

**JOINT MEMORANDUM BY THE COMMUNICATIONS SECTOR OPERATORS  
ON  
THE PROTECTION OF SOVEREIGNTY BILL, 2026**

Submitted to the Clerk to Parliament for consideration by the  
**Joint Committee of the Committee on Defence and Internal Affairs  
and the Committee on Legal and Parliamentary Affairs**

Date: 21st April 2026

**1. Introduction**

- 1.1 We respectfully submit this memorandum to the Joint Committee of the Committee on Defence and Internal Affairs and the Committee on Legal and Parliamentary Affairs in connection with the Protection of Sovereignty Bill, 2026 (the "Bill").
- 1.2 The communications sector comprises licensed telecommunications operators, mobile money payment service providers, internet service providers, and digital infrastructure companies operating under licences granted by the Uganda Communications Commission ("UCC") and, where applicable, the Bank of Uganda ("BOU"). Collectively, the Sector contributes approximately 9.6% of Uganda's GDP, serves over 31 million active subscribers, and is the principal vehicle for achieving the universal service, digital inclusion, and mobile financial services objectives embedded in Uganda's Digital Economy Strategy.
- 1.3 We affirm Uganda's sovereign right to protect itself from unlawful foreign interference. However, we are deeply concerned that the Bill, as presently drafted, would sweep lawful, licensed, and heavily regulated telecommunications and mobile money operations within its scope in ways that the Bill does not intend, undermine Uganda's digital economy, and expose both operators and individual mobile money agents to disproportionate liability for conduct that is already governed by comprehensive and effective sector-specific regulatory frameworks.
- 1.4 We seek a carve-out for licensed telecommunications and payment service providers and have identified drafting amendments to address specific provisions that would cause material harm if enacted in their present form.

**2. The Existing Regulatory Framework is Comprehensive and Effective**

A key premise of our submission is that the objectives the Bill seeks to achieve, insofar as they relate to telecommunications and mobile money, are already being achieved by existing law and institutions. The Bill would therefore create a duplicative, conflicting, and more onerous parallel regime administered by a body, *the Department responsible*

for *Peace and Security*' that has no technical expertise in telecommunications or financial services.

## 2.1 Licensing and Oversight

Every telecommunications operator in Uganda is licensed under the Uganda Communications Act, Cap. 106 ("UCC Act"). The UCC, as the sector regulator, maintains continuous oversight over licensees' ownership structures, foreign shareholding, and operational compliance. Under the UCC Act, licensees are required to disclose all material changes in ownership and control. The UCC has the power to revoke, suspend, or impose conditions on licences, and to direct operators on matters of national security in consultation with the relevant security agencies. This is precisely the same kind of oversight the Bill seeks to extend to the Ministry of Internal Affairs.

## 2.2 Mobile Money and Payment Systems Regulation

2.2.1 Mobile money services and payment systems are regulated under the National Payment Systems Act, 2020 and the Financial Institutions Act, Cap. 54. The Bank of Uganda licenses, supervises, and inspects all payment service providers. Operators are subject to rigorous Know Your Customer ("KYC") obligations, Anti-Money Laundering and Counter-Terrorist Financing ("AML/CFT") requirements under the Anti-Money Laundering Act, Cap. 118 (to which the Bill itself cross-refers), Source-of-Funds declarations, and cross-border transaction reporting. The Financial Intelligence Authority ("FIA") separately monitors and investigates suspicious transactions.

2.2.2 These frameworks are not theoretical. In 2023 alone, mobile money operators filed over 14,000 suspicious transaction reports with the FIA. Uganda's AML/CFT regime has been subject to mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and is internationally benchmarked. Any foreign interference concern that touches mobile money is already within the remit of the FIA, UCC, BOU, and the security agencies, all of which have operational and intelligence-sharing protocols.

## 2.3 No Regulatory Gap Exists

The Sector is one of the most intensively regulated sectors in Uganda. The concern that foreign actors could use telecommunications infrastructure or mobile money to interfere with Uganda's sovereignty is a legitimate policy concern but it is one already addressed by the Uganda Communications Act, Cap 106, the National Payment Systems Act, the Anti-Money Laundering Act, the Computer Misuse Act, the Regulation of Interception of Communications Act, and the direct oversight of UCC, BOU, FIA, the Internal Security Organisation, and the Chieftaincy of Military Intelligence. Adding a parallel registration, approval, and inspection regime administered by the Ministry of Internal Affairs does not address any gap but rather duplicates and complicates an architecture that already works.

### 3. Broad Definition and Overreach

#### 3.1 Telecommunications Operators as Agents of Foreigners

- 3.1.1 The definition of "agent of a foreigner" under Clause 1 captures any person whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidised by a foreigner. A "foreigner" under Clause 1(d) includes a corporation incorporated or registered outside Uganda.
- 3.1.2 Every major telecommunications operator in Uganda has a foreign parent, foreign institutional shareholders, or forms part of a regional or international group structure. They receive technology platforms, standards, group policies, capital, and roaming infrastructure from those group entities. Group-level direction is not sinister; it is the ordinary corporate architecture of multinational enterprises. However, read literally, it places every such operator within the definition of an agent of a foreigner.
- 3.1.3 Mobile money subsidiaries face identical exposure. They operate under group-level fintech plans, shared technology infrastructure, and regional payment rails that originate outside Uganda. Regional correspondent banking arrangements and international remittance partnerships compound this further.

#### 3.2 Activities Triggering Application

Clause 2(2) extends the Bill's application to agents of foreigners who, through any means including digital platforms:

- Solicit, collect, disburse, or dispense money for or in the interest of a foreigner (Clause 2(2)(b)) — mobile money processes billions of shillings in diaspora remittances and cross-border settlements daily;
- Represent the interests of before any agency or official of Government (Clause 2(2)(c)) — operators routinely engage UCC, BOU, and other regulators on group-level policies, and strategies;
- Influence the development of Government policy (Clause 2(2)(f)) — operators participate in UCC sector working groups, contribute to spectrum consultations, and engage MoFPED on digital economy policy. This is what the UCC Act expressly contemplates and encourages.

### 4. Specific Concerns and their Consequences

#### 4.1 Mobile Money: Supervised Institution Obligations (Clause 25) and Agent Liability

- 4.1.1 Clause 25 places sweeping obligations on supervised institutions, defined as persons licensed to facilitate cross-border transfer of money which directly captures mobile money operators holding Payment Systems Licences issued by BOU.
- 4.1.2 Under Clause 25(1), a supervised institution cannot pay out money to an agent of a foreigner unless the recipient declares the source of funds and

provides proof of ministerial authorisation under Clause 14 (registration) or Clause 22 (foreign funding approval).

- 4.1.3 This provision creates an operationally unworkable requirement and imposes vicarious liability on mobile money agents that is fundamentally unjust. Mobile money agents are individual or small business intermediaries, pharmacists, shop owners, market traders, who process transactions on behalf of operators using operator-provided platforms. They have no means to authenticate whether a payment recipient is a registered agent of a foreigner, no access to a government registry of such persons, and no legal obligation or training to make that determination. Requiring them to do so would be too onerous.
- 4.1.4 The analogy to intermediary liability in internet law is instructive. Internationally, technology platforms are not held liable for content or transactions passing through their infrastructure unless they have actual knowledge of the unlawful nature of the specific content or transaction and fail to act. This principle embodied in the Electronic Commerce Directive (EU), the Communications Decency Act (USA), and Uganda's own Electronic Transactions Act, Cap. 93 recognises that infrastructure providers cannot monitor, or take pre-emptive responsibility for all content or transactions flowing through their systems. The same logic must apply to telecommunication companies, operators and their agents.
- 4.1.5 The civil penalty for non-compliance under Clause 25(3) is UGX 4 billion per contravention. Applied across the millions of daily mobile money transactions, this provision would either shut down mobile money or make it so operationally cumbersome as to be commercially unviable. a catastrophic outcome for a Country where mobile money is the primary financial instrument for over 18 million Ugandans who have no bank account.

## 4.2 The UGX 400 million Foreign Funding Threshold (Clause 22)

- 4.2.1 Clause 22 prohibits any agent of a foreigner from receiving foreign financial assistance exceeding 20,000 currency points (approximately UGX 400 million) per annum without written Ministerial approval.
- 4.2.2 For a telecommunications operator, UGX 400 million represents a trivial fraction of routine operating costs. A single month's cross-border roaming settlement, a software licence renewal for a billing platform, or an intragroup loan to fund network expansion each significantly exceeds this threshold. Consequently, the threshold would require Ministerial approval for Intragroup capital injections and shareholder funding from foreign parent entities for;
- Equipment procurement contracts with technology vendors whose invoices are denominated in foreign currency;
  - Technical support and managed services agreements with group entities;

Ministerial approval for each of these would introduce discretionary political control by an entity with no technical expertise over commercial transactions that are currently regulated through UCC licensing conditions and BOU prudential requirements.

### 4.3 Impact on International Remittances and Diaspora Transfers

4.3.1 Uganda receives approximately USD 1.4 billion in diaspora remittances annually, representing the second-largest source of foreign exchange after exports. The overwhelming majority of these inflows are processed through mobile money platforms.

4.3.2 The Bill's definition of "foreigner" in Clause 1(b) includes a Ugandan citizen residing outside Uganda. Accordingly, every remittance from a Ugandan in London, Doha, or Nairobi to a family member in Kampala or Gulu is potentially a transfer from a foreigner to a person in Uganda which, if the recipient is classified as an agent of a foreigner (itself an open question), triggers the declaration and authorisation requirements of Clause 25.

The practical consequence is a chilling effect on remittances at precisely the moment they are most needed. Rural households that depend on remittances for school fees, medical expenses, and food security would face delays, uncertainty, and friction in accessing funds that are their own family income. This is not a theoretical risk, provisions could result in a reduction in formal remittance flows and a shift towards unregulated, cash-based channels precisely the outcome that Uganda's AML/CFT framework is designed to prevent.

### 4.4 Corporate Social Responsibility and Government Partnership Programmes

4.4.1 The communications sector invests significantly in community programmes under corporate social responsibility ("CSR") mandates embedded in UCC licensing conditions. These programmes covering education, health, agricultural extension, digital literacy, and women's economic empowerment are jointly delivered with Government ministries and operate under memoranda of understanding with Agencies such as the Ministry of Education, the Ministry of Health, and the Office of the Prime Minister.

4.4.2 Under Clause 6(2), an agent of a foreigner may not exercise any function listed in the Sixth Schedule to the Constitution which includes education, health, and economic development without the approval of the relevant Government agency, which may not itself approve such activities without Cabinet sign-off. This means that a foundation funded by a foreign-parented company that provides bursaries to rural school children or funds solar panels at health centres requires Cabinet approval to continue operating. The administrative burden of Cabinet-level authorisation for individual CSR programmes is manifestly disproportionate and would effectively terminate programmes that benefit millions of Ugandans.

4.4.3 More acutely, the sector partners with the United Nations High Commissioner for Refugees ("UNHCR") and World Food Programme to facilitate mobile money-based cash transfers to refugee populations in settlements including Nakivale, Bidi Bidi, and Kyaka II. These programmes serve over 1.5 million refugees in Uganda and are part of Uganda's internationally recognised hosting model. A supervised institution would be unable to process these transfers without each refugee recipient first declaring the source of funds and proving Ministerial authorisation a requirement that is logistically impossible in a refugee context and that would endanger the humanitarian architecture Uganda has built.

#### 4.5 The Registration Regime is Administratively Unimplemented

4.5.1 The Bill requires agents of foreigners to register with the Department responsible for Peace and Security and obtain a certificate of registration before continuing operations. The registration process under Clause 15 requires exhaustive disclosure of all funding sources, employees, activities, agreements, and business particulars. Certificates are valid for two years and must be renewed at least three months before expiry (Clause 19).

4.5.2 No infrastructure, regulatory framework, procedural guidelines, forms, fee schedules, or staffing currently exists within the Department responsible for Peace and Security to administer a registration regime of this complexity across potentially hundreds of entities. The Department has no history of regulating commercial entities, no sectoral technical capacity, and no established interface with the UCC, BOU, or FIA. The Bill would come into force without any transitional provisions or commencement regulations establishing the registry, which means that entities legally required to register would be unable to do so committing a criminal offence through no fault of their own.

The Bill is, in its current form, not ready for implementation. Enacting it without commencement architecture, transitional provisions, or accompanying regulations would create immediate legal uncertainty across the telecommunications and financial sectors.

#### 4.6 The Physical Fitness Requirement is Discriminatory (Clause 16(2)(a))

4.6.1 Clause 16(2)(a) empowers the Department, in assessing the suitability of an applicant for registration, to inquire into the "identity, character, mental and physical health of the applicant" and, in the case of a company or legal entity, its directors and principal officers.

4.6.2 The requirement to assess the physical health of directors and officers as a condition of registration as an agent of a foreigner is without precedent in Ugandan commercial law and is potentially discriminatory on grounds of disability. Article 21 of the Constitution of the Republic of Uganda, 1995

prohibits discrimination on grounds that include sex, race, colour, ethnic origin, and "social or economic standing." The Persons with Disabilities Act, 2020 further prohibits discrimination in employment and business operations on grounds of disability. A provision that requires a physical health assessment as a condition of a business registration certificate is unconstitutional and should be removed or substantially narrowed.

#### **4.7 Constitutional Concerns: Articles 29, and 40**

- 4.7.1 Article 29 of the Constitution guarantees freedom of expression, the right to seek, receive, and impart information, and freedom of thought and conscience. Clause 2(2)(f) which captures as regulated activities the influencing of Government policy. The Bill's framing of policy influence as a suspicious activity requiring registration runs contrary to the participatory governance architecture the Constitution establishes.
- 4.7.2 Article 40 protects the right to practise a profession and to carry on any lawful occupation, trade, or business. The combined effect of the registration requirement, the foreign funding cap, the Clause 25 reporting obligation, and the criminal liability provisions constitutes a substantial interference with the right to conduct lawful, licensed business an interference that must be proportionate to a legitimate aim and prescribed by law with sufficient precision to be foreseeable. The Bill fails the proportionality and foreseeability tests in its present form.

#### **4.8 Financial Inclusion**

- 4.8.1 Uganda's financial inclusion rate has risen from approximately 54% in 2013 to over 78% in 2023, driven almost entirely by mobile money adoption. The Bill would impose transaction friction, agent liability, and reporting requirements that would slow or reverse this progress. We estimate that compliance with the Clause 25 payout verification regime alone would require system-level investment exceeding USD 20 million and would delay average transaction processing by up to 48 hours, outcomes incompatible with the real-time nature of mobile money. Low-income users, rural communities, and women who constitute the fastest-growing mobile money user segment would bear the greatest harm.

#### **4.9 Economic Sabotage Clause (Clause 13): Regulatory Communications at Risk**

Clause 13 criminalises publishing information that "weakens or damages the economic system or viability of the Country, causing economic disruption, insecurity or instability." Applied without definitional precision, this provision could capture:

- Quarterly earnings disclosures by listed companies that reference macroeconomic headwinds or regulatory uncertainty;
- Credit risk communications to foreign lenders and bondholders that reference country risk;

Listed companies have disclosure obligations under the Capital Markets Authority Act and the Uganda Securities Exchange Listing Rules that legally require them to communicate material risks and adverse developments to investors. A provision that criminalises such disclosures as economic sabotage is irreconcilable with capital markets law and would deter stock exchange listings and debt capital market participation by telecommunications companies.

## 5. Risk Matrix

Provision / Risk	Entity	Severity	Clause(s)
MoMo payout verification obligation on agents of foreigners without notice/knowledge standard	MoMo / Agents	CRITICAL	Cl. 25
UGX 400M foreign funding cap – unworkable for routine commercial flows	All Operators	CRITICAL	Cl. 22
Classification as agent of a foreigner by virtue of group structure	All Operators	HIGH	Cl. 1, 2
Disruption to diaspora remittances / UNHCR refugee cash transfers	MoMo	HIGH	Cl. 25, 22
Criminal liability for CEO / Board under disruptive activities provisions	All Operators	HIGH	Cl. 23(3)
Termination of CSR and government partnership programmes lacking Cabinet approval	Foundations / Operators	HIGH	Cl. 6, 8
Bill unimplemented – no registry, no forms, no procedures	All Entities	HIGH	Cl. 14–19
Physical health assessment of directors – discriminatory	All Operators	HIGH	Cl. 16(2)(a)
Economic sabotage clause – captures regulated disclosures	Listed Operators	HIGH	Cl. 13

Provision / Risk	Entity	Severity	Clause(s)
Roaming / international settlements triggering foreign funding restrictions	All Operators	MEDIUM	Cl. 22
Policy advocacy and regulatory submissions classified as influence activity	All Operators	MEDIUM	Cl. 2(2)(f), 7

## 6. Proposed Amendments

Our proposed amendments are targeted and proportionate, particularly regarding compliant, licensed entities engaged in regulated commercial activity.

### 6.1 Express Carve-Out for Licensed communications and Payment Service Providers

The Bill should include a provision to the following effect:

*"This Act shall not apply to a person licensed, authorised, or supervised under the Uganda Communications Act, the National Payment Systems Act, the Financial Institutions Act, or any other written law providing for the licensing or regulation of telecommunications operators, payment service providers, or financial institutions, in respect of activities that are within the scope of, and conducted in compliance with, such licensing or regulatory authorisation."*

This mirrors the approach in Clause 6(5) and Clause 8(7) of the Bill itself, which already exclude persons who hold a licence, permit, or authorisation from a Government licensing or regulatory body from certain obligations under those provisions. The carve-out should be extended consistently across all operative provisions of the Bill.

### 6.2 Narrow the Definition of 'Agent of a Foreigner'

The definition should be amended to exclude ordinary commercial relationships, including:

- Shareholding, group ownership, and corporate governance relationships between a Ugandan entity and a foreign parent company, provided the Ugandan entity is independently licensed by a competent regulatory authority;
- Commercial contracts for the supply of technology, software, equipment, or services entered into in the ordinary course of business;
- Participation in international standards bodies, technical working groups, or industry associations;

- Roaming, interconnection, and settlement arrangements with foreign operators under UCC-regulated frameworks.

### **6.3 Adopt an Actual Knowledge Standard for Supervised Institution Obligations (Clause 25)**

Clause 25 should be amended to provide that a supervised institution is not required to verify Ministerial authorisation or registration status before processing a payment unless the institution has received actual notice from the FIA, UCC, BOU, or a court of competent jurisdiction that the specific transaction is linked to conduct prohibited under this Act. This is consistent with the notice-and-takedown architecture adopted in Uganda's Electronic Transactions Act, the AML/CFT framework, and international intermediary liability standards.

### **6.4 Increase and Index the Foreign Funding Threshold (Clause 22)**

The threshold of 20,000 currency points (UGX 400 million) should be substantially increased for regulated commercial entities, or a blanket exemption should be provided for transactions conducted in the ordinary course of licensed business, including intragroup funding, roaming settlements, and procurement payments. At minimum, the threshold should be set at a level that reflects the commercial reality of regulated businesses, not the funding profile of a civil society organisation.

### **6.5 Exclude Diaspora Remittances and Humanitarian Transfers**

Ugandans residing outside Uganda should be excluded from the definition of "foreigner" for purposes of inbound remittance transactions processed through licensed payment service providers. Separately, transfers processed under agreements with UNHCR, WFP, UNICEF, and other designated international humanitarian agencies should be expressly excluded from the supervised institution obligations under Clause 25.

### **6.6 Require Consultation with UCC and BOU Before Action Against Licensed Entities**

Where the Minister proposes to take enforcement action, refuse registration, or impose conditions under the Bill in respect of a licensed telecommunications or financial sector entity, the Minister should be required to consult the UCC or BOU, as appropriate, before doing so. This preserves the primacy of the sector-specific regulator and prevents regulatory conflict.

### **6.7 Remove or Narrow the Physical Health Assessment (Clause 16(2)(a))**

The reference to "physical health" as a criterion for assessing the suitability of an applicant or its directors should be removed. It serves no legitimate regulatory purpose that is not already served by fit-and-proper assessments under existing financial sector and company law, and it creates unconstitutional exposure to disability-based discrimination.

### **6.8 Define 'Disruptive Activities' with Greater Precision**

The definition of "disruptive activities" in Clause 1 should be narrowed to conduct that is demonstrably linked to violence, threats, or the subversion of constitutional order. The current sub-paragraph (g)—"disrupting or interfering with the lawful activities, business operations, peace or human rights of any person"—is so broad that it could encompass ordinary competitive business conduct and should be removed or substantially restricted.

#### **6.9 Include Transitional Provisions and Defer Commencement**

The Bill should not come into force until: (a) the registration registry has been established and is operational; (b) registration forms, procedural guidelines, fee schedules, and timelines have been published by the Minister; and (c) a transitional period of not less than twelve months has been provided for existing entities to apply for registration without being in breach of the Act. In the interim, the Minister should consult UCC and BOU on the design of the registration regime as it applies to regulated entities.

#### **6.10 Harmonise Reporting with Existing Frameworks**

A regulated entity that satisfies its source-of-funds reporting obligations under the Anti-Money Laundering Act through FIA reporting should be deemed compliant with the declaration requirements of Clause 21. Duplication of parallel reporting obligations adds cost without adding oversight value.

### **7. Conclusion**

The communications sector is Uganda's most consequential infrastructure sector. It connects Ugandans to each other, to Government services, and to financial systems. It has made Uganda's digital economy possible and is the primary instrument through which Uganda's financial inclusion ambitions will be realised.

The Sector is not exempt from regulation, accountability, or the obligations of operating in Uganda. It operates under one of the most comprehensive regulatory frameworks in East Africa. The protection of Uganda's sovereignty from genuine foreign interference is a legitimate and important objective.

However, the Bill in its current form would impose obligations on the Sector that are operationally unworkable, legally inconsistent with the Constitution and existing sector law, disproportionate to any legitimate aim, and likely to harm the very Ugandan citizens the Bill is designed to protect. The Sector therefore respectfully urges the Joint Committee to:

- Grant an express carve-out for entities licensed by UCC, BOU, and other competent financial and communications regulators;
- Adopt an actual-knowledge standard for supervised institution obligations under Clause 25, consistent with intermediary liability principles;
- Remove the physical health criterion in Clause 16(2)(a) as potentially discriminatory;
- Substantially revise the foreign funding threshold under Clause 22 to reflect commercial reality;

- Exclude diaspora remittances and humanitarian payment transfers from the Bill's payout restrictions;
- Include transitional provisions and defer commencement until the registration regime is operationally ready;
- Require consultation with UCC and BOU before action is taken against licensed entities.

We remain available to provide clarification to the Joint Committee, Parliament and Government to ensure that the Bill achieves its stated purpose without impairing Uganda's digital and financial infrastructure.


### 8. Prayer

We respectfully pray that this memorandum be received and considered by the Joint Committee of the Committee on Defence and Internal Affairs and the Committee on Legal and Parliamentary Affairs, and that the Committee recommend appropriate amendments to the Protection of Sovereignty Bill, 2026 in the terms set out above.

#### MTN UGANDA LIMITED

Name: Sylvia Mulinge

Position: Chief Executive Officer

Signature:  \_\_\_\_\_

#### AIRTEL UGANDA LIMITED

Name: Sahu Soumendra

Position: Managing Director

Signature:  \_\_\_\_\_

#### LYCAMOBILE UGANDA LIMITED

Name:

Position:

Signature: \_\_\_\_\_

Date: 21st April 2026