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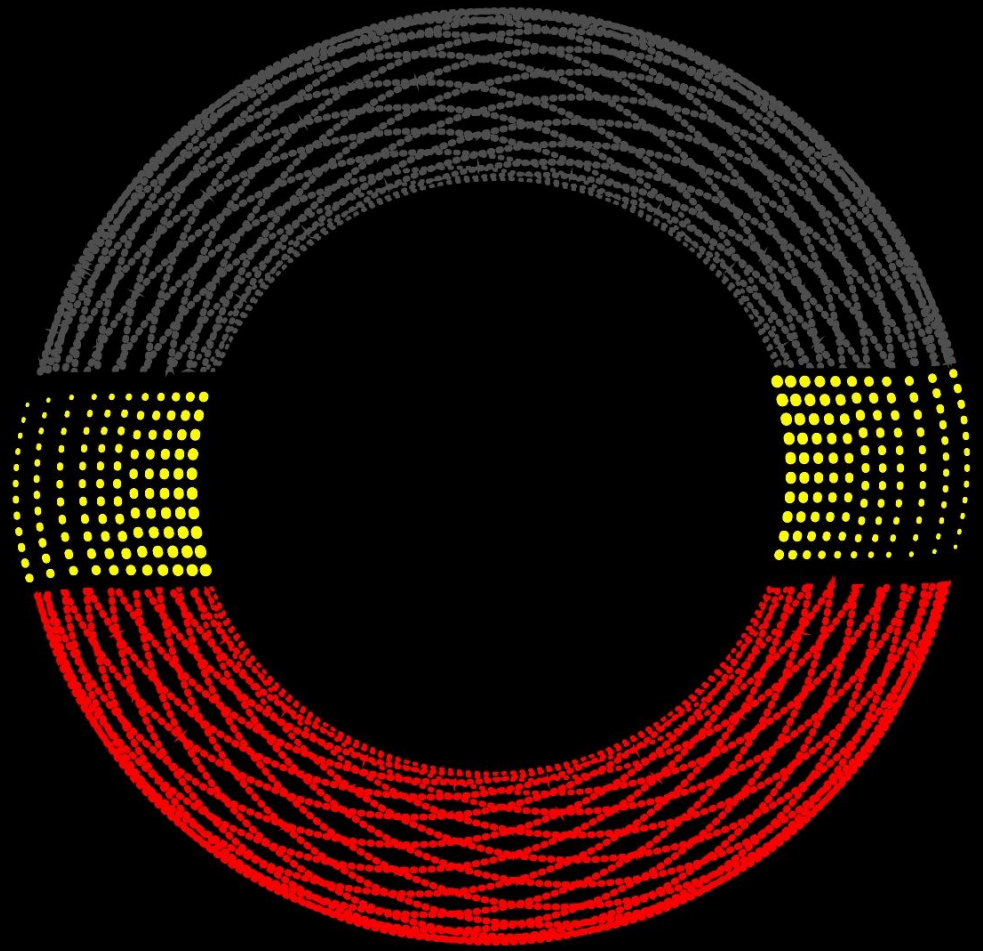


Protection of Sovereignty Bill, 2026

Key Provisions and Business Implications

April 2026

Legislative status

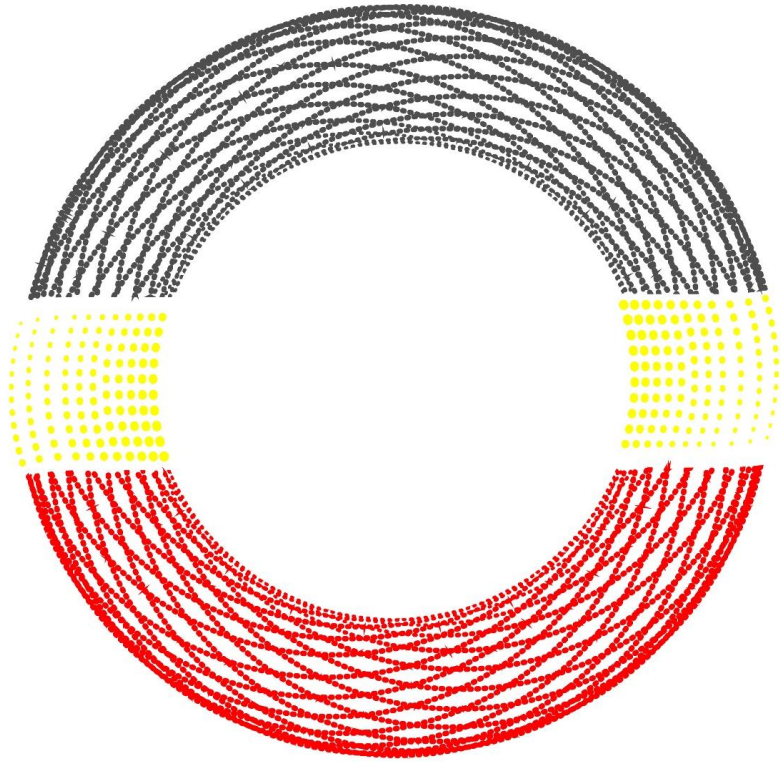
Bill currently before Parliament (Committee Stage)

- Aims to strengthen national sovereignty and government control
- Focus on regulation of foreign influence and funding.

Purpose of the Bill

Protect sovereignty of the people of Uganda

- Regulate agents acting on behalf of foreigners
- Control foreign funding and external influence.



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Context of the Bill

Regulating Foreign Agents

Establishes legal framework for identifying and regulating individuals and entities influenced by foreign interests.

Strengthening Governance

Enhances Government authority over policy, elections, and economic stability to safeguard national interests.

Executive Compliance

Executives must align corporate strategies with the Bill through proactive compliance and regulatory engagement.

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Why the Bill was introduced

Addressing legal gaps

- The Bill fills critical gaps in Uganda's laws to prevent indirect foreign interference in national sovereignty.

Foreign funding oversight

- It regulates foreign funding in civil society to protect national values and policy coherence.

Combating digital misinformation

- The Bill addresses misuse of digital platforms to spread misinformation threatening social and political stability.

Corporate responsibility

- Organizations are expected to operate transparently and align with national interests under the Bill.

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Who Is impacted

Multinational enterprises and global networks

- MNEs
- Firms acting as agents of foreign entities
- Development partners and donor-funded programmes.



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Who is a foreigner or an agent of a foreigner

Broad Definition of Agent

- The Bill defines agents of foreigners broadly, including representatives, employees, and contractors under foreign control or support.

Inclusive Foreigner Definition

- Foreigners include non-citizens, expatriates, foreign governments, international organizations, and foreign-registered entities.

Scope of Activities Covered

- The Bill covers physical and digital activities like political engagement, policy advocacy, and funding influencing public opinion.

Governance and Compliance Importance

- Executives must ensure legal compliance, transparency, and proper documentation to avoid penalties under the Act.

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Core regulatory changes

Mandatory registration of agents of foreigners

- Licensing validity limited to two years
- Disclosure of foreign funding sources
- Ministerial approval for funding above UGX 400m per year
- Possibility of fit-and-proper assessments including health checks (mental & physical).

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Registration, funding limits, and compliance obligations

Mandatory Registration Process

Agents of foreigners must register with detailed disclosure under government oversight, valid for two years.

Foreign Funding Controls

Foreign funding is capped and must be declared, with declarations subject to public inspection and Ministerial approval.

Compliance and Accountability

Executives and financial institutions must enforce compliance; violations may lead to personal liability and legal audits.

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Public sector restrictions

Cabinet approval required for work in health, education, water and infrastructure

- Foreign entities restricted from policy development and implementation.



Protected areas of national sovereignty

Government Policy Control

The Bill mandates that only Uganda's Government can develop and implement policies, excluding foreign agents without approval.

Foreign Policy Safeguards

Prohibition of foreign policy promotion without Cabinet approval.

Electoral Process Protection

The Bill criminalizes foreign interference in elections.

Economic Sovereignty

National economy and reputational interests – The Bill criminalizes what is referred to Economic sabotage and harmful dissemination of information.

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Funding controls

Foreign funding capped at UGX 400m per year

- Ministerial approval required for higher funding
- Unapproved funds subject to forfeiture

Financial & reporting obligations

Mandatory declaration of funding sources

Monthly and annual reporting requirements

Banks required to report transfers to be made to agents of foreigners



Communications & publications

Restrictions on economic and policy-related publications

Prohibition of promoting foreign policy without Cabinet approval.



Penalties for non-compliance

Significant financial penalties

- Personal liability for directors and senior officers of up to Ushs. 2bn including imprisonment
- Suspension or revocation of registration certificates
- Unregistered activity: fine of up to Ushs. 1bn or imprisonment of up to 10 years
- Illegal funding / promotion of foreign interests: fine of up to Ushs. 4bn or imprisonment up to 20 years
- Forfeiture of funds obtained contrary to the Act.

Key business implications

Increased regulatory and compliance burden

- Execution risk for public sector and donor projects
- Cost-plus and large-value engagements most exposed
- Banks have additional reporting requirements over and above current
- Potential approval lead-times impacting bank transfers due to requirement for approval.

Implications for NGOs and DFIs

Increased regulatory and compliance considerations

- Heightened scrutiny of grant, loan and blended finance arrangements
- Alignment of development objectives with Ugandan Government policy
- Potential approval lead-times impacting Project disbursement
- Governance and transparency expectations under sovereign risk lens.

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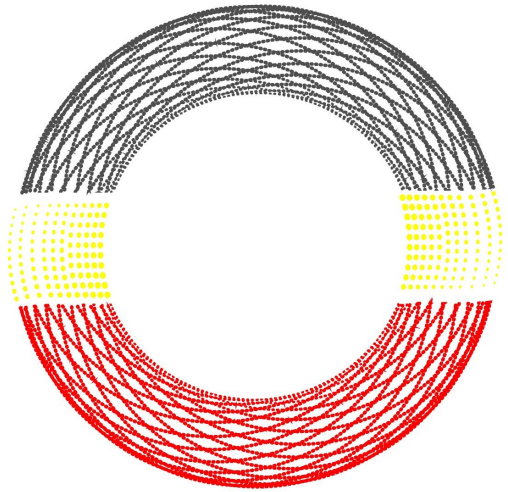
Potential risk mitigation actions

- Conduct enhanced due diligence on local counterparts
- Confirm registration and approval thresholds
- Strengthen governance, compliance and board oversight
- Seek early regulatory and legal guidance.



Risks, penalties, and key takeaways for executives

Strict Enforcement and Penalties

The Bill imposes heavy fines and imprisonment up to twenty years to deter violations and ensure compliance.

Executive Liability

Directors and executives can be held personally liable, making sovereignty compliance a top board-level responsibility.

Inspection and Enforcement Powers

Authorities can inspect premises and records; non-cooperation is an offence, stressing preparedness and accurate record-keeping.

Key Executive Takeaways

Executives must promote transparency, align strategies with national interests, and invest in governance frameworks to mitigate risks.

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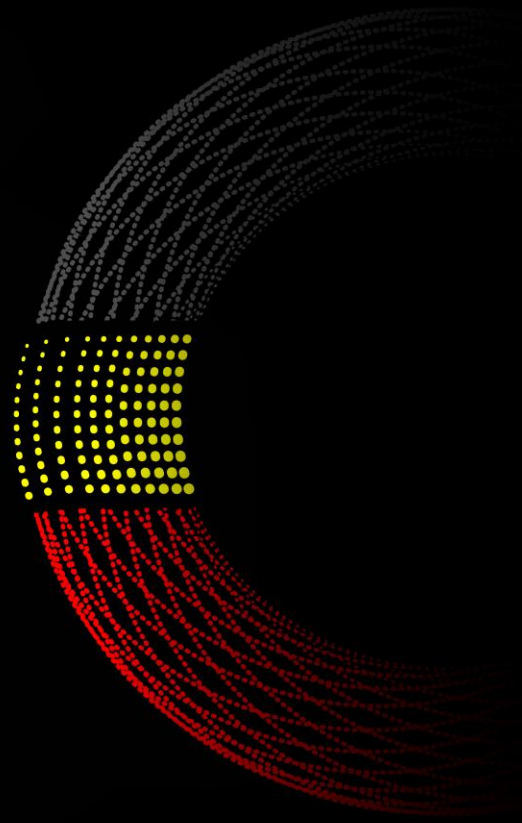

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