



TASLAF Advocates

# The Protection of Sovereignty Bill, 2026

*A Legal Analysis*

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TASLAF Advocates · April 2026

*Prepared for: TASLAF Clients and Partners*

*We Are African. We believe in the African People, Markets and Solutions.*

# Today's Analysis

A structured guide through the Bill, its legal context, and what it means for your organisation

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This analysis is based on the Protection of Sovereignty Bill, 2026 (draft, 3 March 2026) reviewed against eleven pieces of Ugandan legislation. It does not constitute legal advice.



01

# What Is the Bill?

Origins, current status, and the law-making process

# Origins and Current Status

*How the Bill emerged and where it stands today*

**3 March 2026**

Draft circulated

The Bill's draft text entered public circulation — not through a formal government announcement but through distribution among civil society, legal practitioners, and journalists. No official gazette notice was issued.

**28 March 2026**

NRM Caucus endorses

The NRM Parliamentary Caucus resolved to support the Bill's passage at State House Entebbe. Government Chief Whip Hamson Denis Obua announced the endorsement, framing the Bill as operationalising Article 1(1) of the Constitution.

**13 April 2026**

Gazetted — Bill No. 13

Published as Bills Supplement No. 5 to the Uganda Gazette No. 39, Volume CXIX. Signed by Maj. Gen. (Rtd.) Kahinda Otafiire, Minister of Internal Affairs. The Bill has 30 clauses across five Parts.

**15 April 2026**

First Reading completed

The Bill was formally tabled in Parliament on 15 April 2026 and completed First Reading. It has now been committed to a Sessional Committee. The Committee Stage — the primary window for stakeholder submissions — is open.

⚠ The Bill is also being discussed alongside a parallel NGO Funding Bill, 2026. Their relationship has not been clarified by the Government. Both should be monitored.

# Uganda's Law-Making Process & Where the Bill Sits

Under Article 79(1) of the Constitution, only Parliament has power to make laws

<b>1</b>	<b>First Reading</b> Bill formally introduced and committed to the relevant Sessional Committee. No debate.
<b>2</b>	<b>Committee Stage</b> KEY OPPORTUNITY: Committee examines clause by clause, invites expert evidence and written submissions.
<b>3</b>	<b>Second Reading</b> Full House debates the principle and policy of the Bill.
<b>4</b>	<b>Third Reading</b> House votes on the Bill in its final amended form.
<b>5</b>	<b>Presidential Assent</b> President has 30 days to assent, return for reconsideration, or refuse.
<b>6</b>	<b>Gazette Publication</b> Act published in the Uganda Gazette. Obligations take effect from date of commencement.

## Where the Bill Stands — April 2026

### BILL NO. 13 — TABLED

Gazetted 13 April 2026; First Reading completed 15 April 2026. The Bill is formally before Parliament with 30 clauses across five Parts.

### COMMITTEE STAGE — NOW

The Bill has been committed to a Sessional Committee. This is the current engagement window — open now.

### SUBMIT EVIDENCE NOW

Affected organisations should file written submissions and apply to give oral evidence to the Committee immediately. This is the most important formal opportunity available.

### AFTER THIRD READING

Once the Bill passes Third Reading, legislative influence is exhausted. What remains is compliance, litigation, or arbitration. Act now.



02

# What the Bill Says

Key definitions and principal provisions

# The Three Critical Definitions

*These definitions determine the Bill's entire scope — and they are exceptionally wide*

The Bill's reach is determined by three definitions. Understanding them is the starting point for assessing any organisation's exposure.

## "Foreigner"

### Includes all of the following:

- Non-Ugandan citizens
- Ugandan citizens residing outside Uganda
- Foreign governments, embassies, consulates
- Any company or NGO incorporated or registered outside Uganda
- International and multinational organisations
- Any entity the Minister may declare a foreigner by statutory instrument — at any time, without parliamentary approval

⚠ Every international NGO, development agency, development finance institution, and foreign investor operating in Uganda is a 'foreigner' under this definition.

## "Agent of a Foreigner"

### Means any person:

- Who acts as agent, representative, employee, or servant of a foreigner
- Whose activities are directly OR indirectly supervised, directed, controlled, financed, or subsidised by a foreigner

⚠ 'Indirectly' is critical: every Ugandan staff member, local partner, sub-grantee, and consultant connected to foreign funding is captured. A local NGO funded by another local NGO that receives international grants is caught.

## "Disruptive Activities"

### Includes:

- Acts prejudicial to Uganda's security
- Employing or contracting persons to promote foreign interests
- Participating in demonstrations
- Disrupting or interfering with any person's lawful activities, business operations, or human rights

⚠ No intent required. Advocacy, research, civic education, and human rights monitoring can all fall within this definition.

# Sovereignty Prohibitions: Clauses 5 and 13

The Bill's broadest criminal offences — and why they matter for anyone who publishes or advocates

## Clause 5 — Promoting Foreign Interests

### What it says:

No person shall engage in any activity that promotes the interests of a foreigner against the interests of Uganda.

### Key problems:

- 'Against the interests of Uganda' is not defined anywhere in the Bill
- No intent required — accidental or inadvertent conduct is captured
- Applies to individuals and organisations of any kind
- Penalty: up to 20 years or UGX 2 billion (individual); UGX 4 billion (organisation)

## Clause 13 — Economic Sabotage

### What it says:

Any person who publishes information or participates in any activity that weakens or damages Uganda's economic system or viability — causing disruption, insecurity, or instability — commits an offence.

### Who is at risk:

- Researchers publishing poverty data or economic analyses
- Journalists reporting on public finance or accountability
- Development agencies producing programme impact reports
- Academics writing on Uganda's economic policy or performance
- Donors publishing honest assessments of programme challenges

*Same maximum penalties apply. The chilling effect begins on commencement day — not when a prosecution is brought.*

Comparison: Penal Code s36 → 7 years max, DPP consent, military info only. Anti-Terrorism Act → 10 years, intent required, DPP consent, High Court only. Sovereignty Bill → 20 years, no intent, no DPP consent, no High Court restriction.

# Cabinet Approval & Registration Regime

*Clauses 6–8 and 14–20: approval requirements and the parallel registration system*

## Cabinet Approval — Clauses 6, 7 & 8

**Clause 6** Agents of foreigners may not provide services in sectors for which Government is responsible — health, education, water, infrastructure — without Cabinet approval.

**Clause 7** Agents may not develop, influence, or propose amendments to government policy without Cabinet approval.

**Clause 8** Agents may not implement government policy without Cabinet approval backed by a written undertaking.

⚠ No prescribed timeline. No obligation to give reasons for refusal. No appeal short of court.

★ **TABLED BILL CHANGE — New exemption:** Clauses 6(5) and 8(7) exempt any person holding a licence, permit or other authorisation from a Government licensing or regulatory body. Licensed healthcare providers, utilities, construction companies, and other regulated operators are EXEMPT from Cabinet approval for service delivery and implementation activities.

## Registration Regime — Clauses 14 to 20

- Clause 14: All agents of foreigners must register with the Department of Internal Affairs before operating. Penalty: 10 years or UGX 1 billion.
- Clause 15: Applications must include full employee details, all foreigners acted for, copies of all agreements, 60 days' financial contributions, and all political activities.
- Clause 16: Department may inquire into the mental and physical health of applicants. Certificates are valid for 2 years only.
- Clause 20: Minister may suspend or revoke a certificate at any time — without prior notice and without any opportunity for the holder to respond.
- No coordination with the existing NGO Bureau registration. No specialist appeals body. Potential for conflicting decisions from two parallel regulatory bodies.

Article 44(c) of the Constitution makes the right to a fair hearing non-derogable. Clause 20 is in direct conflict with that guarantee. The NGO Act already requires 30 days' notice — the Bill removes it entirely.

# Funding Controls & Banking Obligations

Clauses 21–25: the ministerial approval threshold, public disclosure, and banking pre-authorisation

Cl. 21	Cl. 22	Cl. 23	Cl. 24	Cl. 25
<b>Funding Declarations</b>  Subject to the AMLA (now explicit in the tabled Bill): agents of foreigners must declare sources of foreign funding to the Minister. Declarations are publicly available for inspection on payment of a fee.	<b>Ministerial Approval</b>  Receipt of foreign financial support exceeding UGX 400 million (~USD 107,000) in any 12-month period requires the Minister's written approval in advance. Tabled Bill: forfeiture now requires a court conviction and judicial order — not automatic ministerial action.	<b>Criminalised Funding</b>  Receiving funds from any foreign entity that has 'demonstrated an intention' to overthrow Government or endanger Uganda's security carries up to 20 years. Intention is not defined.	<b>Foreign Funding to Government</b>  All foreign funding to government institutions treated as public funds subject to the PFMA — and now subject to approval by the Minister of Internal Affairs in addition to the Minister of Finance.	<b>Supervised Institution Reporting</b>  Tabled Bill: 'supervised institution' (defined as cross-border transfer licensees — not all banks) must obtain declaration + authorisation before paying agents of foreigners — authorisation only 'where applicable' (i.e. where UGX 400M threshold is engaged). Monthly reports to the Minister.
⚠ DPPA concern remains: public disclosure of financial information — special personal data — without explicit consent.	⚠ Captures every significant grant, programme budget, and investment tranche. No prescribed timeline. Forfeiture still a real risk — but now court-supervised.	⚠ Double the Anti-Terrorism Act's maximum for terrorism financing — without the ATA's DPP consent, intent threshold, or High Court protection.	⚠ Directly conflicts with the PFMA. No mechanism to resolve conflicts between the two ministers.	⚠ UGX 4 billion civil penalty. No safe harbour. 'Supervised institution' narrower than all banks but captures most major commercial banks.

Taken together, Clauses 21–25 give the Minister of Internal Affairs oversight of virtually all significant foreign-funded financial flows in Uganda — bypassing the Bank of Uganda, the FIA, and the PFMA.



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# Legal & Policy Concerns

Thirteen identified conflicts with Uganda's constitutional and legal framework

# Constitutional Conflicts

*The Bill engages binding provisions of the Constitution of Uganda, 1995*

## Objective XVIII — DIRECT CONFLICT

### NGO Independence Guaranteed

The National Objectives bind the State to guarantee and respect the independence of NGOs that protect and promote human rights. Cabinet approval requirements, security-sector registration, and ministerial funding oversight are all directly in tension with this constitutional commitment.

## Article 44(c) — DIRECT CONFLICT

### Non-Derogable Fair Hearing

The right to a fair hearing cannot be removed under any circumstances — not even in a state of emergency. Clause 20 allows the Minister to revoke a certificate without notice or hearing. This is a direct violation of a right the Constitution places beyond the reach of any legislation.

## Article 29(1)

### Freedom of Expression

The Constitution protects freedom of speech, press freedom, and academic freedom. Clause 13 criminalises economic publications without intent. Any limitation must satisfy Article 43's test: acceptable and demonstrably justifiable in a free and democratic society.

## Article 26

### Protection of Property

No compulsory deprivation of property without prior payment of fair and adequate compensation. Clauses 22 and 23 provide for forfeiture of funds with no compensation mechanism and no right of prior challenge.

## Article 27

### Privacy of Person and Home

Protection from unlawful entry to premises. Clause 28 allows unannounced inspection at any reasonable time without any prior notice — removing the three-day notice requirement the NGO Act currently mandates.

## Article 43

### Proportionality Standard

Any limitation on fundamental rights must be acceptable and demonstrably justifiable in a free and democratic society. Penalties of 20 years for administrative non-compliance and UGX 4 billion for organisations do not meet this standard.

# Coincidence With Existing Law

The Bill replicates existing offences at higher penalties and without their safeguards

Feature	Penal Code s.36	Anti-Terrorism Act	AT Regs 2023	Sovereignty Bill
<b>Conduct targeted</b>	Publication of military info prejudicial to security	Terrorism financing — funds for terrorist acts	Declaring terrorist orgs & individuals	Promoting foreign interests; economic sabotage; receiving funds for disruptive activities; promoting government operations
<b>Intent required?</b>	Yes — must know information endangers security	Yes — intent or reasonable suspicion required	Yes — reasonable grounds standard	No — strict liability for Cls 5 and 13
<b>DPP consent needed?</b>	Yes — written consent before prosecution	Yes — written consent required	Yes — DPP informed within 48 hours	No — none required
<b>Court oversight?</b>	Standard criminal courts	High Court only	High Court makes final determination	None — ministerial decision; no judicial order for forfeiture
<b>Independent oversight?</b>	Director of Public Prosecutions	DPP + High Court	IGP → FIA → DPP → High Court	Single Minister of Internal Affairs — no checks
<b>Max penalty</b>	7 years' imprisonment	10 years' imprisonment	Judicial order — court-determined	20 years' imprisonment + UGX 2–4 billion

The tabled Bill (No. 13) adds four new offences beyond the draft: promoting foreign policy not adopted by Cabinet (Cl.10); electoral interference (Cl.11); interfering with government operations (Cl.12). Combined with the existing offences, all of these carry up to 20 years and bypass the AT Regulations 2023's calibrated multi-institution safeguards.

# Data Privacy, PFMA and AMLA Conflicts

The Bill creates irresolvable conflicts with three existing Ugandan laws

## Data Protection & Privacy Act, 2019

### The conflict:

The registration process requires health status, financial information, and political opinions — 'special personal data' under DPPA s.9, which may not be collected without explicit consent. No consent mechanism is provided. The public inspection provision in Cl. 21(2) makes financial declarations available to any member of the public — constituting unlawful disclosure under DPPA s.35, a criminal offence carrying up to 10 years' imprisonment and up to 2% of gross annual turnover for organisations.

*Bottom line: The implementing Ministry could itself incur DPPA criminal liability in the course of running its own registration system.*

## Public Finance Management Act, 2015

### The conflict:

The PFMA designates the Minister of Finance as the authority for receiving monetary grants to Government — with parliamentary appropriation and Auditor General oversight. Clause 24 introduces the Minister of Internal Affairs as a parallel approval authority. No conflict resolution mechanism is provided. A programme already approved by Finance, appropriated by Parliament, and Auditor General-audited requires a second approval from a different minister with no prescribed timeline.

*Bottom line: Every foreign-funded government programme currently in Uganda faces dual-minister exposure from commencement day — with no guidance on what happens where the two ministers disagree.*

## Anti-Money Laundering Act, 2013

### The conflict:

The AMLA requires banks to file suspicious transaction reports with the Financial Intelligence Authority — strictly confidential under s.9A, with the reporter's identity legally protected. Clause 25 simultaneously requires banks to submit monthly reports on the same transactions to the Minister of Internal Affairs. Clause 21(2) makes funding declarations publicly available. The same information is simultaneously confidential under the AMLA and publicly disclosable under the Bill.

*Bottom line: Banks face simultaneous obligations under three instruments with no guidance on precedence and no safe harbour. The FIA — Uganda's specialist financial intelligence body — is bypassed entirely.*

# Excessive Penalties & Burdensome Compliance

The Bill's penalties are disproportionate by orders of magnitude

## 20 years

Max imprisonment

*For administrative non-compliance with no intent requirement*

## UGX 4bn

Max fine per organisation

*For the same category of conduct the NGO Act charges UGX 1.44 million*

## 2,778×

Higher than NGO Act max

*NGO Act maximum: 72 currency points ≈ UGX 1.44 million*

## 8 added

New compliance obligations

*None coordinated with existing law; each with separate penalties*

## What the Bill Adds on Top of Existing Obligations

- 1 Security-sector registration with Department of Internal Affairs — renewed every 2 years
- 2 Ministerial funding approval for every grant exceeding UGX 400 million annually
- 3 Banking pre-authorisation before each fund transfer is released
- 4 Monthly bank reports to the Minister of Internal Affairs
- 5 Periodic financial returns to the Minister on all funds received and spent
- 6 Cabinet approval for service delivery in health, education, water, and infrastructure
- 7 Cabinet approval for all policy advisory and implementation activities
- 8 Unannounced inspections at any reasonable time without prior notice

## Already Required Under Existing Law

- NGO Bureau registration and permit renewal — up to 5 years
- Annual audited financial returns to the NGO Bureau
- District-level NGO monitoring and reporting
- Memoranda of Understanding with local governments
- Anti-Money Laundering Act compliance and FIA reporting
- PFMA obligations for all government-facing programmes
- Workers' compensation, NSSF, PAYE, and employment law compliance

*No transition period. No coordination mechanism. Criminal liability applies from commencement day.*

# Remittances, the Banking Trap & Foreign Investment

Three further concerns with operational and financial implications

## Effect on Remittances

Ugandan citizens residing abroad are 'foreigners' under the Bill. Family members in Uganda receiving funds from them may qualify as 'agents of a foreigner'. Banks must obtain ministerial authorisation before releasing such transfers. The Bill contains no exemption for personal family transfers.

*Uganda receives approximately USD 1.4 billion in remittances annually. Risk-averse banks will apply pre-authorization broadly, causing widespread delays to ordinary salary and family transfers. Diaspora communities will be among the most immediately affected.*

## The Banking Trap

Banks face simultaneous and irresolvable exposure. Pay without authorisation: UGX 4 billion civil penalty. Withhold payment pending authorisation: customer claim for refusal to execute a lawful instruction. Report to the Minister: AMLA confidentiality conflict. The Financial Institutions Act provides a safe harbour for banks acting on Bank of Uganda directions. The Bill provides no equivalent under any scenario.

*The Bank of Uganda — Uganda's sole primary banking regulator — has no role in the Bill's framework. Clause 25 routes monthly reporting directly to the Ministry of Internal Affairs, bypassing the established banking regulatory architecture entirely.*

## Foreign Investment Exposure

The Investment Code Act protects registered investors against compulsory acquisition without compensation (s.24) and provides ICSID arbitration access (s.25). Forfeiture of funds received without ministerial approval — once deployed into business assets — may constitute indirect expropriation engaging those protections. BIT protections available to investors in jurisdictions with Uganda investment treaties.

*The Investment Code Act requires secondary permits to be processed within 14 days. The Bill's open-ended ministerial approval requirements are directly in conflict with Uganda's statutory investment facilitation commitment. Investors should assess treaty protections and preserve pre-enactment records now.*



04

# The International Picture

Comparing the Bill to established foreign influence frameworks

Global Standards | Local Experience

# Comparative Analysis: How Uganda's Bill Compares

The Government Chief Whip cited UK legislation in defence of the Bill. The comparison does not favour it.

Feature	UK FIRS (2023/25)	US FARA (1938)	AUS FITS (2018)	Uganda Bill
<b>Scope of conduct</b>	Political influence at direction of a foreign power only	Agent activities; commercial, humanitarian & academic exempt	Political & governmental influence; humanitarian, charity & academic exempt	Any activity promoting foreign interests; no exemptions
<b>Direction/agency required?</b>	Yes — order or instruction with power relationship	Yes — agency relationship required	Yes — on behalf of a foreign principal	No — indirect financing is sufficient
<b>Prior approval to operate?</b>	No — transparency only	No — disclosure only	No — registration only	Yes — Cabinet & ministerial approval required
<b>Prior approval for funds?</b>	No	No	No	Yes — ministerial approval over UGX 400 million
<b>Humanitarian exemption?</b>	Yes	Yes	Yes	None
<b>Academic/research exempt?</b>	Yes	Yes	Yes	None
<b>Intent required?</b>	Yes — knowledge required	Yes — wilful violation	Yes — recklessness standard	No — strict liability for main offences
<b>Max custodial penalty</b>	2 yrs (political); 5 yrs (enhanced)	5 years for wilful violations	Significant — framed around recklessness	20 years — regardless of intent
<b>Independent oversight</b>	Home Office; parliamentary oversight	Dept of Justice; judicial oversight	Attorney-General's Dept; parliamentary review	Single Minister — no independent oversight

# Uganda's International Obligations

*The Bill engages binding commitments under international and regional instruments*

## ICCPR — Arts. 19 & 22

### Art. 19 — Freedom of Expression

The ICCPR guarantees freedom to seek, receive, and impart information. Restrictions must be necessary and proportionate. Criminalising publications without intent at 20 years does not satisfy the Human Rights Committee's proportionality standards under General Comment 34.

### Art. 22 — Freedom of Association

Restrictions only permitted for national security or public order — meaning immediate and violent threats to the nation, not ordinary civil society activity. Cabinet approval requirements and funding thresholds exceed the permitted scope.

## African Charter — Arts. 9, 10 & 11

### Art. 9 — Expression

The African Commission issued a press statement in January 2026 specifically addressing restrictions on expression in Uganda, reaffirming that undue restrictions violate Article 9. Clause 13 is directly engaged.

### Arts. 10 & 11 — Association & Assembly

The Commission's Guidelines prohibit states from compelling associations to register as a precondition for existing and operating. The Bill's registration offence — carrying 10 years for non-compliance — engages this prohibition directly.

## EAC Treaty & Bilateral Investment Treaties

### EAC Treaty — Arts. 6 & 7

The Treaty commits partner states to the rule of law, good governance, and universally accepted human rights. The Bill's definition of 'foreigner' captures Ugandan citizens in EAC partner states — engaging free movement and integration commitments.

### Bilateral Investment Treaties

Uganda holds BITs with the Netherlands, Germany, Italy, Denmark, and others. These provide fair and equitable treatment and protection against expropriation without compensation. Forfeiture provisions may engage these standards and ICSID arbitration outside Uganda's courts.



05

# Implications for You

What the Bill means for your organisation, programmes, and partners

# Implications for International NGOs

*Who is captured, key risks, and what to do*

## Who Is Captured

Any NGO incorporated outside Uganda is a 'foreigner'. Every Ugandan staff member, local partner, sub-grantee, and implementing organisation connected to the international NGO's funding is an 'agent of a foreigner'. A local NGO funded by another local NGO that receives international grants is also captured.

## Key Provisions by Risk Level

### CRITICAL

Cl. 22 — Ministerial approval before receiving any grant exceeding UGX 400 million. Unapproved funds forfeited.

### CRITICAL

Cls. 6–8 — Cabinet approval required for all health, education, water, and infrastructure programming.

### HIGH

Cl. 20 — Certificate revoked without notice or hearing at any time by the Minister.

### HIGH

Cl. 13 — Programme reports, research publications, and donor assessments risk economic sabotage prosecution.

### MODERATE

Cl. 25 — Banking pre-authorisation before each transfer; monthly reports to Minister of Internal Affairs.

### MODERATE

Cls. 15–16 — Registration discloses employee health data and 60 days' financial records without DPPA consent.

## Immediate Actions for International NGOs

- Map all grants and budgets against the UGX 400 million annual threshold immediately
- Audit all local partner, sub-grantee, and consultant relationships for agent of a foreigner exposure
- Review all publication and advocacy outputs against the economic sabotage provision in Clause 13
- Brief banking partners on Clause 25 before commencement to prevent cash flow disruptions
- Engage the NGO Bureau as an institutional ally — its registration mandate is directly threatened by the parallel system
- Prepare written submissions for the Committee Stage as soon as the Bill is formally introduced
- Coordinate with civil society umbrella bodies and development partner forums for a unified parliamentary position
- For displaced youth programmes: assess impact on NSSF, health, and social protection delivery under Clauses 6–8

# Implications for Development Agencies

*PFMA conflict, Cabinet approval for government-facing programmes, and dual reporting*

*Illustrative scenario: A development agency funds a government ministry health programme — PFMA-approved, Parliament-appropriated, Auditor General-audited. From commencement day, this programme also requires the written approval of the Minister of Internal Affairs. No conflict resolution mechanism exists. If the two ministers disagree, there is no legislative guidance on what happens.*

## The PFMA Conflict

Clause 24 introduces the Minister of Internal Affairs as a parallel approval authority alongside the Minister of Finance. A PFMA-compliant, Parliament-appropriated, Auditor General-audited programme now requires a second ministerial approval with no prescribed timeline. Development agencies running programmes with government ministry counterparts face this from day one.

*Action: Audit all government-facing programmes. Document all PFMA approvals and parliamentary appropriations. Engage the Ministry of Finance and Auditor General's office on the conflict — both have institutional interest in the integrity of the PFMA framework.*

## Cabinet Approval for Technical Assistance

Clauses 7 and 8 subject technical assistance to government ministries and policy advisory activities — core development functions — to Cabinet approval. Engagement with a government ministry on policy implementation, programme design, or sector planning requires a Cabinet-approved written undertaking with no prescribed timeline for a response.

*Action: Identify all current technical assistance, policy advisory, and capacity building relationships with government ministries. Quantify the Cabinet approval burden against your programme schedule and financing agreements with donors.*

## Dual Reporting & AMLA Conflict

Clause 25 requires banks to report all transfers to agents of foreigners to the Minister. The same transaction information is simultaneously confidential under the AMLA (s.9A) and publicly disclosable under Clause 21(2). Development agencies handling large fund flows through Ugandan banks are at the centre of this irresolvable conflict.

*Action: Brief all Ugandan banking partners before commencement. Build ministerial approval timelines into programme disbursement schedules. Work with the Uganda Bankers Association and the Bank of Uganda for regulatory clarity on the safe harbour gap.*

# Implications for Foreign Investors & the Banking Sector

*ICSID exposure, forfeiture risk, and the three-way banking trap*

## Foreign Investors — Investment Code Act Protections at Risk

### Forfeiture may = expropriation

Forfeiture of project financing deployed into business assets may constitute indirect expropriation engaging Section 24 of the Investment Code Act — protection against compulsory acquisition without prior compensation.

### ICSID arbitration is available now

Section 25 of the Investment Code Act provides ICSID arbitration access. This operates outside Uganda's domestic courts. Assess your treaty protections and prepare ICSID filings in parallel with parliamentary advocacy.

### 14-day permit standard undermined

The Investment Code Act requires secondary permits within 14 days. The Bill's open-ended ministerial approval process is directly in conflict with Uganda's statutory investment facilitation commitment.

### Preserve all pre-enactment records

Date of investment, approvals obtained, and reasonable expectations formed before the Bill's enactment are critical to any future legitimate expectations or treaty claim. Preserve all records immediately.

## The Banking Sector — A Three-Way Legal Trap

### Pay without authorisation →

UGX 4 billion civil penalty under Clause 25(3). No good faith defence provided.

### Withhold payment pending authorisation →

Customer claim for refusal to execute a lawful payment instruction under the banking contract.

### Report to the Minister →

AMLA confidentiality conflict (s.9A protects same data). Possible DPPA exposure to affected customers.

### No safe harbour provided →

The Financial Institutions Act protects banks acting on Bank of Uganda directions. The Bill provides no equivalent for any course of action under Clause 25.

### Bank of Uganda excluded entirely →

Monthly reporting runs directly to the Ministry of Internal Affairs — bypassing Uganda's sole primary banking regulator.  
*Recommended: Seek Bank of Uganda guidance before commencement. Engage through the Uganda Bankers Association at Committee Stage.*



06

# Way Forward

Legislative recommendations and practical next steps

Global  
Standards

Local  
Experience

# Substantive Legislative Recommendations

*Specific changes that would produce a constitutionally defensible instrument — whatever Parliament decides on the Bill's merits*

*These recommendations are offered as specific legal points — not a position on whether the Bill should pass.*

## 1 **Narrow the definitions**

'Agent of a foreigner', 'disruptive activities', and 'interests of Uganda' must be precisely defined, anchored to specific conduct posing a genuine risk to constitutional governance.

## 3 **Restore DPP consent**

Prosecution for offences carrying 10+ years should require written DPP consent, consistent with the Penal Code and Anti-Terrorism Act.

## 5 **Integrate with the NGO Act**

The Bill's registration objectives should be incorporated into the existing NGO Act framework — one system, coordinated timelines, consistent penalties.

## 7 **Resolve the PFMA conflict**

A single coordinating authority for foreign funding to government institutions — the Minister of Finance, through the PFMA's established framework.

## 9 **Banking safe harbour**

Statutory protection for banks complying in good faith with Clause 25. Bank of Uganda as coordinating banking authority — not the Ministry of Internal Affairs.

## 11 **Protect registered investors**

Compensation mechanism for forfeited investment assets; no impairment of ICSID or BIT rights under the Investment Code Act.

## 2 **Introduce intent requirements**

Clauses 5 and 13 should require proof of intent — the standard the Penal Code and Anti-Terrorism Act apply to comparable offences.

## 4 **Restore procedural safeguards**

Prior notice and show cause before revocation, consistent with Article 44(c) and the NGO Act. An independent appeals body is required.

## 6 **Proportionate penalty structure**

A graduated structure distinguishing administrative failures from deliberate violations. UGX 4 billion and 20 years for administrative failures fails Article 43.

## 8 **DPPA compliance**

Lawful basis for special personal data collection; data subject notification; purpose limitations; restrict Clause 21(2)'s public inspection provision.

## 10 **Exempt personal remittances**

Express exclusion of personal family transfers from the definition of foreign financial support.

## 12 **Transitional provisions**

A defined transition period with interim protections. Criminal liability from commencement day for currently lawful conduct is constitutionally unjustifiable.

# What to Do Now: The Committee Stage Is Open

Nine steps for affected organisations — First Reading completed 15 April 2026; Committee submissions are due now

## 1 URGENT

### File Committee submissions NOW

First Reading completed 15 April 2026. The Bill (No. 13) is before the Sessional Committee. Written submissions must be filed immediately — this window will close.

## 2 URGENT

### Apply to give oral evidence

Apply to appear before the Committee. Organisations with expertise on DPPA, PFMA, Investment Code, or AT Regulations conflicts have strong standing. Apply without delay.

## 3 NOW

### Commission a compliance audit

Map all activities, funding, staff, and partners against the Bill. The new licence exemptions in Cls 6(5) and 8(7) may significantly reduce exposure for licensed businesses — assess first.

## 4 NOW

### Brief banking partners

Alert banks to Clause 25 now. 'Supervised institutions' (cross-border transfer licensees) need to understand the pre-authorisation requirement and the 'where applicable' qualifier.

## 5 NOW

### Preserve investment records

Forfeiture now requires a court conviction and judicial order — not automatic ministerial action. Preserve all pre-enactment investment approvals for any future ICSID or BIT claim.

## 6 COMMITTEE

### Engage statutory institutions

NGO Bureau, Bank of Uganda, Uganda Investment Authority, Personal Data Protection Office, and Human Rights Commission each have standing to file independent evidence.

## 7 COMMITTEE

### Coordinate stakeholder positions

Unified multi-stakeholder submissions carry more weight. Coordinate through AmCham, civil society umbrella bodies, development partner forums, and diplomatic missions.

## 8 2ND READING

### Monitor Second & Third Readings

Track the full House debate. Amendments are harder at this stage but possible. Maintain active engagement through AmCham, sector associations, and diplomatic missions.

## 9 IF ENACTED

### Monitor subsidiary legislation

The Minister can expand definitions and add obligations by statutory instrument. A monitoring mechanism must be in place from commencement day — the Bill gives no

The Committee Stage is open NOW — Bill No. 13, First Reading completed 15 April 2026. File submissions and oral evidence applications immediately. Once Third Reading passes, legislative influence is exhausted.



TASLAF Advocates

# Questions & Discussion

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This analysis is based on the Protection of Sovereignty Bill, 2026 (Bill No: 13, tabled 15 April 2026) reviewed against eleven pieces of Ugandan legislation. It does not constitute legal advice on any specific matter. For advice specific to your circumstances, please consult qualified legal counsel.

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