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## Adequacy and effectiveness of Uganda's gambling regulatory framework

### Executive Statement

*In light of the likely negative impacts of gambling, the industry needs to be strictly controlled, well regulated and effectively policed. Presently, the gambling industry is regulated by the National Lotteries Board (NLB) and is guided by the National Lotteries Act of 1967, the Gaming and Pool Betting (Control and Taxation) Act of 1968, and an addendum of statutory guidelines introduced in 2012/13. Findings from the desk review and key informant interviews reveal that many facets of the laws relating to lottery and gaming have become obsolete and are not sensitive to the new modes of gambling and the unprecedented growth of the industry. Furthermore, the National Lotteries Board (NLB) has substantial capacity problems and limited statutory powers and is not always able to effectively exercise its mandate herein inhibiting its ability to comprehensively regulate the gambling industry.*

### Introduction

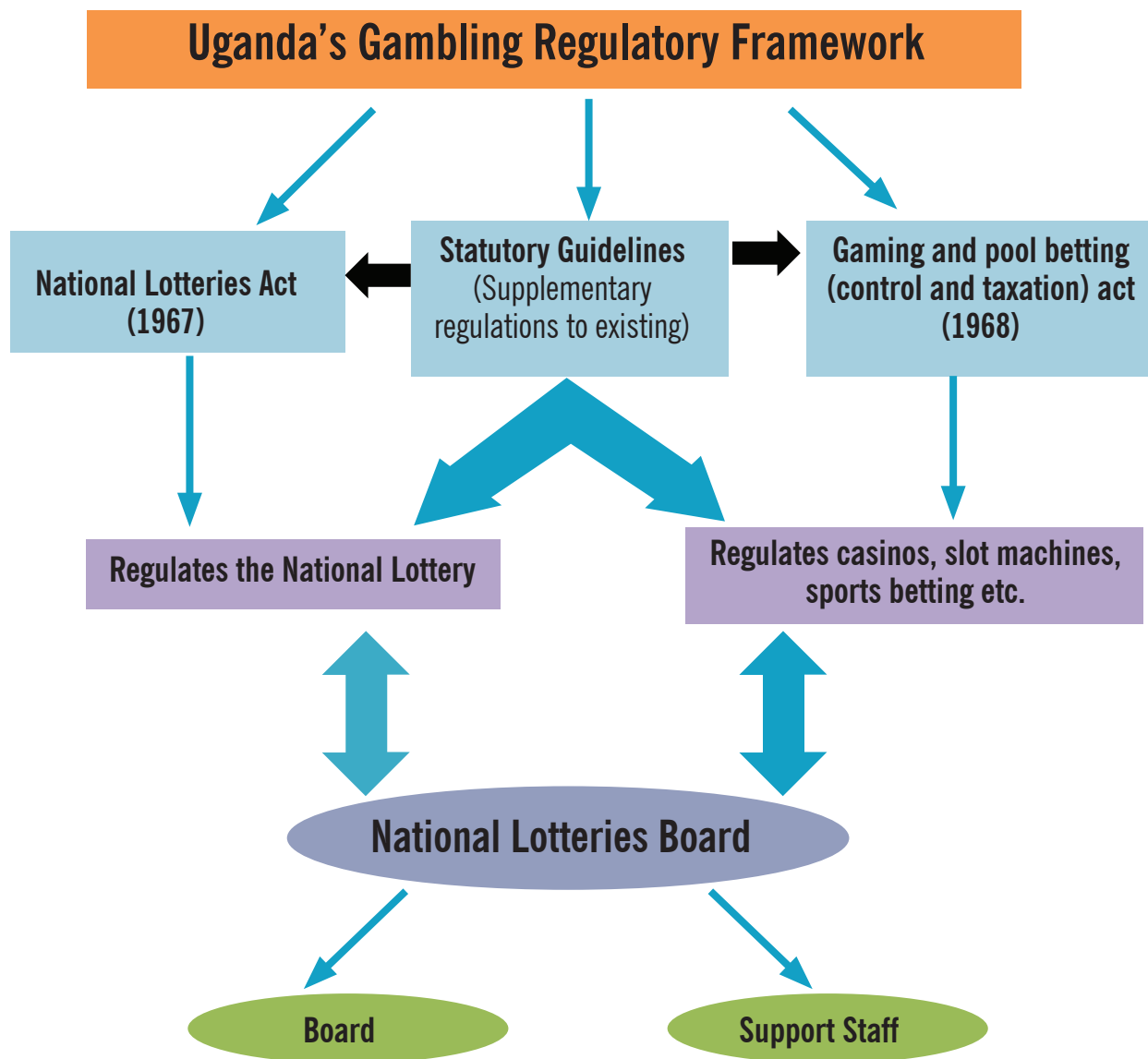
In order to ensure that gambling activities are conducted according to government rules and regulations, it is imperative that there is legislation and an institution to play the regulatory oversight role. As pointed out earlier, in Uganda, gambling is governed by two acts that were formulated in the 1960's, while the NLB plays the oversight role. However, due to the expansion of the gaming industry, with new games being introduced over time, and in light of technological advancements, many facets of the law relating to lottery and gaming have become outdated. Correspondingly, this has created challenges for regulators and policy makers. As the gambling industry continues to grow in popularity and prevalence, a strongly regulated gambling environment is paramount. This brief summarizes findings from an evaluation of the adequacy and effectiveness of the current regulatory framework related to gambling in Uganda.

### Key findings

**The laws do not adequately provide for protection of**



**members of the public who participate in licensed gambling activities:** The current Acts do not have clear provisions to protect the minors and the vulnerable from engaging in gambling activities. They have inadequate provisions for standards of gambling premises, no stringent restrictions on misleading advertising and promotion of commercialized gambling, and no provision for certification of machines and devices used in gambling activities.



**The current laws are unclear, not detailed and do not adequately cover the whole gambling spectrum.** The policy and legislation relating to gambling should be very clear, well formulated, detailed, and should cover as much as possible of the gambling spectrum. Whereas the law relating to lotteries is contained in the national lottery act of 1967, casinos and other gaming activities are regulated under the gaming and pool betting (control and taxation) Act of 1968. However stakeholders in the gambling industry think that the current legislation is not detailed and clear on what forms of gambling it covers. Furthermore with the advancement in technology that has enabled other forms of gambling such as internet and mobile phone gambling, the current laws are rendered obsolete.

**The NLB has considerable capacity problems, which inhibits its ability to exercise its mandate effectively:** The NLB is supposed to provide the regulatory oversight for the gambling industry; that is lotteries, casinos and gaming and pool betting. This is aimed at, among other reasons, ensuring that the sector flourishes and the players are protected from criminal activities, such as money laundering and skimming, associated with gambling, and underage gambling is controlled. Table 1 below provides a summary of NLB achievements and challenges as far as achieving particular aspects of their mandate is concerned.

**Table 1: Summary of NLB roles, achievements and challenges**

	<b>Mandate</b>	<b>Achievements/Challenges</b>
1	Issuing promoter and branch licenses	<ul style="list-style-type: none"> <li>Partly achieved. Although most promoters have operational licenses (as of June 2015, the NLB had licensed 32 promoters in Uganda), some of their branches still operate without licenses.</li> <li>Results from a spot check on 48 branches of sports betting and/or slot machine outlets undertaken in April 2015 revealed that most of the licenses displayed at the outlets were not up to date, majority having expired in December 2014. Only 27 percent of the outlets visited had valid licenses displayed, 29 percent had obsolete licenses while 44 percent of the outlets did not have any license displayed.</li> </ul>
2	Managing national lotteries	<ul style="list-style-type: none"> <li>Currently, the national lottery is state owned but privately operated. The performance of the current player in terms of revenue collections is still far below the projected amounts.</li> <li>Due to the absence of a clear distinction between “promotions” and “lottery”, promotional competitions are being illegally run as lotteries and disguised as promotions. This leads to loss of revenue in form of taxes and infringes on the copyrights of the official company authorized to run lotteries.</li> </ul>
3	Ensure that the interest of every participant in gambling is adequately protected	<ul style="list-style-type: none"> <li>A UGX 200m refundable security bond, to pay for any claims, viewed to be fair by a tribunal, arising out of a dispute between a promoter and a client has been put in place.</li> <li>There still exists an influx of faulty, dysfunctional or recalibrated slot machines to cheat clients.</li> </ul>
4	Establishing registers and central monitoring systems	<ul style="list-style-type: none"> <li>Due to capacity and technological challenges, this is yet to be achieved.</li> </ul>
5	Monitoring compliance with legislation, and with license conditions; and combating illegal and underage gambling	<ul style="list-style-type: none"> <li>Due to capacity challenges, this is yet to be successfully achieved, for example; <ul style="list-style-type: none"> <li>There exists underage and illegal gambling,</li> <li>Substandard structures for gambling operations.</li> </ul> </li> </ul>
6	Monitoring the socio-economic impact of gambling	<ul style="list-style-type: none"> <li>No framework for combating the incidence of addictive gambling,</li> <li>No systematic research undertaken to track socio impacts</li> </ul>

Source: Authors' compilation based on key informant interviews, 2015

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## Emerging issues for policy consideration

**Parliament should expedite the passage of the Lottery and Gaming Bill (2013) into law.** While government has introduced a number of regulations to guide the smooth running of the gambling industry, in practice, they have been weakly implemented. One of the reasons is the lack of statutory powers by the NLB to effectively implement the regulations. The passage of the current bill into law will give more statutory powers to the NLB and provide a basis for addressing capacity and financial challenges that they currently face. The new law also provides for the establishment of a lottery and gaming fund, provides for licensing and regulation of lotteries and gaming, taxation of casinos and gaming activities, and a repeal of the national lotteries act and Gambling and Pool betting.

**Bolster controls and supervision of the gambling industry:** The NLB should continue to ensure that gambling is conducted under the laws and regulations that govern gambling. This will protect players against unscrupulous businessmen, unlicensed players, curb illegal and underage gambling, and preserve the integrity of the industry. Furthermore, a gambling police force that is specialized in gambling activities could be put up to help in enforcing controls.


### Reference:

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