



# UNMASKING THE SHADOWS:

The Real Estate Sector Fueling Money Laundering In Uganda



NOVEMBER 2025

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# ACKNOWLEDGEMENTS

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## List of Acronyms

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AMAATM	Agreement on Mutual Administrative Assistance in Tax Matters
AML	Anti-Money Laundering
AMLA	Anti-Money Laundering Act
AREA	Association of Real Estate Agents
BoU	Bank of Uganda
CSO	Civil Society Organization
DTA	Double Taxation Agreement
DNFBPs	Designated Non-Financial Businesses and Professionals
EACCMA	East African Community Customs Management Act
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group
FATF	Financial Action Task Force
FIA	Financial Intelligence Authority
IAF	Inter-Agency Forum
JLOS	Justice Law and Order Sector
MAAC	Mutual Administrative Assistance in Tax Matters
MDA	Ministry Department and Agency
MLHUD	Ministry of Lands, Housing and Urban Development
NACS	National Anti-Corruption Strategy
OECD	Organization for Economic Co-operation and Development
STR	Suspicious Transaction Reporting
TIN	Tax Identification Number
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau

## 1.0 Executive Summary

In August 2023, Transparency International Uganda (TIU) with support from Global Financial Integrity (GFI) undertook a study entitled “Unmasking The Shadows” focusing on Real Estates as an enabler of money laundering in Uganda. The study was done using a desk review and data collection from key respondents drawn from private sector, CSOs and government. The study report noted that the real estate sector in Uganda is an important contributor to the country’s economy. It’s estimated value in 2025 is more than US \$356bn (Statista Uganda) with estimated annual growth of 6.95 percent from 2025 to 2029.<sup>1</sup> Uganda’s real estate sector also presents some money laundering risks, despite being governed by several laws and principles. Uganda has diverse land tenure systems that include Customary, Leasehold, Freehold, and Mailo. These systems govern how land can be acquired, owned, utilized, and disposed of in the country.

The real estate regulatory framework in Uganda is governed by several laws and principles. Compliance with these laws is crucial for anyone looking to buy, sell, or develop real estate in Uganda. Likewise, Uganda has a comprehensive anti-corruption institutional and regulatory framework aimed at combating corruption. These initiatives reflect Uganda’s commitment to combating corruption across various sectors and institutions.

Uganda has a legislative framework for anti-money laundering, governed by the Anti-Money Laundering Act of 2013, which aims to prohibit and prevent money laundering and establish the Financial Intelligence Authority.

In Uganda, land ownership interest is classified into four tenure systems; Free hold, Customary, private Mailo land and leasehold. These are recognized by Uganda’s 1998 Land Act that grants rights to property for various occupancy arrangements on land. The ideal land transaction process in Uganda involves several key steps to ensure a legal and secure purchase.

The Uganda Registration Service Bureau is mandated to register all business in Uganda but currently, there is no publicly accessible register of Real Estates Beneficial Owners.

The enablers of IFFs in the Real estate’s sector include: Property Brokers (including lawyers); Facility Managers; Foreign Investors; Government / Public Workers and Politically Exposed Persons; Security Personnel; Financial Institutions (Forex Bureaus, Mobile Money Agents, Crypto currency, Banks); Corporate Bodies; and others to include churches and NGO.

Despite some existing challenges Uganda is implementing many measures to curb money laundering that include: amendment of the company’s act to create provisions for Beneficial Ownership Transparency; joining the Extractive Industry Transparency Initiative (EITI) to

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<sup>1</sup> Financial insights – Real estate in Uganda <https://www.statista.com/outlook/fmo/real-estate/uganda>

improve company transparency especially among mining and extractives companies; creation of the land information system under MLHUD to enhance transparency in lands sector; amendments to the Leadership code and institution of the leadership code tribunal to enhance declaration of assets by elected leaders; synchronizing national data with the National Identification System for seamless access to information by public authorities such as URA, Banking Institutions, Security Agencies and Immigration; domesticating a law on automatic exchange of information- the automatic exchange of information Act 2023; strengthening implementation of the AMLA causing more compliance among target bodies and agencies.

The study has provided the following recommendations:

- » Enhance transparency and access to information in land and real estate transactions.
- » Support relevant authorities in Uganda to implement their mandate
- » Promote compliance in financial systems
- » Enhance state party coordination in information sharing and mutual legal assistance
- » Enact and implement strong regulatory framework including regulating cash based transactions in real estates



## 2.0 | INTRODUCTION



The fight against money laundering in Uganda involves a multi-faceted approach that includes regulatory, law enforcement, and international cooperation efforts to protect the integrity and stability of the financial system and cut off the resources available to money launderers and terrorist financiers.

World over, the real estate sector has been dubbed as one of the largest and safest avenues of investment. Attributed to the growing demand for housing worldwide, the appreciation of land and tax benefits through various allowable deductions attributed to such capital intense investments. In Uganda, the real estate sector is experiencing significant growth driven by various factors including rapid urbanization, recovery in the economy post the COVID – 19 pandemic, increase in demand for housing and office space, increase in prices for properties and increasing foreign investment in the sector.<sup>2,3</sup> The real estate sector in Uganda is an important contributor to the country's economy with an estimated contribution of eight percent to the country's GDP and estimated value of the sector which is expected to reach US \$356.90bn by end of 2025.<sup>4,5</sup> The sector is estimated to attain an annual growth of 6.95 percent from 2025 to 2029 resulting in market volume of US\$514.40bn by the year 2029.<sup>6</sup>

However, the sector faces challenges attributed to its capital intensive nature coupled with high financing costs leading to diminishing affordability amid rising housing demand.<sup>7</sup> While investment in Uganda's real estate sector remains open, legislation pertaining to land ownership imposes restrictions on freehold land ownership for foreigners. However, lease ownership is allowed for foreign investors starting from five years to 99 years in accordance with Article 237 (2) (c) of the constitution of Uganda 1995 (as amended) and Section 40 of the Land Act as Amended.

Despite these challenges, real estate remains a vital sector driving Uganda's economic growth. The market is diverse, with high demand for affordable housing driven by the expanding economy and rapid population growth currently estimated at 3 percent per annum. According to a report by Habitat for Humanity, Uganda has a housing deficit of 2.4 million units against the 8 million units readily available on the market.<sup>8</sup>

Arising from regulatory and oversight weakness, Uganda's real estate sector presents a high risk for money laundering.<sup>9</sup> The Financial Intelligence Authority's (FIA) National Risk

<sup>2</sup> <https://www.ubos.org/wp-content/uploads/publications/RPPI-Press-Release-Q2-2024-25.pdf>

<sup>3</sup> Knight Frank Uganda's performance review of Kampala's property market over the first half of 2024 <https://content.knightfrank.com/research/2878/documents/en/h1-2024-kampala-property-market-performance-review-h1-2024-11446.pdf>

<sup>4</sup> Statistics for Uganda's real estate sector <https://theafricaninvestor.com/blogs/news/uganda-real-estate-market>

<sup>5</sup> <https://www.statista.com/outlook/fmo/real-estate/uganda>

<sup>6</sup> Financial insights – Real estate in Uganda <https://www.statista.com/outlook/fmo/real-estate/uganda>

<sup>7</sup> <https://spectrumproperties.co.ug/is-ugandas-real-estate-sector-still-profitable/>

<sup>8</sup> [https://housingfinanceafrica.org/countries/https-housingfinanceafrica-org-countries-2021-housing-finance-yearbook-uganda-profile-preview\\_id4913preview\\_nonce47096f2804\\_thumbnail\\_id-1previewtrue/](https://housingfinanceafrica.org/countries/https-housingfinanceafrica-org-countries-2021-housing-finance-yearbook-uganda-profile-preview_id4913preview_nonce47096f2804_thumbnail_id-1previewtrue/)

<sup>9</sup> <https://enoughproject.org/blog/new-sentry-advisory-highlights-money-laundering-risks-african-real-estate>

Assessments continue to rank the real estate sector as a high risk for money laundering in Uganda with an overall vulnerability score of 1.0 and quality of controls rated at 2.0 out of a scale of 5.0.<sup>10,11</sup> The unregulated, yet booming, sector has provided a haven for laundering illicit proceeds resulting from corruption, financial crimes and trade related malpractices facilitated by limited awareness of the AML regulations, inability to track illicit actors, limited exchange of information mechanisms, and influence of politically exposed persons (PEPs) amongst other factors.<sup>12</sup>

Following the amendment of the Companies Act (2012), Uganda introduced a requirement that mandates disclosure of beneficial ownership by companies and maintenance of a beneficial ownership register by Uganda Registration Services Bureau (URSB). This was intended to facilitate the curbing of illicit financial flows, facilitate tax administration, and promote corporate transparency amongst companies in Uganda. However, while this step is helpful in curbing illicit financial flows and money laundering, lack of a sector-specific regulatory framework for real estate could undermine the intended outcomes. The specific regulation, and establishment of oversight body to govern economic activity within the sector, are needed to ensure good practices and adherence to the AML regulatory framework.

In Uganda, real estate based money Laundering and IFFs are curbed and managed through tax systems and tax administration; financial systems; national registry; land administration and investment management systems. With proper implementation of these provisions, money laundering in real estate can be combatted. However, Uganda has a complex political economy so inter-twined in the country's administrative system that politics influences most processes in the country.

The OECD has developed toolkits to help jurisdictions such as Uganda implement effective beneficial ownership frameworks. These toolkits provide policy considerations and checklists for identifying and collecting beneficial ownership information in line with international standards. Uganda's beneficial ownership laws require companies and partnerships to submit information about their beneficial owners to the Uganda Registration Services Bureau (URSB). The Companies (Beneficial Owner) Regulations, 2023, and the Partnership (Beneficial Owner) Regulations, 2023 elaborate on the format of notices and information required to be filed. However, according to respondents, there is only partial application of beneficial ownership standards in Uganda's land transactions. Corruption and lack of transparency in the land transfer process in Uganda are significant issues that influence the country's land administration and ownership.

<sup>10</sup> <https://www.fia.go.ug/national-risk-assessment-nra-2023-and-terrorism-financing-risk-assessment-non-profit-organisations#:~:text=The%20overall%20objective%20of%20this,Non%2DProfit%20Organizations%20that%20were>

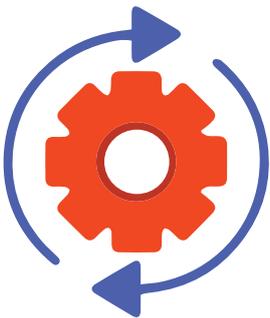
<sup>11</sup> <https://www.fia.go.ug/sites/default/files/MONEY-LAUNDERING-AND-TERRORISM-FINANCING-NATIONAL-RISK-ASSESSMENT-2023.pdf>

<sup>12</sup>The Sentry Advisory report, "Looted Funds Used to Buy Real Estate,"

## 2.1 Strategic Objectives of the Study

- ⊕ Establish a nexus between domestic resource mobilization and improved corporate land ownership integrity.
- ⊕ Understand risks associated with illicit financial flows in Uganda's real estate's sector

### 2.2.2 Methodology



The development of this study was facilitated by primary data collection through strategic interviews with field experts, government technocrats, respondents from civil society, legal practice, investigative journalists and members of the private sector. A desk review was also conducted to analyze secondary data relating to the processes in landownership, property acquisition and transfer and other areas relating to real estates. This study therefore presents the qualitative and quantitative findings regarding aspects of money laundering and illicit financial flows. It also presents recommendations on how stakeholders can create improvements to curb money laundering. Furthermore, the report has been peer-reviewed by a team of experts who verified the accuracy of the information provided. A validation workshop was held on 5 December, 2023, in Kampala with representatives of civil society, academia, government officials, plus independent consultants provided input and feedback on the findings.



## 3.0 | OVERVIEW OF UGANDA'S REAL ESTATE SECTOR



Uganda's real estate sector has shown significant growth, with its estimated value standing at \$305.9bn in 2023 (Statista/ Uganda). By the end of 2025, the sector is expected to grow further to USD 356.90 bn marking a cumulative increase of 16.69 percent from the 2023 baseline (CAGR 2024-2028). Looking ahead, the sector is anticipated to sustain an annual growth rate of 6.95 percent from 2025 to 2029 culminating in a market value of USD 514.40 billion by 2029. This represents

a remarkable potential growth of 68.17 percent over the next six years highlighting the sector's expansion driven by rising housing demand, population growth and increasing urbanization supported by the creation of new cities in Uganda.<sup>13</sup>

The real estate market in Uganda is experiencing a surge in demand for residential properties due to population growth and urbanization.<sup>14</sup> For most Ugandans, real estate serves as a primary means of preserving wealth representing a substantial portion of their financial assets. Given the large housing deficit estimated at 2.1 million units with projected growth to 3 million units by 2030 according the UBOS 2022 dataset, coupled with high population annual growth rate of 3 percent per annum and a high urbanization rate of 5.2 percent, the sector has significant potential for investment due to high demand for housing and real estate services.<sup>15</sup>

The scope of the country's real estate mainly is composed of land, commercial and residential housing, hospitality and industrial property. The growth in the sector has been facilitated by improvement of infrastructure, including a large roads network and improvement in the water and sewage systems, communications infrastructure, the relatively peaceful and secure environment and growing interest in the Multilateral Corporation Investment program (?).

<sup>13</sup>Calculations premised on available information on Statista data base

<sup>14</sup> <https://www.statista.com/outlook/fmo/real-estate/uganda>

<sup>15</sup>National Population and Housing Census 2024 Final Report <https://www.ubos.org/wp-content/uploads/2024/12/National-Population-and-Housing-Census-2024-Final-Report-Volume-1-Main.pdf>

## 3.1 How Is the Real Estate Composed in Uganda?

### 3.1.1 Land and Tenure in Uganda

Article 237 of the Uganda Constitution lays out the principles governing land ownership within the country. According to this provision, all land in Uganda is vested in the citizens of Uganda establishing a fundamental connection between land in Uganda and its people. This is further emphasized in Section 2 of the Land Act (1998) which establishes a constitutional principle affirming the right to Ugandan citizens to hold and utilize land. Uganda's distinct land tenure systems reflect the diverse historical, cultural, and economic dynamics shaping land ownership and management in Uganda. By recognizing and accommodating these different systems within its constitutional framework, Uganda seeks to balance both commercial and non-commercial interests of individual landholders and communities promoting sustainable land use and development.

Land acts as a base for real estate processes in Uganda. Uganda has a diverse land tenure system governed by the Land Act (1998) and the 1995 Constitution. Comprised of the Customary, Leasehold, Freehold, and Mailo tenure systems, each tenure system dictates how land is acquired, owned, utilized, and transferred.



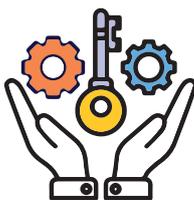
**1. Customary Tenure<sup>16</sup>:** This system refers to land that is owned based on the norms and traditions of a given community or society in Uganda. It is a communal ownership arrangement where land is owned by families or clans.



**2. Leasehold Tenure<sup>17</sup>:** Under this system, a person is granted the right to lease land for a specified period, usually up to 99 years. This system is available to both citizens and non-citizens.



**3. Freehold Tenure:** This system bestows upon someone ownership of registered land in perpetuity, allowing the landowner to use it for any lawful purpose and to sell, rent, lease, or dispose it off by will. Only citizens of Uganda are entitled to own land under freehold tenure.



**4. Mailo Tenure:** Arising from the 1900 Buganda agreement, the British government allocated a sizeable amount of land to the kingdom of Buganda. This Mailo land system, mainly involves land held by the Buganda Kingdom as the land owner but allows occupants to register certificates of title. Therefore, tenancy is by occupancy or leasehold except for free hold Mailo land.

<sup>16</sup> <https://justicecentres.go.ug/glossary/customary-land-tenure/#:::text=Most%20of%20the%20customary%20land,have%20or%20own%20land%20titles.>

<sup>17</sup> [https://www.moorlandconsults.com/leasehold-tenure-system-in-uganda/#:::text=Leasehold%20Tenure%20System%20is%20the,%2C%20Section%2040%20\(2\).](https://www.moorlandconsults.com/leasehold-tenure-system-in-uganda/#:::text=Leasehold%20Tenure%20System%20is%20the,%2C%20Section%2040%20(2).)

### 3.1.1.2 Process of Land /Property Transactions in Uganda (Info-Graphics)

Ideally, the property transaction process in Uganda follows multiple steps to guarantee secure purchase, the main steps involved include;

- 1. Appoint a Lawyer:** For provision of legal advice on property purchase and drafting of relevant agreements.
- 2. Identification of land and properties for purchase.** This could include determining the purpose of the land (residential, commercial or agricultural), and assessing the suitability based on location, accessibility, size, and environmental factors.
- 3. Carryout due diligence processes including site visits, community consultations, Land Title search,** conduct surveys and boundary openings. All these processes align with legal recommendations in the Land Act and Registration of Titles Act. While these are the best practices it is important to note the Land Act spells out some issues pertaining to each land tenure system that must be observed during the due diligence phase. This may include appointing an attorney to support the process through provision of legal advice, and opinions on identified property and drafting of the relevant documentation.
- 4. Meet the Owner and Negotiate Prices:**
- 5. Preparation of the Sale Agreement:** A sale agreement should be drafted by relevant parties with clear terms and conditions agreed upon.
- 6. Payment of Land/Property Rates:** ideally, the seller should clear any pending rates on the property and present clearance certificates before completing the transaction.
- 7. Transfer Documents and Consent to Transfer:** This involves the completion of land title transfer forms and the registration of the transfer.
- 8. Property Valuation and Stamp Duty Payment:** Currently, a rate of 1.5% stamp of total property value Property applies in Uganda.
- 9. Final Payment and Exchange of Completion Documents:** It is at this stage that the transaction is complete.

### 3.1.2 Commercial Properties



Commercial real estate can be defined as property set up mainly to generate profit and harbor business operations with potential of capital gain. Uganda's commercial property market is mainly composed of shopping malls and arcades, office space, private schools and health facilities, places of worship, hospitality and tourism and mixed-use developments, among others. Uganda's commercial real estate sector reflects the country's dynamic economic landscape and diverse social fabric. Investors, developers and stakeholders continue to explore opportunities to meet the evolving demand of business, communities and consumers across various sectors.

### 3.1.3 Residential Property



Residential real estate is mainly property solely for housing purposes. These could also be able to attract rental income, but their main objective is to satisfy housing demands. Therefore, properties such as apartments, housing estates, family houses and condominiums, among others. Making money out of residential properties is in a way that owners charge rental fees or resale the property. In Uganda, the residential real estate sector is one of the leading and fastest growing components of the economy mainly resulting from the high 3 percent population growth rate in the country and rapid urbanization leading to an estimated deficit of about 2.4 million housing units in the country.<sup>18</sup>

### 3.1.4 Hospitality



Currently, Uganda is positioning herself as a tourism destination in the region because of the country's vast endowments. This, therefore, calls for huge investments in the hospitality industry. Uganda's hospitality sector is comprised of hotels, resorts and beaches, bar and night clubs, restaurants, Casinos and gaming centers, among others.

<sup>18</sup> [https://housingfinanceafrica.org/countries/https-housingfinanceafrica-org-countries-2021-housing-finance-yearbook-uganda-profile-preview\\_id4913preview\\_nonce47096f2804\\_thumbnail\\_id-1previewtrue/](https://housingfinanceafrica.org/countries/https-housingfinanceafrica-org-countries-2021-housing-finance-yearbook-uganda-profile-preview_id4913preview_nonce47096f2804_thumbnail_id-1previewtrue/)

### 3.1.5 Industrial



The industrial real estate sector is composed of those properties used to facilitate production and manufacture of goods and provision of other industrial related services. Uganda's industrial real estate sector is driven by the current government priority under the Uganda Investments Authority to establish industrial parks in target locations across the country. Currently, the country boasts of over nine industrial parks.<sup>19</sup> Therefore, this has attracted investments in warehousing, showrooms, Manufacturing plants, assembly units.

## 3.2 ENABLERS/ ACTORS AND THEIR ASSOCIATED RISK TO UGANDA'S REAL ESTATES SECTOR



Estimating the exact scale of illicit financial flows in Uganda particularly pertaining the real estate sector is challenging due to the secrecy that surrounds these practices and the limited regulations around the sector in general. Therefore, the role of designated non-financial businesses and professionals in facilitating licit and illicit transactions cannot be overstated. Many of these entities serve as accountable persons explicitly listed in the second schedule on the Anti-Money Laundering Act 2013. Gatekeepers such as lawyers, bankers, brokers, real estate agents and other actors have the core mandate to conduct due diligence on their clients and avoid integration of illicit funds within/through the target sector.

The report's findings identified several enablers of IFFs in the real estate sector including individuals and entities designated as accountable persons according to the AMLA. Respondents ranked the enablers based on perceived level of risk and prior experience and information available with government workers and (PEPs) ranking highest at 16.25 percent. Additionally, entities such as churches which are subject to limited regulatory oversight have been identified as potential facilitators of IFFs in Uganda. The existing regulatory gap renders such entities susceptible to exploitation for money laundering purposes.

### 3.2.1 Designated Non-Financial Businesses and Professionals (DNFBPs)



Property brokers, real estate agents, lawyers, property developers and dealers and facility managers predominately drive the country's real estate sector. The DNFBPs play a critical role in facilitating transactions including acquisition and management and disposal, which at times includes usage of illicitly-acquired funds. The sector is categorized as

<sup>19</sup><https://www.ugandainvest.go.ug/inside-ugandas-industrial-boom/>.

a high net worth sector due to the capital-intensive nature, significant rates of return on investment, and the substantial financial resources required to sustain the operations. These make the sector a magnet for large financial transactions often involving long term investment portfolios attracting both legitimate and illicit funds as its transactional scale and complexity providing opportunities for concealing wealth and heightening its vulnerability to money laundering and financial crimes.

In practice, most of the property brokers' earnings are commission based with rates varying widely across the sector. With exceptions of formally registered practitioners (companies), there is no standardized framework governing the commission rates or regulating broker practices creating inconsistencies in services delivery and accountability and making the sector open to potential exploitation.

Besides, the country's real estate sector remains largely unregulated, with no minimum qualifications or professionals standards for real estate practitioners. Compliance requirements for individuals or companies within the sector remain minimal creating significant regulatory gaps. While the FIA has issued guidelines through guidance notes to real estate practitioners such as the need for realtors to conduct due diligence on client, these remain largely unenforceable due to absence supporting legislation to guide the operations of the sector.<sup>20</sup> Despite introduction of the legislation in the form of a bill, the Uganda Cabinet currently has not approved the real estate Agents Bill (2013).<sup>21</sup> The law seeks to regulate activities of real estate agents, enhance compliance, introduce licensing for real estate practitioners, create a framework that promotes professionalism, consumer protection, and ethical practices.

### 3.2.2 Government / Public Workers and Politically Exposed Persons



Government workers and politically exposed persons have complex networks. It is these networks that are exploited to launder money and invest in sectors including real estate. The PEPs hold prominent public positions and functions, which may take the shape of high-ranking military personnel<sup>22</sup> heads of government institutions and members of parliament. Reports by the Sentry have documented a

number of foreign officials from Uganda's neighboring countries investing in the country, even though in some cases their income is not commensurate with the value of purchased property here in Uganda. The Sentry report, "War Crimes Shouldn't Pay," reveals instances of alleged illicit funds flowing from top officials from South Sudan into Uganda's real estate sector.<sup>23</sup>

<sup>20</sup>ANTI-MONEY LAUNDERING/COUNTERING FINANCING OF TERRORISM (AML/CFT); GUIDANCE NOTE FOR THE REAL ESTATE SECTOR/AGENTS <https://www.fia.go.ug/guidance-notes>

<sup>21</sup>Investors decry delayed approval of real estate Bill <https://www.monitor.co.ug/uganda/news/national/investors-decry-delayed-approval-of-real-estate-bill-4847990>

<sup>22</sup><https://thesentry.org/reports/documentary-south-sudans-neighbors/>

<sup>23</sup><https://www.pmdaily.com/investigations/special-reports/2019/05/investigation-the-boom-in-ugandas-real-estates-bridging-opportunities-for-money-launderers.html>

### 3.2.3 Financial Sector



According to the FIA's Second National Risk Assessment, Uganda's financial sector is composed of banking, insurance and securities. Other financial institutions include Forex bureaus, Savings and Credit Cooperative Organizations (SACCOS), microfinance institutions and money lenders. The money laundering and vulnerability risk rating for Uganda's financial sector is between "medium-high." (Second National Risk Assessment report 2023- Uganda)<sup>24</sup> Uganda has in place requirements for banking institutions as accountable persons to flag suspicious transactions to the Financial Intelligence Authority according to the Anti-Money Laundering Act 2013. The Bank of Uganda (BoU) is also supposed to enforce compliance under the financial institutions Act 2004.

However, enforcement challenges still exist due to poor implementation of "Know Your Customer" (KYC) principles, persistence of cash-based transactions and the rise of digital financial alternatives such as crypto and mobile money. Besides, the FIA also highlighted risks associated with mobile banking agents where criminals use the service to perpetuate fraud. Forex bureaus on the other hand, according to respondents, are less regulated making them susceptible to aiding money laundering. Cases of money laundering through use of financial institutions include Uganda vs Kanya Valentino and Three Others<sup>25</sup> Uganda vs Serwamba David Musoke and Six Others.<sup>26</sup>

### 3.2.4 Corporate Bodies including financial institutions



The banking sector's involvement is multifaceted and deeply entrenched. Banks, both domestically and internationally, serve as crucial conduits for capital flight and money laundering, leveraging their global reach and intricate financial services. One significant avenue for illicit activities lies in the exploitation of banking secrecy laws and the establishment of offshore entities.<sup>27</sup> Through the creation of shell corporations, trusts, and accounts under pseudonyms or code names, corrupt individuals and entities can obscure the true beneficiaries of transactions, effectively evading detection, and scrutiny. Moreover, the weak law enforcement of KYC principles enables PEPs to siphon public funds into private accounts abroad with relative ease.<sup>28</sup> The complicity of some banks in these schemes further exacerbates the issue, as evidenced by instances where financial institutions knowingly engage in transactions that violate anti-money laundering regulations and sanctions.<sup>29</sup>

<sup>24</sup>[extension://mjdgandcagmikhbjnlkfmfnjeamfikk/https://www.fia.go.ug/sites/default/files/MONEY-LAUNDERING-AND-TERRORISM-FINANCING-NATIONAL-RISK-ASSESSMENT-2023.pdf](https://www.fia.go.ug/sites/default/files/MONEY-LAUNDERING-AND-TERRORISM-FINANCING-NATIONAL-RISK-ASSESSMENT-2023.pdf)

<sup>25</sup>[fia.go.ug/sites/default/files/downloads/Smart Protus v FIA Ruling\\_0.pdf](https://www.fia.go.ug/sites/default/files/downloads/Smart%20Protus%20v%20FIA%20Ruling_0.pdf)

<sup>26</sup><https://ulii.org/akn/ug/judgment/ughccrd/2017/100/eng@2017-05-30>

<sup>27</sup><https://core.ac.uk/download/pdf/59168642.pdf>

<sup>28</sup>[https://www.taxjustice.net/cms/upload/pdf/tuiyc\\_africa\\_final.pdf](https://www.taxjustice.net/cms/upload/pdf/tuiyc_africa_final.pdf)

<sup>29</sup> <https://www.cmi.no/publications/file/4920-capital-flight-from-africa-with-a-little-help-from.pdf> page 3

Additionally, the opaqueness of the practices within the banking sector perpetuates the problem of IFFs. Despite regulatory frameworks aimed at preventing illicit financial activities, there are persistent gaps between regulatory intentions and actual compliance. For instance, the contradiction between AMLA & the Financial Institutions Act, 2004 with respect to suspicious transaction reporting, doesn't help the situation. The former requires that financial institutions report suspicious transactions to the FIA, the latter requires reporting to the Bank of Uganda. Additionally, the AMLA is not clear on the supervision of all reporting entities. As such, there is still a low level of effectiveness of the AML regime in respect to FIA's supervision, investigations, and prosecutions. The Anti Money Laundering Act 2013 (as amended) and accompanying regulations do not provide FIA with administrative sanctions in case accountable persons breach the law.<sup>30</sup> Furthermore, the reluctance of some banks to fully cooperate with regulatory authorities, as seen in legal challenges against information requests by the Uganda Revenue Authority in 2018 underscores the systemic challenges in combating IFFs within the banking sector.<sup>31</sup> This combination of regulatory loopholes, institutional complicity, and inadequate enforcement mechanisms underscores the urgent need for comprehensive reforms to address the role of banks in facilitating illicit financial activities and safeguarding the integrity of the global financial system.

Corporate bodies are known for their ability to attract large amounts of credit from various financiers, but also their ability to set up complex schemes that involve shell companies and proxy beneficiaries. Through such processes, these companies have therefore managed to attract large sums of credit from sources under various forms of disguise, while concealing their beneficial owners. In such incidences, operating money laundering schemes and legitimizing dirty money becomes much easier. Some of these illicit funds end up being invested in the real estate sector for concealment since the sector is capital intensive in nature. For Example, *Uganda vs Kamyva Valentino and Three Others*,<sup>32</sup> Is a case of embezzlement of an estimated UGX 8.4 bn. Investigations revealed that the accused had used part of the money to acquire properties registered in the names of fake companies with the intent of concealing the identity of the natural beneficial owner.

Other examples include churches and the faith-based leaders, non-government organizations. Churches are highlighted because the sector faces minimal monitoring, with no system to report sources of donations. This makes the institutions susceptible to influencing real estate based money laundering as funds can easily be integrated into other sectors including real estate. The NGO Bureau and the Uganda registration services bureau, together with other accountable agencies, are strengthening compliance mechanisms with anti-money laundering regulations to control the vice.

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<sup>30</sup> Auditor General's report 2019.

<sup>31</sup><https://africanlii.org/articles/2023-03-17/carmel-rickard/unconstitutional-for-ugandas-tax-authority-to-demand-banks-supply-sensitive-information-on-every-single->

<sup>32</sup> AML/ CFT Judgments | Financial Intelligence Authority

## 4.0 | UGANDA'S' REGULATORY FRAMEWORK ON CORRUPTION, REAL ESTATE AND MONEY LAUNDERING



Despite the absence of a sector specific regulation, Uganda has enacted various cross cutting laws, policies and ratified international instruments that govern the operations of real estate sector and envisioned to deter money laundering, all forms of corruption and mitigate IFFs in the real estate and in general practice in Uganda. Predominately, the real estate sector is guided by administrative policies set up under the Association of Real Estate Agents in Uganda, a private sector umbrella association established in 2008. Alongside other associations, these groups have come together to forge a way forward in form of regulation of the sector. However, these are not legally recognized by the law attributed to absence of legislation. The association oversees the operations of 170 real estate companies and over 300 individual practitioners in Uganda.<sup>33</sup> In 2013, Government of Uganda embarked on formulation of a law to guide operations of real estate sector. However, to date this remains at cabinet stage pending approval while the proposed Real Estate Agency and Management Bill remains in draft stage.<sup>34</sup> Absence of such laws has facilitated exploitation of multiple loopholes within the sector hence exposing real estate transactions to money laundering risks.

### 4.1 Real Estate



The current regulatory framework for real estate in Uganda is governed by several cross-cutting laws and regulations, which do not comprehensively address the conduct of real estate actors. The Registration of Titles Act for example provides for the factual and ownership of land which is very key in real estate transactions involving freehold land, although about only 19 percent of the land is held under freehold tenure in Uganda. The Land Act of 1998 regulates various aspects of land ownership, management and use, including the acquisition and transfer of land titles, leasehold transactions, and land disputes management. The Transfer of Property Act governs the transfer of ownership of property, including the process of drafting and executing contracts, the registration of the transfer, and the transfer of title deeds. Customary land ownership which is prevalent in some parts of Uganda's real estate industry, entails certain groups in specific areas holding/occupying the land. Compliance with these laws is crucial for anyone looking to buy, sell, or develop real estate in Uganda. Real estate agents/brokers, as accountable persons, are also supposed to comply with the AMLA 2013 guidelines on reporting suspicious transactions and conducting due diligence for their respective clients on behalf of the FIA.<sup>35</sup>

<sup>33</sup> <https://www.monitor.co.ug/uganda/business/prosper/how-unregulated-real-estate-industry-aids-money-laundering-1828858>

<sup>34</sup> See footnote above

<sup>35</sup> [https://www.fia.go.ug/sites/default/files/downloads/Guidance\\_notes\\_for\\_real\\_estate\\_sector\\_June\\_2020.pdf](https://www.fia.go.ug/sites/default/files/downloads/Guidance_notes_for_real_estate_sector_June_2020.pdf)

## 4.2 Anti-Corruption



Uganda has a comprehensive anti-corruption institutional and regulatory framework aimed at combating corruption. The country has put in place a strong policy, legal, and institutional framework to fight corruption, as part of its Zero Tolerance to Corruption approach. The Justice Law and Order Sector (JLOS) Anti-Corruption Strategy is a key framework designed to reduce corruption in the sector institutions as well as building and strengthening the quality of accountability in the country.

Additionally, the Uganda Anti-Corruption Act of 2009 defines the scope of corruption and its various offences, such as embezzlement, bribery, nepotism, and fraud. The National Anti-Corruption Strategy (NACS) 2019/2020-2023/2024 envisions a “developed, corrupt free society” and outlines measures for effective prevention and enforcement of anti-corruption. These initiatives reflect Uganda’s commitment to combating corruption across various sectors and institutions. Anti-corruption efforts in the country are coordinated by the Anti-Corruption Inter-Agency Forum which involves all accountability institutions in Uganda including the Inspectorate of Government, Office of Auditor General, Financial Intelligence Authority, State House Anti-Corruption Unit, Directorate of Public Prosecution, and the State House Investors’ Protection Unit.

## 4.3 Money Laundering Framework:



Uganda’s legislative framework for anti-money laundering is anchored by the Anti-Money Laundering Act of 2013 which aims at setting regulation that prohibit money laundering. The AML/CTF Act establishes the FIAs as the central agency responsible for implementing AML measures with the mandate to combat money laundering, countering terrorism financing and countering proliferation. The agency is responsible for receiving, analyzing, taking necessary measures to curb financial crime and dissemination of Suspicious Transaction Reports (STRs) to law enforcement (Sec 9 of the AML Act 2013) as well as supervising and enforcing compliance with AML regulations among reporting entities. Under the AMLA, Financial institutions and DNPBPs are required to implement KYC principles and support the Customer Due Diligence measures to verify customer identities, assess risks and monitor transactions as guided by sections 6, and 6A of the AML Act setting a 10-year requirement to maintain such records under Section 7. The Act further mandates enhanced due diligence for higher risk customers especially the politically exposed persons and individuals from high-risk jurisdictions.

Schedule 2 of the AMLA highlights the list of accountable persons, including NGOs, brokers, lawyers, financial institutions and real estate agents among those that have a cardinal responsibility in addressing money laundering by conducting due diligence and reporting suspicious transactions to FIA. Furthermore, Uganda has made amendments to combat money laundering and the financing of terrorism, including provisions to strengthen and implement the system of sanctions for violations of beneficial ownership transparency obligations under the companies (Amendment) Act 2022.

Further still in accordance under the mutual assistance provisions, under Section 114, the AML Act gives guidance to collaboration amongst various agencies both at national and international levels to curb the money laundering. This is supported by the establishment

of the Anti – Money Laundering Inter-Agency Taskforce to curb IFFs in Uganda established by an MoU signed in 2023 by various agencies including URA, FIA, URSB, DPP and security agencies amongst other entities.<sup>36</sup> This is further supported by, a specialized Anti-Money Laundering Investigation Unit established to investigate money laundering and tax-related crimes at URA.<sup>37</sup> Uganda is also part of the East and Southern Africa Anti-Money Laundering Group (ESAAMLG). Through this, efforts to combat money laundering among member states have continuously been strengthened, with provision of technical assistance to financial intelligence units including FIA.

**At the Global Level;** The United Nations and Financial Action Task Force (FATF) plays a significant role in setting global AML standards and guidance for countries such as Uganda. The FATF standards are influential in shaping AML regulations worldwide.

***AML/ Anti-Corruption Institutional and Legislative Framework (Designed Tabular Format)***

	<b>Institution</b>	<b>Legislation</b>	<b>Description and Mandate</b>
1	Financial Intelligence Authority	Anti-Money Laundering (Amendment) Act (2020)	Financial intelligence and combating terrorism financing in Uganda.
2	Inspectorate of Government	Anti-Corruption Act (2009), leadership code (Amendment) act 2021	Implementation of the Leadership Code Act and the ombudsman role. Leading anti-corruption agency in Uganda
3	Uganda Registration Services Bureau	Companies (Amendment) Act 2022	Register companies and update beneficial ownership registers with a task to digitalize declared registers.
4	Leadership Code Tribunal	Leadership Code Act	Adjudicating cases arising from declaration of assets by public leaders.
5	IAF	N/A	Coordination of anti-corruption interventions in Uganda
6	Anti-Corruption Court (High Court Division)	N/A	Prosecuting cases related to corruption and money laundering in Uganda
7	Ministry of Lands	Registration of Titles Act; Land Act	Regulates land ownership, land transaction, land transfer and other related processes on land.
8	URA	The Automatic Exchange of Information Act, 2023, income tax, Stamp Duty	The act was passed by the Ugandan government to give the force of law in Uganda to the Convention on Mutual Administrative Assistance in Tax Matters and the Multilateral Competent Authority Agreement on Automatic

<sup>36</sup> [https://gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018\\_12.20.18.pdf](https://gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf)

<sup>37</sup> <https://thetaxman.ura.go.ug/?p=5949#:~:text=URA%20has%20established%20a%20specialized,to%20curb%20illicit%20financial%20flows.>

			<p>Exchange of Financial Account Information. The intent is to boost voluntary tax compliance by tackling tax evasion and other illicit financial flows through international standards and obligations agreed upon in the tax information exchange agreements.</p> <p>The Exchange of Information Unit at URA processes all incoming and outgoing information requests in line with international standards, including the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), the ATAF Agreement on Mutual Administrative Assistance in Tax Matters (AMAATM), the East African Community Customs Management Act (EACCMA), and Double Taxation Agreements (DTA).</p> <p>The various taxes imposed on transfer of property if well implemented can be used by URA to identify beneficial owners.</p>
	Others	OAG, SHACU, PPDA, ODPP, CID, DEI	Other accountability and anti-corruption related activities to strengthen governance of public resources.



## 5.0 | BENEFICIAL OWNERSHIP TRANSPARENCY AS DRIVER TO COMBATING REAL ESTATES MONEY LAUNDERING



A “beneficial owner” according to the Companies (Amendment) Act (2022) is a natural person who has final ownership or control of a company/partnership or a natural person on whose behalf a transaction is conducted in a company/partnership. The Companies (Amendment) Act (2022) and the Partnership (Amendment) Act (2022) require every company and Limited Liability Partnership registered in Uganda to keep a register of its beneficial owners. A

beneficial ownership register discloses personal information of the beneficial owners of company and the nature of ownership or control they wield in the company. The register also requires information of when the beneficial owners started or ceased to be beneficial owners. This information must be provided within a period of not more than 14 days from notice of creation of the company.

The Companies (Beneficial Owner) Regulations, 2023, and the Partnership (Beneficial Owner) Regulations, 2023 elaborate on the format of notices and information required to be filed. The regulations also specify that the notice of creation of the register must be given to the Registrar of Companies within 14 days.

Effective implementation of beneficial ownership laws is globally considered as tool to combatting illicit financial flows through enhancing corporate transparency, eliminating tax evasion and distorting money laundering schemes. Therefore, FATF encourages countries to collect and update beneficial ownership information. In Uganda, beneficial ownership information can be accessed through lodging an application with the relevant accountable authority including Uganda Registration Services Bureau (URSB).

### 5.1. Application of Beneficial Ownership standards in Uganda’s Real Estates Sector

Uganda doesn’t have a dedicated real estate beneficial ownership register. Therefore, beneficial ownership laws mainly apply to real estates owned by companies, partnerships and trustees filed with accountable authorities such as the URSB and Ministry of Land Housing and Urban Development. Since Uganda has multiple land tenure systems with various land administrative processes, and the dominance of cash based transactions within the real estate sector, registering beneficial owners is still a challenge in the country. However, some attempts to register and identify beneficial owners in the real estate include those noted below.

### 5.1.1 Real Estates Transactions

According to this study's findings, there is partial application of beneficial ownership standards in Uganda's real estate transactions. This is due to weak enforcement of regulations regarding transactions within the real estates sector including land and the existence of unregistered real estates agents monopolizing majority transaction deals, (sales and purchases). Besides, Uganda is predominantly a cash-based economy, and therefore no trail is left to track details of buyers and sellers during cash transactions. Some real estate purchases therefore exist in agreement between the buyer and seller based on mutual understanding especially in tenure systems such as customary ownership.

Besides, the current practice is that buyers bear the burden of conducting due diligence in order to avoid fraudulent purchases, sellers are reluctant to identify real buyers (beneficial owners on whose behalf real estate purchases are made). The real estate agents or brokers are also reluctant to conducting due diligence on clients, since they are profit-oriented in a highly unregulated sector. Therefore, the property transaction processes in Section 3 of this report are flawed. The process of purchasing land has been described as "almost synonymous with conmen. This is emphasized by the former Head of the Land Division at the High Court- Dr. Andrew Bashaijja<sup>38</sup> who explained that more than 75 percent of the cases handled at court then were fraud related.<sup>39</sup>

### 5.1.2 Real Estates Transfer

The process of transferring land in Uganda involves several steps including an application to the Registrar of Titles in the prescribed forms under the registration of Titles Act, Valuation of the Land/Property by the Chief Valuer, the market value determines the stamp duty to be paid at 1.5 percent ad valorem. Upon fulfillment of the statutory requirements and processes, at the discretion of the Registrar of Titles, a land transfer is completed and ownership passed unto the new applicant to guarantee ownership for avoidance of fraud. However, Titles may not represent the actual beneficial owners of the property since PEPs prefer to use proxies.

Approximately 70 percent of land in Uganda is under customary tenure system which is usually untitled and unregistered. Most transactions under this tenure system are agreement-based with minimal formalities. Unlike the freehold tenure system, where it is easy to enforce regulations and guidelines on beneficial ownership due to the nature of how it is administered, the process of tracking beneficial owners in customary land tenure system is difficult due to the informalities related. Corruption in the land transfer process in Uganda is significantly affecting the country's land administration and ownership. In

<sup>38</sup> <https://www.judiciary.go.ug/data/news/408/142/>

<sup>39</sup> <https://www.independent.co.uk/news/world/africa/uganda-buy-air-stop-africa-how-laws-land-officials-fake-titles-a8291541.html>

Uganda, most of the land disputes have been a result of corruption emanating from abuse of land transfer processes associated with illegal transfers. Transparency International Uganda and CRED's Up Against Giants<sup>40</sup> report reveals cases of illicit transfer of land by government officials.

In December 2021, URA introduced requirements for buyers and sellers of land valued at UGX 10 million or more to have Taxpayer Identification Numbers (TINs), while companies are mandated to have TIN numbers even if the property value is below UGX10m.<sup>41</sup> As much as this is a revenue collection measure, it also helps to identify the individuals behind the transactions.

### 5.1.3 Real Estate Ownership

All land in Uganda is vested in the citizens of Uganda establishing a fundamental connection between land in Uganda and its people. These are recognized by Uganda's 1998 Land Act which grants rights to property to various occupancy arrangements on land. However, more than 70 percent of Uganda's land is under<sup>42</sup> the customary tenure system. Customary land accepts informal rights to land ownership according to agreed norms of the respective community in accordance to Sec 27 of the Land Act. This however comes with challenges considering the social and cultural dynamics such as women land rights in cultural settings. Besides, in the absence of a formal land titling system in such a tenure has bred a chain of land fraud schemes.<sup>43</sup>

In the absence of a publicly accessible register of real estate beneficial owners in Uganda, beneficial owners of land and property are identified through land titles, Register of Trusts, purchase agreements, property declarations to local authorities, trading licenses, certificates of incorporation and beneficial ownership registers.

<sup>40</sup> <https://creduganda.org/wp-content/uploads/2019/05/up-against-giants.pdf>

<sup>41</sup> <https://thetaxman.ura.go.ug/?p=1190#:~:text=Effective%206th%20December%202021,is%20below%20UGX%2010%20million>

<sup>42</sup> <https://www.uri.org/sites/default/files/media/document/2017/Mitigating%20Land%20Book%20final.pdf>

<sup>43</sup> <https://ugandaradionetwork.net/a/story/acholi-leaders-halt-sale-of-customary-land-to-balaalo>



	<b>Type of Asset</b>	<b>Identifier</b>	<b>Authority</b>
	Land	Land titles, purchase agreements, register of trust	Ministry of Lands, Housing and Urban Development (MLHUD)
	Residential Housing	Purchase agreements; land titles	MLHUD/ National Housing; Association of Real Estates Agents Uganda (AREA-UGANDA)
	Commercial Buildings	Property declarations to city authorities	Local government and city/ municipal authorities; Association of Real Estate Agents Uganda
	Hotels and Restaurants	Trading Licenses, Certificates of Inc. Purchase agreements, beneficial ownership registers	URSB, URA, Local Authorities, Uganda Hotel Owner’s Association



## 6.0 | EFFECTIVENESS OF EXISTING SYSTEMS TO CURB REAL ESTATES BASED MONEY LAUNDERING IN UGANDA

Findings indicate that Uganda has adequate systems to address money laundering in all its forms. Commendable emphasis has been put on strengthening the legislative framework and establishing the supporting institutional framework. However, there are noticeable weaknesses in effective implementation and enforcement of these legislations which requires strong administrative and capacity support together with political will. The systems below were identified as critical in combating money laundering in Uganda.

**Tax Systems** Money laundering involves disguising financial assets for use without detection of the illegal activity that produced them. It is closely related to illicit financial flows, which include tax evasion and criminal activities such as money laundering. The tax system in Uganda like any other jurisdiction has a significant impact on money laundering and illicit financial flows. Over the years, Uganda has shaped its tax laws to limit revenue leakages and enhance tax compliance. The current Automatic Exchange of Information Act 2023 also serves to ensure that the URA collaborates with other jurisdictions to detect issues relating to tax. Strengthening tax transparency and compliance is very helpful in combating tax evasion, illicit financial flows, and profit shifting.

Leveraging anti-money laundering (AML) measures can enhance tax compliance and contribute to tackling tax crimes. These measures include joining the Global Forum on Transparency and Exchange of Information for Tax purposes and becoming a party to the OECD Convention on Mutual Administrative Assistance in Tax matters, which has widened URA's information network to over 144 jurisdictions around the world.

The URA has also launched the Second Money Laundering (ML) and Terrorism Financing (TF) National Risk Assessment (NRA) Report for Uganda, emphasizing the government's commitment to enforcing compliance with anti-money laundering and counter-terrorism financing requirements. URA is implementing the Anti-Money Laundering Regulations 2023.<sup>44</sup>

**Financial Systems** Dirty money can easily be detected when introduced into the financial systems. FIA, under the AMLA (2013), requires financial institutions to red flag transactions beyond 1000 currency points (UGX 20,000,000/=). These are reported as suspicious transactions and need proof of source of funds before clearance. As a result, banks have made improvements in controls and systems to prevent and detect money laundering. However, new forms of cash transfers and Uganda's continued dominance

<sup>44</sup> Anti-Money Laundering (Amendment) Regulations, 2023.indd (ura.go.ug)

of cash-based transactions poses an urgency to introduce legislations on minimum cash transactions in Uganda and the need to adopt the use of Digital Financial Services.

**Registry** The National Identification and Registration Authority (NIRA) is a government agency responsible for registration of citizens, issuance of birth certificates and national identification cards to Ugandans. The authority has also the responsibility of preparing a national register. NIRA's services are very crucial especially at the time when government of Uganda is making efforts synchronize National Identification Numbers with other public documents including financial cards, land titles, passports, driving licenses and tax identification, among others. Previously, multiple identities have been making it difficult to "trace the money". The synchronized system will also limit registration of proxy-beneficiaries and control the cob-web systems of laundering proceeds of financial crime as it allows for real time integration of public systems.

**Land administration** and investment management systems Institutions such as the Buganda land Board, MLHUD, Uganda Land Commission, District Land committees among others have a duty of ensuring that they protect the individual interests on land and avoid land related fraud on the various tenure systems. More importantly, they are supposed to keep records of land ownerships in form of a register. The integrity of these registers is a priority because the authorities are answerable to any occasions<sup>45</sup> where the registers are manipulated.<sup>46</sup> The MLHUD also conducts land and property valuation, although this is mainly applicable during government transactions and compensations where chief valuer determines property costs in the different local governments. Valuation is important to ensure that prices are not abnormally inflated or distorted by money launderers seeking to layer their proceeds in real estates.

<sup>45</sup> <https://www.monitor.co.ug/uganda/news/national/high-court-blocks-cancellation-of-titles-on-contested-land-4309532>

<sup>46</sup> <https://ulii.org/akn/ug/judgment/ughcl/2013/1/eng@2013-01-21>

## 7.0 | WHAT IS UGANDA DOING TO CURB MONEY LAUNDERING IN REAL ESTATE?



Money laundering and illicit financial flows is a growing concern within the real estatesector. A number of measures have been put in place by the government of Uganda to sanitize the situation. These include;

- + Amendment of the Company's Act to create provisions for beneficial ownership transparency
- + Joining EITI to improve company transparency especially among mining and extractives companies. It is anticipated that EITI tool can help to limit the proceeds of illicit mineral wealth getting invested into critical sectors including the real estates.
- + Creation of the land information system under MLHUD to enhance transparency in lands sector.
- + Amendments to the Leadership Code and instituting the Leadership Code Tribunal to enhance declaration of assets by elected leaders.
- + Synchronizing national data with the National Identification System for seamless access to information by public authorities such as URA, banking institutions, security agencies and Immigration.
- + Uganda has also domesticated a law on the automatic exchange of information and the Convention on Mutual Administrative Assistance in Tax Matters (Implementation) Act 2023.
- + Strengthening implementation of the AMLA through initiatives such as creation of an Anti-Money Laundering Unit in URA, strengthened coordination among accountable agencies, and undertaking National Risk Assessments by FIA. The support in capacity building by FATF has also enabled Uganda to improve of AML systems

## 8.0 | INSTITUTIONAL AREAS OF WEAKNESS TO CURB REAL ESTATE RELATED IFFS

**Tax Authorities** Uganda is composed of a highly informal sector which makes



it hard to effectively enforce tax initiatives. Tax Authorities therefore sometimes have to rely on third party information during respective tax related investigations during cases such as tax evasion, and aspects relating to money laundering. However, institutional autonomy in the past has hindered timely access to relevant information. Obtaining cross border information also faces delays since only about 60 jurisdictions have ratified the convention on mutual administrative assistance for tax matters.

**Financial Institutions** While banking institutions are largely compliant with



financial regulations and regulations and the AMLA, alternative digital money transfer platforms are emerging and hard to regulate. They are largely non-compliant and preferred by money launderers. Besides, Uganda is still a cash based economy with most transactions not recorded in the financial system. The country lacks legislation on a minimum cash transaction threshold and therefore even bulk transactions are handled outside the financial system.

Red flagging of very large transactions (i.e. suspicious) is mainly done on accounts that receive funds beyond their normal routine transactions. Individuals have therefore exploited this loophole to use their accounts specifically for cleaning money. Therefore, financial systems should make it a mandatory requirement to verify every single transaction.

Additionally, some individuals hold multiple accounts in various financial institutions and they therefore find it easier to break-up bulk transactions into smaller non-detectable amounts thereby manipulating the system.

**Financial Intelligence Units (FIA)** Uganda's financial intelligence units do not



have the mandate to investigate. It is therefore at the discretion of the relevant authorities to act of the Intelligence provided by the FIA. On many occasions, the results are frustrating due to challenges related to resources and technical expertise required to undertake sophisticated investigations which may include cross border financial crimes.

## Investigative Authorities



In Uganda, Authorities such as the Directorate of Public Prosecution, Inspectorate of Government and the Criminal Investigation Department have a huge task to combat corruption, illicit enrichment and cross border crime. Sometimes, these agencies act on intelligence provided by Financial Intelligence Authority.

As much as Uganda has made significant progress in prosecuting corruption, areas such as illicit enrichment and money laundering have minimal success rates. The capacity of investigating authorities to prosecute trans-boundary cases requires strengthening in terms of technical skills and resources. Investigative stories have previously been conducted by organizations such as The Sentry, on how looted funds make their way to Uganda's real estate sector. However, these cases have not been fully investigated by the Ugandan authorities hence creating more avenues for the country to serve as a channel for money laundering.

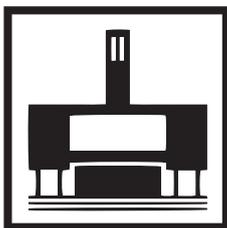
Besides, the negative political pronouncements on the stance of corruption in Uganda undermines the motive for relevant authorities to investigate high-level cases in Uganda.

## Land Offices



Transparency International Uganda's Bribery Index 2020 ranked land services the third most corrupt ahead of Uganda police and the Judiciary, respectively. It is critical to manage corruption at every step of land administration system in order to minimize risks of money laundering. Limited transparency and low awareness levels among the citizenry coupled with the fact that over 70 percent of land in Uganda under Customary Tenure is unregistered are key areas that need to be addressed.

## Parliament of Uganda



The Parliament of Uganda over the years has passed relevant laws on money laundering, corruption, land management, taxation, among others. However, up to date, a law to regulate activities of real estate agents has not been passed. This law is very critical in ensuring that real estate agents are regulated, certified, licensed and therefore fully compliant with Anti-Money Laundering guidelines.

Uganda also lacks comprehensive legislation on asset forfeiture. Anti-Corruption Agencies are pushing for laws such as non-conviction based asset recovery, but these will require the Parliament of Uganda to fast-track them for assenting.

## 9.0 | RECOMMENDATIONS

**a) Enhance Transparency and Access to Information** Importantly, public disclosures of owners of real estate should be emphasized. Comprehensive registers of property owners should be created at both national and local government level. Access to these registers should be guaranteed for public scrutiny. Through this, citizens can ably support anti-corruption agencies to implement anti-corruption legislations such as the leadership code act, anti-money laundering act, anti-corruption act among others.

**b) Support relevant authorities to implement their mandate** Detection of unreported transactions by relevant authorities such as URA, FIA, banking regulators and anti-corruption institutions is critical to eliminate tax evasion, money laundering and other forms of illicit financial flows. Given that Uganda is predominantly cash based, transactions in purchases of land are hard to detect by the tax authority especially in rural, unregistered land tenure systems. Failure to detect these transactions by the tax systems creates an opportunity for money launderers to conceal their wealth. There have also been cases where businesses under declare and conceal the source of their finances.<sup>47</sup> It is therefore crucial that the capacity of the tax authority is strengthened through provision of the necessary resources, and technical capacity to ably perform on their mandate. The authorities still require strong political support, capacity building to track financial crime including crime orchestrated by security operators and tracking cross border transactions. Systems interconnectivity with NIRA and other agencies should be fast-tracked to ease exchange of information.

**c) Compliance in financial systems** Bankers and other financial operators such as Forex Bureaus, mobile money operators among others have continued to aid money laundering intentionally or unintentionally. Currently, mobile money transactions for example allow for maximum daily transfers of UGX 20M. However, these transactions are not normally reported as suspicious to relevant authorities thereby making it a possible avenue for money laundering as it allows for breaking down bulky transactions. Relevant authorities should also enhance monitoring of the financial sector and establishment enhanced requirements for financial reporting by regulatory authorities.

**d) Enhance state party coordination** Uganda is a signatory to multilateral conventions such as the Convention on Mutual Administrative Assistance for Tax

<sup>47</sup> [https://www.newvision.co.ug/category/news/city-businessman-remanded-over-alleged-tax-ev-NV\\_176645](https://www.newvision.co.ug/category/news/city-businessman-remanded-over-alleged-tax-ev-NV_176645)

Matters. Through this convention, the country anticipates to access information from over 60 state parties. However, obtaining information from countries that are not part of the convention on automatic exchange of information, or countries facing instability, is difficult. This therefore affects timely action and undermines investigations on related matters.

**e) Enact and implement strong regulatory framework including regulating cash based transactions in real estate** URA guidelines currently require buyers and sellers conducting a land transaction above UGX 10M to have a TIN number. This is specifically done to enable collection of income tax. However, some transactions are closed without following this requirement due to the cash-based nature of business in Uganda. It is therefore pertinent to introduce enhanced requirement such as mandatory use of banking institutions for any land transaction, and introducing a proposal to have a threshold for cash based purchases.

The Parliament of Uganda should also expedite the process of passing the Real Estate Agents bill. The bill, if passed into law, will regulate the operations of real estate agents which is a critical step in managing the sector.

Other relevant legislation that should be passed include the law on non-conviction-based asset recovery, and regulations on thresholds for cash-based transactions in the country to enable authorities to track the money trail.

In the land sector, there should be enhanced transparency in land transfer, acquisition and registration and valuation, especially at the local government level. There should also be established legal requirements for mandatory establishment of property owner's associations as a mechanism to determine the beneficial owners.







GLOBAL FINANCIAL INTEGRITY

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