committee or to Court to challenge the decision of the Bureau.

### **How can I apply for a permit?**

Every organization operating in Uganda shall on top of being registered by the bureau apply for a permit to allow them to work. A permit can be issued for a maximum of 5 years renewable. The person applying must show the time for which the permit needs to operate. The person shall apply by filing application form (Form D of the regulations) and shall specify the following in the application:

- i. the operations or objectives of the organization;
- ii. the areas where the organization may carry out its activities;
- iii. staffing of the organization;
- iv. geographical area of coverage of the organization;
- v. location of the organization's headquarters;
- vi. Evidence of payment of the prescribed fees (Fees for a permit for an indigenous or regional organizations is Uganda Shillings 60,000 per year; and 400,000/= per year for continental, foreign, or international organizations);
- vii. intended period of operation not exceeding five years.

A permit will be issued for a specific period of time but not more than 5 years (the draft of a permit is in Form E of the regulations).

It should be noted that the Bureau can put conditions in the permit. The conditions normally relate with what the organization can do and where it can do it. They are normally specific to the subject and geographical area of focus within Uganda.

An organization can also apply to the Bureau to have the conditions in the permit reviewed or changed. Specifically an organization that would like to change its area of focus or its scope shall apply to the Bureau to have this reflected in its permit.

### **How can I renew my permit once it expires?**

The permit will be renewed upon its expiry. An organization is not allowed to operate in Uganda without a valid permit. For this reason, an organization must apply to renew its permit six (6) months before the expiry of the permit.

Where a permit has expired and the organization has continued in operation, the organization commits an offence and is liable to a fine of two hundred thousand shillings (200,000).

An Organization applying for a permit shall

- i. Fill the application form (Form H of the regulations)
- ii. Pay prescribed fees (Uganda shillings 60,000 for indigenous organization per year, 400,000 per year for continental, foreign or international organization)
- iii. Accompany the application with the following:
  - a. copy of audit report of the previous year;
  - b. minutes of general assembly or governing body;
  - c. annual report; and
  - d. work plan and budget or strategic plan.

### **Can a permit be revoked? What are the grounds for revoking the permit?**

Yes, the Bureau can revoke a permit once it is issued. The permit will be revoked if the organization does not operate in accordance with its constitution and, or if the organization contravenes the conditions specified in the permit.

Before the Bureau revokes a permit, it shall within 30 days from the date of notice in writing request an organization to show cause why the permit should not be revoked. The notice referred to above must state the ground for revocation, brief facts of the case, and any relevant evidence relating to the grounds. If the reasons are not satisfactory and the bureau decides to revoke the permit, it shall issue Form I of the regulations to the organization.

### **What remedies are there when a permit has been revoked?**

Where a permit has been revoked, a person concerned can appeal to the adjudication committee or to courts of law for redress.

# REGISTRATION OF ORGANIZATIONS INCORPORATED OUTSIDE UGANDA

## **How can an organization incorporated outside Uganda be registered? What are the requirements to register an organization incorporated outside Uganda?**

An organization incorporated outside Uganda, which intends to operate in Uganda, must apply to the Bureau to be registered and issued with a permit. The organization shall fill the application form in Form N of the regulations accompanied by:

- a reservation of name from URSB;
- a certified copy of certificate of incorporation from the country of incorporation;
- a certified copy of its constitution, or charter or documents governing the organization;
- a resolution authorizing registration in Uganda;
- a certificate of good conduct of at least two members;
- a curriculum vitae of at least two members;
- a recommendation from their government or missions accredited to Uganda from their home country;
- a recommendation from the Ministry of Foreign Affairs of Uganda; and
- proof of payment of prescribed fees. (Registration fees of a foreign organization is Uganda shillings 520,000).

The organization incorporated outside Uganda may be required to fulfill other conditions such as those relating to registration of Ugandan organizations.

## **How can an organization incorporated outside Uganda apply for a permit?**

An organization incorporated outside Uganda shall apply for a permit and pay prescribed fees. The conditions for a permit for an organization incorporated outside Uganda are similar to those for Ugandan organizations discussed above.

## **What are the staffing requirements for organizations incorporated outside Uganda?**

Staffing requirements for foreign organizations are similar for Ugandan organizations. It is important to note that if an organization is employing foreign staff it must meet the following:

- i. Specify to the Bureau the foreign staff it is going to employ or areas where they might be required;
- ii. Show a plan how it will replace the foreign staff with Ugandans (over time);
- iii. Ensure there is equality in remuneration and benefits between foreign and local staff doing similar work;
- iv. Comply with labour laws in Uganda;
- v. Comply with immigration laws in Uganda; and
- vi. Ensure all foreign staff have work permits and are legally authorized to stay and to work in Uganda

# SELF-REGULATION

## **What is self-regulation?**

The law does not define self-regulation but from the general context in the law one can say it is the mechanism agreed to by NGOs who want to set some standards in the management of their affairs. Most self-regulatory mechanisms focus on transparency and accountability in management of the affairs of NGOs and there has been an increase adaptation of some of this mechanism in the world. In Uganda, the law envisages that a self-regulatory mechanism will be enforced through a self-regulatory body.

## **What is a self-regulatory body?**

Self-regulatory body is to a body set up by registered organizations that have come together and agreed that the body exercises some degree of regulatory authority over them upon consenting or resolving that they would abide by a set code of conduct, rules and procedures.

It should be noted that the definition of a self-regulating body is vague and could result into some form of networks and coalitions to be considered self-regulating entities.

## **What is a self-regulating mechanism?**

Self-regulatory mechanism means self-regulatory tools, rules and standards that organizations adopt to govern them under an agreed system.

## **Who can form a self-regulating body?**

Any two or more NGOs can come together to form a self-regulating body.

## **What are the requirements for the formation of a self-regulating body?**

The organizations intending to form a self-sustaining body should do the following:

- i. Apply for registration of the self-regulatory body in Form O;

- ii. Make a resolution (made by each organization by its management body) to join the self regulating body;
- iii. Develop and agree to a code of conduct;
- iv. Have minutes of meetings in which the issue forming a self-regulating body is discussed;
- v. A copy of the organizational structure and rules of the self-regulatory body;
- vi. A list of subscribing organizations and their physical address;
- vii. Proof of payment of the prescribed fees (Ugx: 60,000/=); and
- viii. The Bureau may need the organization to attach more documents in relation to the formation of the body.

After formation, a self-regulatory body will be issued with a certificate in Form P.

### **Can the bureau refuse to register a self-regulatory body?**

Yes, the Bureau can refuse to register a self-regulatory body if it considers that the objectives of the body are in contravention of the laws of Uganda.

Other issues that the bureau may consider to refuse registering the self-regulatory body include;

- a. where the proposed name is similar to an existing organization or another self-regulatory body or an existing government entity or a company;
- b. where the name is likely to cause confusion to the public; and
- c. where there is false or misleading information.

However in case of the above, the Bureau can also ask the organizations applying to change their name or clarify on the issues of concern.

Where the Bureau refuses to register a self-regulatory body, it shall inform the organizations applying the reasons for refusal within 30 days of taking the decision. The notification shall be in Form Q.

### **What can organizations do if the bureau refuses to register a self-regulatory body?**

Organizations can apply to the adjudication committee or to court in cases where the Bureau has refused to register them.

**Can a self-regulating body be dissolved once it has been formed?**

A self-regulatory body may be dissolved in accordance with its constitution or governing document. The body must thereafter notify the Bureau of its decision in writing within 7 days from the date of dissolution.

**What are the requirements for self-regulating mechanisms?**

The law requires that when organizations under a self-regulating body form self regulating mechanisms, the organizations shall inform the bureau of the mechanisms formed. The mechanisms may include tools, standards, rules etc. that the organizations have set.

The organizations are also required to inform the bureau in cases where they make changes to the mechanisms.

# ANNUAL RETURNS AND INFORMATION TO BE GIVEN TO THE BUREAU

## **What are annual returns?**

Annual returns can be said to be documents and other obligations that an NGO is required to submit to the Bureau and other government agencies every year in relation to its work.

It should be noted that the returns talked about in this booklet are for NGOs registered with the Bureau and there are other forms of annual returns that NGOs are required to submit to other government agencies such as Uganda Revenue Authority (URA), URSB, Land Registry etc.

## **What returns are NGOs required to submit to the Bureau?**

Every NGO is required at least once in a calendar year to submit annual returns in Form R. The annual returns include;

- a. A copy of audited books of accounts;
- b. A copy of the annual report;
- c. Minutes of a general assembly or the governing body of the organization; and
- d. Proof of payment of prescribed fees (Uganda shillings 50,000/=).

The organization may also be required to give information on sources of funding and its estimates and annual budget.

## **What returns are NGOs required to submit to local governments?**

An organization is required at least once in a calendar year to submit to the local government where it is working and to the district technical committee and to the DNMC the following:

- a. budget and estimates;
- b. estimates of income and expenditure;
- c. work plan;
- d. sources of funding; and
- e. any other information that may be required.

# COMMUNITY BASED ORGANIZATIONS

## **What is a CBO?**

A Community Based Organization (CBO) is an organization operating at a sub county level and below whose objective is to promote and advance the wellbeing of the members of the community.

From the definition of a CBO, it is clear the organization is expected to work beyond one sub county and where it is necessary for a CBO to work beyond a sub county, it should apply for extension of area of coverage.

## **What are the major legal differences between an NGO and a CBO?**

A CBO once registered does not become a legal person. For this reason, the CBO cannot own property, employ people or enter into contracts. A CBO is also limited in terms of areas of operation since it cannot be allowed to work beyond a sub county.

## **What are the requirements for registration of a CBO?**

A person or a group of persons intending to register a CBO will apply to the DNMC through the SNMC for registration. The SNMC will recommend the CBO to the DNMC for registration.

The persons applying should fill Form K, which should be accompanied by

- a. the Constitution of the CBO;
- b. a recommendation from the SNMC;
- c. work plan, budget or strategic plan; and
- d. proof of payment of prescribed fees (Ugx: 40,000/=).

The DNMC will consider the application and register the CBO and issue it with a certificate in Form L.

The certificate issued has the name of the CBO, the objectives and the area where the CBO will operate.

### **Where do I register a CBO?**

All CBOs are registered at the DNMC of the district in which they plan to operate.

### **Can the DNMC refuse to register a CBO?**

Yes, the DNMC can refuse to register a CBO if:

- a. The objectives of the CBO as specified in its constitution are in contravention with the laws of Uganda;
- b. The application for registration does not comply with the requirements of the law;
- c. The applicant has given false or misleading information in any material particular; and
- d. The proposed name of the CBO is the similar to that of an existing NGO or any entity operating within the same district; or
- e. The proposed name of the CBO is confusing or undesirable.

The DNMC may require persons registering the CBO to change the names or other things to be able to register them.

Where the DNMC refuses to register a CBO, it shall give reasons for the refusal in writing and notify the organization of its decision within 30 days in Form M.

### **What happens when the DNMC refuses to register a CBO?**

The DNMC will inform the persons of the refusal to register the CBO and the reasons for refusal within 30 days.

The person who has been refused to register a CBO can seek redress from the Arbitration Tribunal or from courts of laws.

### **Are CBOs also required to submit annual returns?**

Yes. A CBO is required to submit its annual returns in Form S at least once in every 12 years to the SNMC for forwarding to the DNMC. The returns shall be accompanied by a financial report, a copy of annual report, and minutes of the general assembly or governing board of the organization.

# DISSOLUTION AND WINDING UP

## **What is dissolution?**

Dissolution or winding up is a process through which a legal entity such as an NGO ceases to exist. This process is governed by law and focuses on ensuring the closure of an organization or entity does not harm the society e.g. it does not harm the beneficiaries, creditors and all those engaged with the entity.

## **How can an NGO be dissolved?**

Under the NGO Act, an NGO can be dissolved through two ways through which an NGO can be dissolved. They are:

- i. Voluntary dissolution.
- ii. Dissolution by court.

## **What is voluntary dissolution and how is it done?**

Voluntary Dissolution is when members of the organization mainly the top decision making body decides to close the organization for good and stop operating. This is normally done in accordance with the constitution or the governing documents of the organization. Such normally arises where the organization has achieved what it was set out to do, or the members for one reason or the other think the organization cannot continue in existence and need to stop it.

When members decided to stop operating or to dissolve the organization, the top decision making body of the organization will make a resolution through a meeting.

The organization shall publish the resolution in the Gazzette and in a newspaper with wide circulation.

The organization shall within 14 days after passing the resolution for dissolution inform the Bureau of the resolution and the reasons for dissolution.

After informing the Bureau, the Bureau shall register the resolution and the organization shall inform the official receiver within seven days.

The organization shall then develop a statement of affairs and submit it to the Bureau and to the official receiver. The statement of affairs is a statement that shows the assets and liabilities of the company including the names, residence and occupation of creditors; any form of security the organization could have given to them etc.

The Official Receiver will work out how to pay the creditors and call upon them to prove their debts. Once all the creditors are paid the balance of the organization's property will be dealt with in accordance with its constitution. Once the creditors are paid and a report is made, the organization will cease to exist.

### **What is dissolution by Court and how is it done?**

Under this, any person or the Bureau can petition court to have an NGO dissolved. The dissolution is done if the organization has done any of the following:

- a. is defrauding the public through its activities;
- b. its activities are threatening national security; or
- c. there is gross violation of laws of Uganda.

Once a person or the bureau petitions court, the court shall inquire into the affairs of the organization. Where court finds that the organization has committed any of the grounds named above, it will move to dissolve the organization.

### **What happens when the organization has been found to be in breach and it requires dissolution?**

Where court finds the organization to have done something that requires dissolution the organization shall be required to make a composition or scheme of arrangement showing the following:

- a. the assets and liabilities of the organization;
- b. the creditors and a full details of their debts; and
- c. the scheme how the organization intends to pay the debts.

The scheme shall be developed according to the constitution or governing document of the organization where necessary.

The scheme will then be given to the Official Receiver and a copy is given to the Bureau.

The official receiver will work on how to pay the creditors in accordance with the scheme and plan provided by the organization or with a way he finds it necessary. After paying the debtors, a report will be made to court and the organization will cease to exist.

### **What is the effect of dissolution?**

Once dissolution is made, the organization ceases to exist. No person can carry out any transaction on its behalf.

### **How does the law protect workers and creditors of an NGO being dissolved?**

The law provides for creditors who must be paid at the time it is being dissolved. The NGO Act does not provide for a scheme on who should be paid first, however, it provides that dissolution should be done in accordance with the Insolvency Act. The Insolvency law in Uganda provides that government dues should be paid first, followed by workers and then different categories of creditors.

### **How can a CBO be dissolved?**

A CBO does not have legal personality and does not require an elaborate process of dissolution. A CBO can be dissolved in accordance with its constitution or governing documents.





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