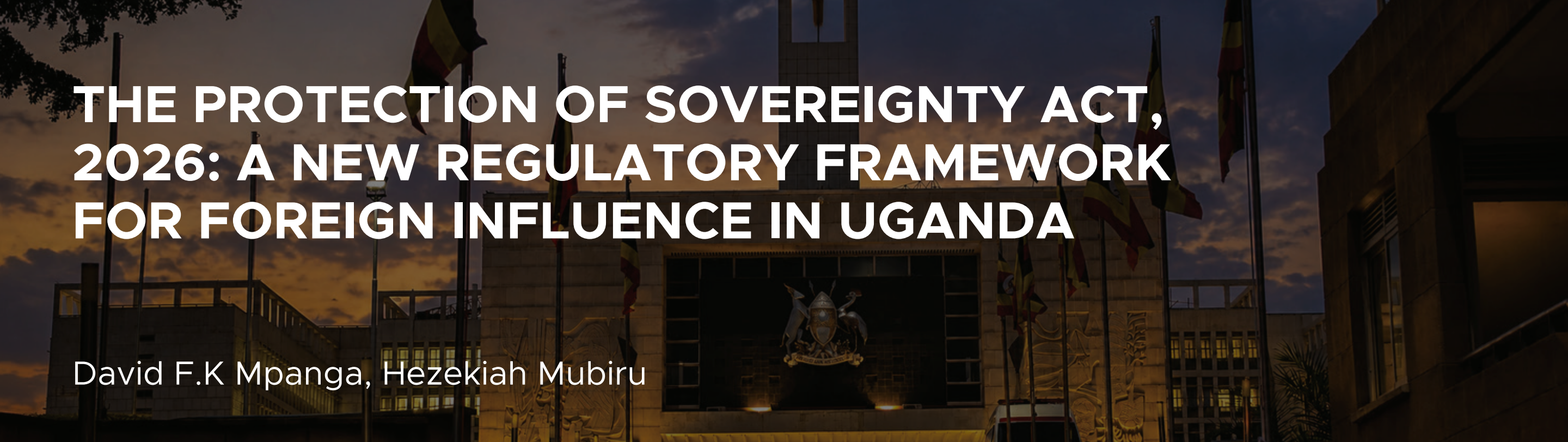




THE PROTECTION OF SOVEREIGNTY ACT, 2026: A NEW REGULATORY FRAMEWORK FOR FOREIGN INFLUENCE IN UGANDA

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Introduction and Background

What began as an unassuming white paper, quietly birthed within the ideological confines of a political caucus, quickly mutated into a highly contested legislative crusade. Before the paper could even wear the formal vestments of a Bill in Parliament, it became a crucible of national discourse, drawing into its orbit an unprecedented coalition consisting of captains of industry, state actors, vigilant civil society organs, an engaged diaspora, professionals and academia. The papers gravity touched every stratum of our society to the extent that it sought to even calibrate Ugandan citizenship. It was a tempest that forced the Executive to repeatedly refine, a reality captured in the shifting, often defensive narrative deployed by the legislative handlers and heavy-handed interventions from the highest office in the land.

That embryonic white paper has since culminated into the Protection of Sovereignty Act, 2026 (“Act”) published in the Uganda Gazette No. 51 Volume CXIX on the 22nd day of May 2026 and thus assuming the force of law. In the commentary that follows, we briefly examine the Act that was forged in the fires of public passion, executive anxiety and legislative compromise.

The Act represents more than an attempt to protect national sovereignty. It reflects a legislative effort to balance the protection of national interests against concerns relating to foreign inflows and investment, development cooperation, research collaboration, and legitimate international engagement.

Why Such Intense Debate?

Concerns arose regarding the breadth of Act’s definitions and prohibitions. The concepts of "agent of a foreigner", "political activities", “foreigner”, "interests of a foreigner" and "interests of Uganda" were drafted broadly enough to potentially extend and encompass a wide range of any activity deemed advocacy, research, policy engagement, and development activities. The Act originally defined any Ugandan residing outside Uganda as a foreigner. This meant that any remittance by such Ugandan would trigger the local recipient to be an agent of a foreigner. This was compounded by the massive scope of criminal liability attaching to the same.

The sweeping discretionary powers granted to the Minister originally presented a shift to a permission based state concentrating ultimate approval power to receive funds in the office of the Minister, power to re-classify any individual as a foreigner as well as the funding cap limits presented serious concerns upon stakeholder engagement. These were coupled with concerns relating to the vague offences pertaining to economic sabotage, criminalizing political advocacy, arbitrary asset forfeiture and gross economic restraints to trade.

Critics argued that the absence of clear statutory boundaries made it difficult to predict with certainty the categories of conduct that would fall within the legislation's scope. For organizations engaged in advocacy, research, development programming and public policy engagement, the concern was not necessarily that such activities would be prohibited, but that the breadth of the legislation created uncertainty regarding where legitimate engagement ended and regulatory exposure began.

The Legislative Compromise

A key feature of the Act is that it differs significantly from the Bill originally tabled in Parliament. After public consultations and stakeholder engagement, several provisions were revised, narrowed, or clarified. The final Act also includes exemptions and savings provisions that were absent or less clearly expressed in earlier versions of the Bill.

Area of Concern	Original Bill	Position in the Final Act
Foreigner	Included Ugandan citizens living abroad. Granted unchecked powers to the Minister to declare any person or body as a foreigner.	The Ugandan Diaspora is now excluded. The power of the Minister to designate foreigners was also removed.
Definition of Agent of Foreigner	Broad and included anyone indirectly supervised, directed, or financed by a foreign entity.	Introduces a two – pronged test to a person who knowingly acts on behalf of a foreigner and participates in political activities.
Application to foreign funding	A broad range of activities, commercial and non-commercial, were subject to funding caps and pre-approval.	Introduced exemptions and savings provisions protecting several categories of lawful foreign funding, investment, trade finance, regulated activity, personal funds, lawful forex and financial flows.
Ministerial Discretion	Granted Internal Affairs Minister sweeping powers including seizing documents without court orders, ordering health exams on applicants and raiding premises.	Introduced structured standards that respect natural justice.
Economic sabotage	Criminalized publishing negative economic information or participating in activities that weaken the economic system without knowledge and intent.	Introduces requirement for proof of malicious intent

The amendments introduced during the parliamentary process do not eliminate all concerns, they do, however, demonstrate Parliament's attempt to reconcile the objective of protecting Uganda's sovereignty with concerns regarding investment, development cooperation, research collaboration, and legitimate international engagement.

What Survived the Legislative Process?

The final Act seeks to regulate foreign influence through four principal mechanisms: broad definitional provisions, substantive restrictions on engaging in political activities as an agent of a

foreigner, registration requirements, and the regulation of foreign funding. It is now clear that the Act's application is now limited to agents of foreigners who undertake political activities creating a nexus between political activity and agents of foreigners.

The Act now establishes a framework for the registration and regulation of such agents of foreigners and creates a reporting framework in respect of funding that is received by foreign agents.

The key definitions that underpin the operation of the Act, including "agent of a foreigner", "foreigner", "political activities", "disruptive activities", "interests of a foreigner" and "interests of Uganda" are the important nexuses that bring any individual within the ambit of the Act. These concepts are central to the legislation because they determine its applicability. Interpretation of these provisions especially agent of a foreigner and political activities is key, and given their fluid nature, it is pertinent for all compliance professionals to consider the triggers of the same.

More importantly, the Act identifies exempt activities such as regulated activities, lawful forex, investment funds, development assistance and personal funds which preserved the commercial interests of various stakeholders.

Sovereignty and Constitutional Freedoms

A key question raised by the Act is how its objectives will align with constitutional rights and freedoms. Although the legislation seeks to safeguard Uganda's sovereignty, many of the activities it may affect fall within areas protected by the Constitution, including freedom of expression, freedom of association, and participation in public affairs.

The challenge for regulators and the Courts will be to ensure that the Act is applied in a manner that advances its stated objective without unnecessarily restricting legitimate civic engagement, academic inquiry, public participation, or policy advocacy. The existence of exemptions and savings provisions suggests that Parliament recognized this concern during the legislative process. Nevertheless, the extent to which those safeguards achieve their intended purpose will only be tested through judicial interpretation of its enforcement. We are yet to see a constitutional challenge of the same.

Implications for Businesses and Organizations

For many organizations, the most immediate impact is likely to arise from the compliance demands of the Act should it be determined that the activities undertaken trigger applicability of the Act. Such compliance relates to registration, declaration, and reporting requirements. The legislation establishes a framework requiring greater transparency regarding sources of foreign funding, organizational relationships and activities undertaken on behalf of foreign interests. Even if an organization fits within an exemption under the Act, it is pertinent to assess its operations carefully to determine the extent of its compliance obligations.

The Act also grants substantial inspection, supervisory and enforcement powers to the relevant authorities. Organizations may increasingly be required to maintain more robust governance structures, funding records, reporting systems, and compliance procedures. In practical terms, compliance is likely to become as important as substantive operations.

For organizations involved in political advocacy, policy engagement, governance programming,

The practical implications of the legislation therefore extend beyond the question of whether an organization is prohibited from undertaking a particular activity. The more significant issue may be the increased regulatory scrutiny, reporting obligations and compliance requirements that accompany engagement with foreign funding and international partnerships. In that respect, the Act represents not merely a prohibition framework, but a broader reporting regulatory regime capable of influencing how organizations structure their operations, funding arrangements, and engagement with public affairs. Organizations must now consider sophisticated operational reviews, airtight funding records, and a clear-eyed understanding of regulatory boundaries will be the only way to insulate cross-border arrangements and funding from unnecessary exposure

The Road Ahead

The long term legacy of the Act will not necessarily be determined by the drafting of its text, but by the temperance of its enforcement. Highly dynamic terms such as “interests of Uganda” remain open to shifting political and economic interpretations. The question as to whether these interests will be measured purely against prevailing government policy or aligned with broader constitutional safeguards is a question only our Courts can answer.

The strategy for organizations is now to shift from anticipating what the law might do to actively ensuring compliance, which will require legal, accounting and practical advice . The Act now represents one of the clearest examples in recent years of a Bill being reshaped through stakeholder engagement before becoming law, notwithstanding that the engagement was hurried. The Act reflects a legislative compromise where Parliament retained the core objective of regulating foreign influence while simultaneously introducing safeguards designed to protect investment, development cooperation, humanitarian assistance and legitimate international engagement.

Whether that balance has been successfully achieved remains to be seen.