



SEEKING HARMONY IN THE NATIONAL DRUG AND HEALTH PRODUCTS AUTHORITY BILL “Balancing Benefits and Burdens”

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The recently passed National Drug and Health Products Authority Bill, expected to take effect in July after Presidential assent, marks a significant shift in Uganda’s regulatory landscape for the beauty and personal care sector. The Bill introduces broader oversight powers aimed at strengthening public health protection, consumer safety, and product quality assurance. However, while the proposed law seeks to address the growing circulation of harmful and substandard products on the Ugandan market, it has also sparked widespread debate among manufacturers, importers, private sector actors, and Members of Parliament regarding its broader economic implications.

The discussion surrounding the Bill reflects a delicate policy challenge on how Uganda can strengthen consumer protection without unintentionally weakening local manufacturing, increasing informality, discouraging investment, or burdening consumers with higher prices. Achieving this balance will determine whether the law becomes a catalyst for sustainable industrial growth or an obstacle to economic competitiveness.

CONTROVERSIAL CONCERNS FROM STAKEHOLDERS

The Bill expands the mandate of the National Drug Authority beyond pharmaceuticals to include cosmetics and other health-related products. Parliament, particularly the Parliamentary Committee on Health, argues that stronger oversight is necessary due to the widespread presence of unsafe and harmful substances in products sold across Uganda. The Committee maintains that stricter regulation will improve consumer protection, product traceability, and market accountability.

However, the Bill has generated concern among private sector players, particularly manufacturers in the beauty and personal care industry. Stakeholders argue that the law may create overlapping regulatory responsibilities between the NDA and the Uganda National Bureau of Standards, resulting in duplication of roles, excessive inspections, and multiple compliance obligations. Small and Medium Enterprises (SMEs) fear that the proposed framework could significantly increase operational costs through requirements such as product registration and licensing, distribution permits, compliance inspections, periodic surveillance and traceability systems, and additional certification obligations.

These concerns emerge at a time when manufacturers are already struggling with the costly implementation of the Digital Conformity Mark (DCM), which many businesses argue has substantially increased certification expenses. The private sector fears that

introducing another layer of regulation without harmonisation could worsen the already difficult business environment, whereas Parliament itself acknowledged some of these concerns through recommendations calling for stronger coordination between NDA and UNBS to avoid unnecessary duplication and inefficiency.

BENEFITS IN THE BILL

The most significant advantage of the Bill is the protection of consumers from counterfeit, harmful, and substandard beauty and health products. Stronger oversight can reduce public exposure to unsafe chemicals and improve confidence in products sold on the Ugandan market.

Enhanced regulation may compel manufacturers to improve production standards, quality assurance systems, and traceability mechanisms. This can strengthen Uganda's overall market credibility both domestically and regionally.

The Bill proposes stricter inspections, improved surveillance systems, and tougher penalties against falsified products. If effectively enforced, these measures could reduce the circulation of counterfeit goods that endanger public health and undermine legitimate businesses.

A predictable and well-regulated market environment can potentially attract serious investors who value quality assurance and stable regulatory systems. Effective regulation may position Uganda as a safer and more reliable market within the East African region.

The Bill also encourages the development of specialised expertise in areas such as cosmetology, biomedical engineering, consumer protection, and laboratory testing, which could strengthen Uganda's institutional and regulatory capacity in the long term.

OVERARCHING BURDENS OF THE BILL

While the Bill seeks to improve public health outcomes, its implementation may create significant economic and industrial burdens if not carefully managed.

Manufacturers may face multiple compliance obligations that increase operational expenses. These costs are likely to be passed on to consumers through higher product prices, making essential beauty and hygiene products less affordable for ordinary Ugandans and making domestically manufactured products less competitive in the region, thereby **widening the trade balance gap**.

The beauty and personal care sector currently employs over 30,000 Ugandans directly and indirectly. Excessive regulation could force some firms to **scale down operations, relocate production, or shut down entirely**, threatening employment opportunities and leading to **increased crime** among the young population due to failure to meet basic needs.

This bill could lead to an **increase in informality and illicit practices** as businesses seek to avoid costly compliance procedures, resulting in loss of revenue from taxes, NSSF contributions, licensing fees, and electricity consumption associated with formal manufacturing activities. Uganda already grapples with a large informal economy and porous borders, and if compliance costs rise too high, many businesses may resort to smuggling, informal distribution channels, or unregulated production. Ironically, what is intended to improve safety could actually **lead to a greater circulation of counterfeit and unregulated products**.

Ugandan manufacturers may become **less competitive** compared to firms operating in neighbouring East African Community (EAC) countries with relatively lower regulatory costs. This could encourage manufacturers to relocate production to neighbouring states while exporting products back into Uganda.

The Bill may **unintentionally undermine Uganda's ambition** of becoming a manufacturing hub (**Industrialisation Agenda**). High compliance costs and bureaucratic bottlenecks could discourage local production and instead turn Uganda into a trading destination for imported products manufactured elsewhere in the region.

The Parliamentary Committee on Health itself warned that **excessive regulatory costs** could limit innovation and discourage investment in research, product development, and expansion by local manufacturers.

COST – BENEFIT ANALYSIS

From an economic perspective, the Bill presents both important public health gains and substantial industrial risks. The key policy challenge lies in determining whether the expected benefits outweigh the potential economic burdens.

On the positive side, stronger regulation can reduce the long-term public health costs associated with harmful products, improve consumer confidence, and create a more structured market environment. Better quality control may also strengthen Uganda's reputation within regional markets and support long-term institutional development.

However, these benefits could be undermined if implementation becomes excessively bureaucratic, expensive, or inconsistent. The Ugandan manufacturing sector already operates within a high-cost environment characterised by expensive electricity, taxation pressures, transport costs, and compliance requirements. Therefore, introducing additional layers of regulation without harmonisation may weaken productivity and discourage formal business operations.

Economically, there is a real risk that Production costs will increase, Consumer prices will rise, Informal trade will expand, Manufacturing jobs will decline, Investments more likely to shift to neighbouring countries, Government revenue may reduce over time

The overall economic impact, therefore, depends less on the intentions of the Bill and more on how the Government implements it. If implemented gradually, transparently, and collaboratively with industry stakeholders, the Bill could strengthen both public health and industrial growth. However, if poorly managed, it could trigger unintended structural damage to Uganda's Beauty and Personal Care sector.

RECOMMENDATIONS.

WHAT THE GOVERNMENT MUST DO

To ensure that the Bill achieves its intended objectives without damaging the economy, the Government must adopt a balanced and consultative implementation strategy.

Clear coordination mechanisms should be established to avoid duplication of inspections, certifications, and licensing requirements between NDA and UNBS

A phased implementation approach will allow businesses, especially SMEs, enough time to adjust to new compliance requirements.

The Government should review certification fees and administrative charges to avoid overburdening manufacturers and consumers.

Adequate investment in laboratories, skilled personnel, and digital systems is necessary to ensure efficient approvals and inspections.

Manufacturers, importers, and traders should remain actively involved in shaping implementation guidelines and enforcement procedures.

Incentives such as tax reliefs, technical support, and affordable compliance systems should be introduced to protect Uganda's industrialisation agenda.

WHAT THE GOVERNMENT MUST AVOID

Avoid Excessive bureaucracy, as it may drive businesses into informality and reduce investor confidence.

Avoid overlapping mandates to allow manufacturers to manage their costs associated with compliance as well as improve efficiency in their day-to-day operation.

Enforcement should not begin aggressively before businesses are fully sensitised and institutions are adequately equipped.

The Government must ensure that its regulatory environment remains competitive within the East African Community market.

Avoid ignoring stakeholder concerns as this can greatly affect the implementation through resistance, reduced compliance, and economic disruptions from the private sector.

Conclusively, the National Drug and Health Products Authority Bill carries noble intentions centred on consumer protection and public safety. Nevertheless, the success of the law will depend on Government's ability to balance regulation with economic sustainability. Uganda must pursue a regulatory framework that protects consumers while simultaneously safeguarding jobs, encouraging innovation, supporting industrialisation, and maintaining regional competitiveness.