



**LAUNCH OF THE NATIONAL INTELLECTUAL PROPERTY POLICY (IP POLICY)
& THE SECURITY INTEREST IN MOVABLE PROPERTY REGISTRY (SIMPO)16TH
SEPTEMBER 2020REMARKS BY THE REGISTRAR GENERAL, UGANDA
REGISTRATION SERVICES BUREAU**

Your Excellency the President of the Republic of Uganda

The Rt. Hon. Prime Minister

The Minister of Justice and Constitutional Affairs, and Cabinet Ministers present

Permanent Secretaries and Heads of Government Ministries, Departments and Agencies

The Board Chairman, Uganda Registration Services Bureau

Distinguished dignitaries gathered here today

Ladies and Gentlemen, all protocol observed

Your Excellency,

Let me start by thanking you for hosting us and agreeing to carry out this duo launch of the National Intellectual Property Policy and the Security Interest in Movable Property Registry System (SIMPO). We at Uganda Registration Services Bureau (URSB) are proud to associate with your vision for the transformation of Uganda from a peasant to a Modern and Prosperous Country as articulated in the Vision 2040, the National Development Plans and the NRM Manifesto.

Your Excellency,

It is common knowledge that current modern state economies largely stand on '*two legs*' of infrastructure, namely the Hard Infrastructure and the Soft Infrastructure.

The Hard Infrastructure refers to the large physical networks necessary for the functioning of a modern economy and includes the Roads, Railways, Airports etc which enables transportation of people and goods (raw materials and finished products) from producers to consumers. The hard infrastructure is essential for the development of the economy.

Equally important is the soft infrastructure which refers to all the services that are required to maintain the economic, health, cultural and social standards of the country. URSB is a semi-autonomous institution that contributes to the Government's efforts in the provision of soft infrastructure that lead to:

- a. Formalization of the economy,
- b. Economic development through the exploitation of the knowledge economy,
- c. Corporate rescue of companies that would otherwise be liquidated, hence reducing on the 'death rate' of companies, and liquidation of companies where that is the intention,
- d. Facilitating access to credit for vulnerable groups 'omuntu wa wansi/bulijjo' and
- e. Protection of the integrity of the family which is the basic unit of society

Permit me, Your Excellency, to highlight the various services URSB provides to both local and international clients:

- 1- We register companies and businesses- Formalization of the economy is vital in increasing the tax base. As at September 11, 2020, URSB had registered 665,612 companies and business names in the following sectors: Agriculture, Manufacturing, Construction, Mining, hotel and Real Estate, among others. To expand the tax base, URSB has undertaken various programs including the Tax Register Expansion Program (TREP) which is a tripartite program between URSB, Uganda Revenue Authority and Kampala Capital City Authority through which all businesses operating in greater Kampala are being formalised. This has brought 111,065 potential tax payers on the register through formalisation of their businesses. Due to the success of the program it was subsequently rolled out nationwide in all districts of the country.

We established the Government of Uganda Business Facilitation Centre, a one stop center that comprises of URSB, URA, KCCA, Ministry of Local Government, Uganda Free Zones Authority, NIRA, NSSF, and the Ministry of Lands, Housing and Urban Development, whose representatives sit under the same roof at the URSB head office. These institutions all work together to simplify processes by providing prompt and seamless services to the citizenry.

I am proud to report that the construction of the new headquarters of the Government of Uganda Business Facilitation Centre at Plot 1 Baskerville Avenue, Kololo is nearing completion. The building will house URSB, UIA and CMA which are some of the key Government Agencies that provide services to investors and the business community in Uganda. Other Government agencies will also have presence at the facility. This will enhance Uganda's trade and business competitiveness by greatly reducing the cost and time taken to set up and run a business venture in Uganda.

To serve the people better, the services of URSB were decentralized and Regional offices were opened in Arua, to serve the West Nile Region, Gulu to serve the Northern Region, Mbale to serve the Eastern Region and Mbarara to serve the Western region. Branch offices were opened in Kampala at down town Nakivubo, UIA offices and at Uganda Posta. We expect to open more Regional Offices when funds are available.

- 2- We also carry out marriage registration, a civil responsibility. The foundation of any society is in a family and strong families are a buffer against the most costly social ills that plague society. Registration of marriages contributes to promotion of social order, protects the girl child against early marriages, protects women against exploitation by empowering them and supports Government planning.
- 3- URSB is also responsible for regulating insolvency practice in Uganda. We recognise that there is inherent risk in starting and running any business. The law on insolvency provides for business rescue for companies that are financially strong (with assets) but are in trouble because of liquidity issues. The law further provides for orderly dissolution of a business to allow for the full value of the business to be preserved in order for creditors, stakeholders and shareholder to recover some benefit.
- 4- URSB also administers the Security Interest in Movable Property Act of 2019 which provides for a register for movable assets used as collateral. The existence of the Registry is expected to improve the access to affordable financing especially for the vulnerable groups (women and youth) and the SMEs who do not have land or the nature of security required by the traditional lenders.
- 5- URSB carries out registration of intellectual property rights. As the National Intellectual Property Office, URSB is responsible for registration of patents that protect inventions;

trademarks that protect signs, marks, logos and slogans used in commerce; industrial designs that protect the look of products that make them attractive to consumers; and copyright that protects literary and artistic expressions such as books, films, songs, computer programs and databases, photographs and handicrafts, among others.

Your Excellency,

Following the launch of the Vision 2040, URSB in its capacity as the National IP office was tasked with spearheading the formulation of the National Intellectual Property Policy that we are launching today.

Through studies and consultations with stakeholders, it became apparent that there were systemic and structural gaps in the generation, protection, commercialization and enforcement of IP which is the intellectual property value chain. This was due to lack of appropriate intellectual property infrastructure to support innovation and creativity which was compounded by inadequate human capital development for this intellectual property value chain. This was a result of the limited appreciation of the potential of IP as a driver of socioeconomic development. It was even more apparent in the low levels of intellectual property registrations compared to the innovation and creativity that was going on in the market. The Policy addresses the issue of inadequate utilization of the IP system.

Your Excellency, the purpose of the IP Policy is to provide direction and interventions that will enable IP stakeholders to work towards creating, protecting and commercially exploiting innovations and creative works. The purpose of the intellectual property system is to protect the value inherent in our creative and inventive activities. Creativity and inventiveness are natural human endeavors.

As you have mentioned before Your Excellency, the real economy which is the best expression of this human endeavor is durable because necessity breeds invention. When there is freedom to innovate, challenges become opportunities. For example, Prof. Bazirake wanted to address the issue of waste in banana business and invented vacuum sealed fresh bananas; Dr. Nambatya wanted to address the toxicity in western therapies and is developing herbal based healthier therapies; Kiira Motors represented here today by its Chief Executive Officer, Mr. Paul Musasizi, is working on environmentally friendly mobility solutions to address

pollution in our cities; UIRI under Prof. Kwesiga is supporting various start-up businesses to address unemployment and the list goes on.

Your Excellency,

Today we launch the National IP Policy and SIMPO amidst the COVID-19 pandemic. This world-wide health crisis presents one of the largest economic challenges of our time. The pandemic has nonetheless, demonstrated the durability of the Real Economy. We have seen start-up businesses spring up to manufacture sanitizers, masks and other protective equipment. Researchers and scientists such as Dr. Bazeyo at Makerere University have designed and manufactured medical ventilators and all this has been powered by intellectual property. During the pandemic so far we have registered 27 patents and designs providing COVID-19 solutions for the public.

The common thread running through these innovators is that they depend on, or otherwise create Intellectual Property in their various interventions. It therefore follows that for accelerated industrialization and import substitution strategies, intellectual property rights are a key consideration.

A number of laws have been enacted to further protect intellectual property and of particular interest is the Geographical Indications Act through which we can protect most of the agricultural products from Uganda that have unique characteristics by which they can attract a premium on the local and international market. An example is Bugisu Coffee from Mt Elgon region in Eastern Uganda. The name Bugisu used on coffee speaks of premium Arabica coffee from Bugisu that is highly sought after by the market and therefore, attracts higher prices for farmers. Studies in other countries like Cameroon, Ethiopia, and Colombia have shown that products protected by geographical indications attract on average of 30% more income than those marketed without such protection. Geographical indications therefore, present an opportunity for wealth creation in rural households.

Your Excellency

The solutions to the challenges that the country is facing including feeding millions of Ugandans, providing clean and safe water to households, creating jobs for the unemployed,

and addressing challenges of rapid urbanization lie in effective harnessing of our inventiveness and creativity through use of intellectual property. URSB is the Government Agency responsible for the coordination of this process.

Your Excellency,

The vision of the IP Policy is: 'A Uganda where innovation and creativity stimulate sustainable development, and the Mission is: 'to create a robust IP value chain that fosters innovation and creativity as pillars for sustainable development. The Policy goals are:

- a. To establish appropriate IP infrastructure that supports innovation and creativity
- b. To develop human capital for the IP value chain; and
- c. To enhance the utilization of the IP system.

The implementation of the strategies of the IP Policy will be multi sectoral and involves a number of Ministries, Departments and Agencies. The National Task Force has been constituted by the Office of the Prime Minister to oversee the implementation of the Policy.

We are humbled that you will be launching the IP Policy today and that the launch will kick off the implementation of the Policy.

Your Excellency,

URSB further spearheaded the enactment of the Security Interest in Movable Property Act of 2019. The purpose of the law is to encourage lending against movable property such as crops, bicycles, vehicles, intellectual property assets, among others. The Act established the Security Interest in Movable Property Registry (SIMPO) which we are launching today.

Your Excellency,

The NDP II 2015/16-2019/20 identified limited access to credit as one of the major challenges to Doing Business in Uganda. It is also public knowledge that lenders prefer the use of immovable property over movable property as collateral for money advanced/loans, mainly due to the risks associated with movable property. The purpose of the SIMPO Registry is to promote financial inclusion and increase access to credit for women, youth, and micro, small

and medium businesses that do not have fixed assets such as land that is usually the required collateral by traditional lending institutions.

The NDP III 2020/21 – 2024/25 noted that the credit available to the private sector is characterized by high interest rates and high collateral requirements. It is expected that SIMPO will further promote prudent lending practices due to inherent transparency built into the system. The outcome of this is that lenders' risk will reduce and in the long term the interest rates will also fall.

Empirical data from Uganda's MSME Policy of 2015 reveals that the private sector in Uganda is dominated by about 1.1 million MSMEs and altogether these MSMEs employ approximately 2.5 million people. However, by and large, access and the cost of finance undermine their survival and development, thereby limiting their potential to deliver inclusive growth and jobs for many Ugandans. SIMPO comes in to spur MSME growth and survival beyond their third birthday, by helping lenders to manage the lending risks through instant registration of their security interests.

Allow me now Your Excellency, to report on the performance of SIMPO which was rolled out to the public in September 2019. Within a year of its establishment the following have been registered:

- Over 4,000 registrations have been made on the system and the most commonly used assets to secure loans are motor vehicles and motorcycles (boda bodas). These account for most of the property owned and pledged by borrowers including MSMEs;
- The majority of loans (for which the securities are registered in SIMPO) were given to the transport, agriculture, wholesale and retail, accommodation and food industry, arts, education, real estate, and health sectors;
- 75 financial and non-financial institutions have signed up as users on SIMPO. These include commercial banks, microfinance institutions, licensed money lenders, and SACCOs;
- There are 576 women out of the total 4198 borrowers have been able to access credit through SIMPO;

- The information in SIMPO also shows that the credit needs of micro, small and medium enterprises are slowly beginning to be addressed by lenders. 86 MSMEs out of the total 4198 borrowers were able to access loans.

Your Excellency, allow me share the trend at the establishment of collateral registries in some African countries which have undertaken this reform:

- Ghana was the first country in Africa to establish an online collateral registry in February, 2010. As at December 2012, the number of registrations in the collateral registry was 40,554, according to a World Bank report. By June, 2012, more than 5,000 SMEs and 22,000 microbusinesses had received more than US \$ 3 billion in financing from banks and non-bank financial institutions. All these loans had been secured with movable property.
- In Nigeria, the movable collateral registry was established in 2016 and by 24th August 2017, 136 financial Institutions, 22 commercial banks, 106 microfinance banks, 1 non-bank financial institution, 3 merchant banks, 3 development finance institutions and 1 non interest bank had registered 16,236 financing statements for 20,684 movable assets on the registry platform valued at 392 billion Naira which is approximately US \$ 1 billion.
- In Liberia, the collateral registry was officially launched on June 18, 2014 at a time when the country was faced with the Ebola crisis. The crisis notwithstanding, 2 years after the launch, by June 2016, the registry had recorded 527 security interest registrations, facilitating financing of more than US \$ 237 million.
- In Malawi where the registry was established in 2016, in the first year of its operation, the registry recorded 9951 registrations (individuals had 4370 loans, Large Businesses had 27 loans, Medium Businesses had 10 loans, Micro Businesses had 2368 loans, and Small Businesses had 3176 loans).

Your Excellency, this demonstrates that movable collateral registries like SIMPO, are intended to address the credit needs of individual borrowers as well as micro, small and medium enterprises.

By way of comparison, URSB with over 4,000 registrations in the first year of SIMPO's operations has immense potential to yield very positive results, and we are confident that it will

achieve its intended impact of facilitating individual entrepreneurs and MSMEs to acquire affordable loans and other lines of credit.

Once again, Your Excellency, we are humbled by your presence in the launch of this important product that will lead to financial inclusion of the underserved in our country.

Your Excellency

As you launch the National IP Policy and the Security Interest in Moveable Property Registry, allow me to take this opportunity to update you briefly on additional achievements of URSB in relation to increased provision of services and collection of NTR.

I am pleased to announce the improved collections in Non-Tax Revenue following the establishment of systems, policies and procedures that eradicated revenue leakage at URSB; and awareness creation and sensitization of the public about the services offered by USB. At inception of the Bureau in the financial year 2011/12 the monthly collections rose to Ushs 1.5 billion in contrast to the Ushs 250 million monthly collections before the establishment of URSB. For the financial year 2012/13 a total of Ushs 7.5 billion was collected in the seven months to the end of the financial year. The revenue collections exponentially grew from **UGX 7.51 Bn** in the year 2012/13 to **UGX 56.8 Bn** in the year 2018/19. In the financial year 2019/20 the disruption by the COVID 19 pandemic led to a drop in revenue collection to Ushs 37.49 billion. Cumulatively since inception URSB has collected a total of Ushs 264.455 billion. We are currently finding innovative ways of continuing to serve the clients despite of the pandemic. Many of the services are online or offered through other electronic means like email to enable the continuity of services as we observe the SOPs and guidelines for the prevention of COVID-19

We further expect, Your Excellency, that with the launch of the IP Policy and the SIMPO Registry we will enhance our NTR collections because of the increased consumption of the two services.

As I conclude, Your Excellency, allow me to extend my appreciation to you for your personal

support to scientists, through various funding mechanisms with the latest being the innovation fund administered by the Ministry of Science, Technology and Innovation and Ministry of ICT. I would also like to thank you for your support to the creative industry. This industry that is based on copyright is estimated to constitute between 4% and 7% of GDP with the potential to create hundreds of thousands of job opportunities.

I would like to appreciate the continuous support from the Ministry of Finance, Planning and Economic development and the Justice, Law and Order Sector (JLOS) in the continuous funding of a number of URSB programs. I would like to specifically thank the Permanent Secretary/Secretary to the Treasury who has been very supportive of Government programs that are undertaken by URSB.

I thank the Ministries of Justice and Constitutional Affairs, Science Technology and Innovation, ICT and National Guidance, Trade, Industry and Cooperatives, Works and Transport, Local Government, Gender, Labour and Social Development; and the following Agencies: Uganda Revenue Authority, Uganda National Bureau of Standards, Bank of Uganda, Uganda Industrial Research Institute and Kampala City Council Authority for the collaboration and partnership in the provision of services to the public.

I appreciate the World Intellectual Property Organization and the African Regional Intellectual Property Organization for the partnership in the promotion of IP in Uganda. I would further like to thank Financial Sector Deepening Uganda for the support in the establishment of the SIMPO Registry.

And last but not least, I thank the various private sector and international partners that have participated in the development and improvement of URSB services to the public.

Your Excellency,

For the results that we have delivered and continue to deliver, I appreciate our dedicated Board Members led by Ambassador Francis Butagira, our Board Chairman.

Allow me, Your Excellency, to thank the Honorable Minister for Justice and Constitutional Affairs for his unwavering support to the Board, Management and Staff of URSB.

Once again I would like to thank you, Your Excellency, for officiating over the launch of the National IP Policy and the Security Interest in Moveable Property Registry. I thank you all

For God and My Country