

# THREATS POSED BY THE PROTECTION OF SOVEREIGNTY BILL, 2026, TO THE TELECOMMUNICATIONS SECTOR

A Briefing Note | April 19, 2026

Over the past thirty years, the advent of mobile telephony and related innovations has been the engine of Uganda's postwar growth, consistently ranking as a top revenue earner and the primary steward of the country's digital transition. These gains are now in the crosshairs of the **Protection of Sovereignty Bill, 2026**, as enumerated below:

1. Since more than 95% of Uganda's telecom industry is multinational, **Clause 1** (definition of foreigner) and **Clause 2** (definition of agent) effectively designate these corporations as "agents of a foreigner." This forces them into a mandatory registration regime under **Part III**, creating a "shadow" licensing system that conflicts with the **Uganda Communications Act, 2013**, where the **Uganda Communications Commission (UCC)** is the sole statutory regulator.
2. **Clause 23** and **Clause 26** of the Bill impose stiff, prohibitive penalties for non-compliance, with fines reaching **Shs 4 billion (200,000 currency points)**. These penalties apply regardless of transaction volume, posing an existential threat to corporate liquidity and the transnational nature of telecom business operations.
3. Given the significant expatriate component in the telecom sector, **Clause 1's** inclusion of foreign residents and even diaspora Ugandans in its restrictive definitions jeopardizes the residence and work permits of staff. The label of a "foreign agent" immediately applies, requiring vetting of their "mental and physical health" under **Clause 16**.
4. Under **Clauses 2 and 15**, all staff, agents, and contractors of telecom companies will be required to register as agents of foreigners. **Clause 23** establishes corporate criminal liability, meaning a company could be punished for employing an unregistered Ugandan, effectively criminalizing the entire sectoral value chain.
5. The Bill will adversely impact profit margins by cutting down the volume of transactions on financial services platforms like MTN Mobile Money and Airtel Money. This targets diaspora remittances from over one million Ugandans who are now legally classified as "foreigners" under **Clause 1**, undermining the **National Payment Systems Act, 2020**.
6. **Clause 22** imposes a **Shs 400 million cap** on foreign-linked financial support, a paltry sum for this industry. Any investment or capital requirement above this amount may need written approval from the **Minister of Internal Affairs**, bypassing the **Investment Code Act, 2019** and potentially conflicting with **Bank of Uganda** mandates on national payment systems.
7. Under **Clause 25** and **Clause 27**, agents of telecom companies providing payment platforms must cross-check registration with the Minister before any payment is made. Companies may

be required to block transactions from outside Uganda unless the recipient proves they are registered, violating the **Data Protection and Privacy Act, 2019**.

8. Telecom companies running national payment systems, along with their staff and contractors, will have to file returns to the Minister on the nature of their transactions under **Clause 18**. This adds a redundant, high-cost layer of compliance on top of existing reporting to the **UCC** and the **Financial Intelligence Authority (FIA)**.
9. Under **Clause 13**, a telephone company can be prosecuted for "economic sabotage" if it publishes reports—such as takeovers, mergers, or stock performance—that the state deems damaging to economic viability. This violates **Article 29** (Freedom of Expression) and the **Access to Information Act, 2005**.
10. In an already volatile economy, the sector will face decreased investor confidence due to the constriction of investment opportunities and increased operational costs. This breaches the state's obligation to provide a stable investment climate and jeopardizes long-term infrastructure development.
11. The Bill will force telecoms to cut back on Corporate Social Responsibility (CSR) and reallocate those funds to cover the additional costs of production and compliance, reducing overall earnings and harming community development partners.
12. By making rural connectivity more expensive to maintain, the Bill will amplify Uganda's existing digital divide, violating the spirit of **Article 8A** of the Constitution (social justice) and complicating business growth for the financial services sector.
13. Finally, the Bill exposes companies to multiple cases of civil and criminal litigation and class-action lawsuits. By forcing telecoms to act as enforcement agents for a law that is manifestly unconstitutional, the Bill portends breaches of **Chapter Four** of the Constitution and the contractual obligations owed to their clientele.

## **Conclusion**

This briefing note has demonstrated the cross-cutting threats that the **Protection of Sovereignty Bill, 2026**, poses to the critical telecommunications sector and the broader economy to which it is inescapably connected. This Bill represents an unnecessary and draconian intervention that ignores robust, existing safeguards found in the **Anti-Money Laundering Act** and the **UCC Act**. Furthermore, it stands in direct violation of **Articles 1, 29, 38, and 41** of the **Constitution of Uganda**.

The telecom sector must recognize the massive drawbacks this legislation will impose on an industry painstakingly built over decades. To protect Uganda's digital and economic future, the sector must now act collectively to demand the Bill's **permanent withdrawal** from the legislative agenda of the Parliament of Uganda.