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LEGAL ALERT

THE PROTECTION OF SOVEREIGNTY ACT, 2026

May 2026

The Protection of Sovereignty Bill, 2026 (Bill No. 13 of 2026) (the "Bill") was gazetted on 13th April 2026 and first tabled in Parliament on 15th April 2026.

The Bill was passed by Parliament and received Presidential assent on 17th May 2026, thereby becoming the Protection of Sovereignty Act, 2026 (the "Act"). The date of commencement of the Act is the date on which the Act is published in the Uganda Gazette. Individuals and entities operating in Uganda across the NGO, private sector, media, academic, diplomatic, and faith-based sectors should treat commencement as imminent and implement preparatory compliance measures without delay.

This alert updates our earlier alert issued on the Bill and reflects the changes introduced between the Bill as tabled and the Act as assented to. The amendments represent material improvements from the Bill, while others introduce new or clarified obligations.

As enacted, the Act imposes criminal liability, mandatory registration, and foreign-funding restrictions on a broad range of organizations, individuals, and entities operating in Uganda. The penalties as enacted are lower than those proposed in the Bill, with the maximum term of imprisonment reduced from 20 years to 10 years and the maximum fine reduced from UGX 2 Billion to UGX 1 Billion for individuals. The Act retains: (a) a mandatory registration regime for any person acting as an "agent of a foreigner"; (b) criminal prohibitions on a wide range of activities associated with foreign funding and influence; (c) a declaration requirement for foreign financial support above UGX 400 million per year; (d) reporting and disclosure obligations; and (e) inspection and enforcement powers vested in the Ministry of Internal Affairs (the "Minister").

Key amendments introduced by the Act

The following are the most significant changes between the Bill as tabled and the Act as assented to:

Definition of "Foreigner": The Bill's definition of "foreigner" included Ugandan citizens residing outside Uganda and empowered the Minister to declare any person or body a foreigner by statutory instrument. Both of these elements have been removed from the Act.

The Act's definition of "foreigner" is now limited to: (a) non-Ugandan citizens who engage in the specified activities in Section 2(2) of the Act; (b) foreign governments, embassies, high commissions, and diplomatic missions who engage in the specified activities in Section 2(2) ; (c) corporations, companies, NGOs, or other legal entities incorporated, unincorporated, or registered outside Uganda who engage in the specified activities in Section 2(2); and (d) international or multinational organizations who engage in the specified activities in Section 2(2).

The removal of the Ugandan diaspora from the definition is a significant amelioration, as is the removal of the Minister's power to extend the definition by statutory instrument. However, the definition remains broad and captures most international development organizations and bilateral donors.

Definition of "Agent of a Foreigner" (Section 1): The Bill defined an agent of a foreigner as any person whose activities are "directly or indirectly supervised, directed, controlled, financed, or subsidized" by a foreigner. The Act refines this definition to require that the person engage in one of the specific activities listed in Section 2(2) while being financed or subsidized by a foreigner, or as an agent, representative or employee of a foreigner, or on the order, request, supervision or under the direction or control of a foreigner. The addition of the nexus to the Section 2(2) activities narrows the definition marginally compared to the Bill, though its practical reach remains very wide.

Reduced Penalties: The Bill proposed maximum penalties of 20 years' imprisonment and fines of up to UGX 4 Billion. The Act significantly reduces these penalties across all offences. The standard penalty for individuals is now a fine not exceeding UGX 1 billion or imprisonment not exceeding 10 years, or both. For legal entities, the maximum fine is UGX 2 Billion. For supervised financial institutions, the maximum fine was maintained at UGX 4 Billion. While reduced, these remain severe penalties capable of threatening the viability of implementing organizations and exposing individual staff to significant personal criminal risk.

Removal of Ministerial Pre-Approval for Foreign Funding: The Bill required the Minister's prior written approval before any agent of a foreigner could receive foreign financial support exceeding UGX 400 million in any 12-month period. This prior approval requirement has been removed from the Act and replaced with a declaration obligation requiring an agent of a foreigner to declare to the Minister. The agent may not receive foreign support exceeding UGX 400 million within 12 months without declaring the funds to the Minister. This is a meaningful improvement as the shift from prior approval to post-receipt declaration reduces the administrative burden and eliminates the risk of indefinite approval delays. However, the obligation to declare remains a compliance requirement, and failure to declare attracts criminal liability and forfeiture of the undeclared funds to the State.

Removal of Public Disclosure of Funding Declarations: The Bill required that funding declarations submitted to the Minister be made publicly available for inspection by any member of the public, upon payment of a prescribed fee. This public disclosure requirement has been removed from the Act. Under Section 21 of the Act, agents of foreigners are required to submit declarations of the source of funds to the Minister, but those declarations are not expressly made available to the public. This is a significant improvement for individuals and organizations concerned about the reputational and security risks of mandatory public disclosure of all foreign funding sources.

Introduction of Exemptions: The Bill contained no express exemptions for categories of recipients or types of transactions. The Act introduces two important exemption provisions. Section 2(4) exempts monies or funds received from a foreigner by supervised institutions and regulated persons for their licensed activities; by health and medical facilities for permitted health activities; by academic and research institutions for research and educational activities; by individuals for commercial, domestic or family use; and by faith-based organizations for mission-connected activities.

Section 2(5) provides a transaction-based exemption for lawful foreign direct investment, portfolio investment, diaspora remittances, export proceeds, trade finance, commercial loans, humanitarian assistance, technical assistance, grants, concessional financing, development assistance, and any other lawful foreign exchange inflow or outflow. These exemptions provide meaningful protection for specific categories of persons, institutions, organizations and transactions, though their boundaries require careful assessment in practice.

Removal of Mental and Physical Health Suitability Inquiries: The Bill required the Department of Peace and Security (the "**Department**"), as part of its suitability inquiries into registration applicants, to assess applicants' mental and physical health. This requirement has been removed from the Act. The suitability inquiries are now limited to identity, criminal record, insolvency status, adequacy of facilities, and other reasonable matters.

Banking Obligations: The Bill imposed civil penalties of UGX 4 Billion on supervised financial institutions that paid out funds to agents of foreigners without the required declarations and authorizations. The Act upholds the fine, but instead of requiring written authorization, it now demands proof of declaration of funds. Banks and supervised institutions must verify declarations before disbursing funds to agents of foreigners and submit monthly reports to the relevant regulator.

Natural Justice Requirements: The Act introduces express requirements that the Department and the Minister comply with the rules of natural justice when considering registration and renewal applications, and when suspending or revoking certificates. These requirements were absent from the Bill and provide a degree of procedural protection for registrants.

Core obligations and offences

Registration: Every agent of a foreigner must register with the Department and obtain a certificate from the Minister before acting as such an agent. Certificates are valid for 2 years and are subject to suitability inquiries. Acting without registration carries a fine of up to UGX 1 Billion or imprisonment of up to 10 years, or both for individuals and a fine of up to UGX 2 Billion for legal entities.

Foreign Funding Declaration: An agent of a foreigner may not receive foreign financial support exceeding UGX 400 million in any 12-month period without declaring the funds to the Minister. Funds received without the required declaration are subject to forfeiture to the State. The Act also requires agents to submit periodic returns to the Minister detailing operations and funds received.

Policy Activities: Policy advocacy, influencing Government policy, and carrying out activities related to Government policy implementation all require Cabinet-level authorization. Agents of foreigners who wish to propose amendments to the Government policy must submit their proposals to the relevant Ministry. Developing or implementing a policy without Cabinet approval

Sovereignty Offences: The Act prohibits agents of foreigners from promoting the interest of a foreigner against the interests of Uganda, exercising Government functions under the Sixth Schedule to the Constitution without Cabinet-approved authorization, promoting foreign policy not adopted by Cabinet as Government policy, influencing the will and consent of any person on electoral governance and interfering with the operations of Government. Each offence carries a fine of up to UGX 1 Billion or imprisonment of up to 10 years for individuals and a fine of up to UGX 2 Billion for legal entities.

Economic Sabotage: Publishing false information or participating in any disruptive act that weakens, undermines, or damages the economic system or viability of Uganda, causing economic disruption, insecurity, or instability, is a criminal offence carrying a fine of up to UGX 1 Billion or imprisonment of up to 10 years, or both for individuals and a fine of up to UGX 2 Billion for legal entities.

Funding Disclosure: All agents of foreigners receiving foreign funding must submit a declaration of the source of funds to the Minister. False or misleading declarations carry a fine of up to UGX 1.44 Million or imprisonment of up to 5 years, or both.

Foreign Funding to Government Institutions: Any funding, financial support, donation, loan or other assistance from a foreigner or agent of a foreigner to a Government institution or any other body in which the Government has an interest is deemed to be public funds and must be dealt with in accordance with the Public Finance Management Act. This provision directly affects development partners that channel funds through Government ministries and agencies.

Who should be concerned?

The Act continues to affect a broad range of organizations and individuals operating in Uganda. The following categories face direct and material legal exposure:

NGOs and INGOs: The Act requires mandatory registration of persons acting as agents of foreigners, declaration of all foreign funding above UGX 400 million annually, and criminal liability for directors and officers of implementing organizations. NGOs governed by the NGO Act may contend that they qualify for exemptions as entities supervised by a regulatory body. However, this interpretation remains legally ambiguous and should not be assumed without obtaining specific legal counsel.

Bilateral and multilateral development agencies: Development cooperation entities that operate under government-to-government agreements are not expressly exempt from the Act. The exemption for development assistance and technical assistance provides some protection at the transaction level, but the activities of Ugandan implementing partners remain subject to the Act's full requirements.

Private companies: Ugandan employees and directors of foreign-incorporated or foreign-financed companies who engage in political activities qualify as agents of foreigners and face individual registration obligations and criminal exposure. Commercial activities and licensed business operations may be covered by Section 2(4)(a) or Section 2(5) exemptions.

Media and press: Economic and political reporting, investigative journalism, and the publication of any information that could be construed as damaging the economic system or the country's viability, attract potential prosecution under the economic sabotage offence.

Academic and research institutions: Section 2(4)(c) introduces an express exemption for academic and research institutions receiving foreign funding for research, innovation, and educational activities permitted under Ugandan law. However, the exemption applies only to activities within the institution's academic mandate, and policy advocacy or lobbying based on the research findings is not covered.

Diplomatic missions: Under Section 2(3), the Act applies to representatives and agents of embassies, high commissions, and consulates, subject to the Diplomatic Privileges Act. Locally engaged staff may face registration obligations.

Constitutional and legal concerns

The Act raises several constitutional concerns, including the following:

Vagueness: Key definitions, including "political activities," "disruptive activities," "interests of Uganda," and "interests of a foreigner," remain broadly and imprecisely drafted. The definition of "interests of Uganda" as interests based on Government policy conflates the interests of the State with those of the ruling government. The vagueness of these provisions may be deemed to contravene Article 28(12) of the Constitution, which requires an offence to be well defined and the penalty prescribed.

Freedom of Expression, Association and the Press: Broad prohibitions on policy advocacy, publication of economic information, electoral engagement, and meetings concerning foreign policy continue to restrict constitutionally protected speech and association. The reduction of maximum penalties does not cure the constitutional concern about overbreadth.
Right to Civic Participation: The Act systematically restricts the ability of organizations and individuals to participate in and influence Government policy, a right expressly guaranteed by Article 38 of the Constitution.

Right to Property: The forfeiture provisions that empower courts to confiscate foreign-sourced funds upon conviction without any requirement to demonstrate tangible harm to Uganda's interests, and without adequate safeguards against disproportionate application.

Treaty Obligations: Entities operating under bilateral government-to-government development cooperation agreements are not expressly exempted from the Act. While development assistance transactions are exempt, implementing partners' activities may remain regulated. This continues to create tension with Uganda's international obligations under bilateral development cooperation agreements and the principle of pacta sunt servanda.

Recommendations

- Conduct a legal risk mapping exercise to identify all staff, partners, funding relationships, and activities that fall within the Act's definitions of "foreigner" and "agent of a foreigner." Assess which operations require registration, funding declaration, or Ministry or Cabinet approval, and which fall within the exemptions.

- Implementing partners and sub-grantees should be notified of the Act's requirements promptly. Do not assume that NGOs regulated under the NGO Act are automatically exempt without specific legal advice.

- Review all funding disbursements to Ugandan partners to identify those that will exceed the UGX 400 Million annual threshold and establish a compliance system for funding declarations to the Minister.

- International headquarters, donor principals, and diplomatic missions should be formally briefed on the Act's implications to enable coordinated engagement at bilateral and multilateral levels.

- Engage with the Ministry of Internal Affairs to seek administrative guidance on the implementation of the Act, including clarification of the exemptions and the procedures for funding declarations and registration.

- Develop scenarios for programme and operational continuity under the Act, identifying which activities can continue under existing authorizations, which require new Cabinet or Ministry approvals, and which may need to be suspended or restructured pending further clarity.

We recommend obtaining specific legal advice on your organization's particular exposure and compliance strategy.

Contact Us

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