

HOW THE SOVEREIGNTY BILL WILL

By Mary Karugaba, Dedan Kimani and Nelson Kiwa

Two days after Parliament passed the controversial Protection of Sovereignty Bill, 2024, attention has shifted from the heated floor debate to what the law could mean for individuals, institutions and the economy.

The Bill, passed on Tuesday night under the stewardship of Speaker Anita Among, now awaits assent by President Yoweri Museveni.

While the Government has defended it as a necessary safeguard against foreign interference, critics argue its implications could be far-reaching.



Attorney General Kirya Kivukwa submitting the Protection of Sovereignty Bill, 2024, to Parliament. Seated, right is the State Minister for Internal Affairs, David Muhoozi and other members



Mukono MP Namboze



Trade minister Bahati

DEFINITION OF FOREIGNER

Initially, outrage had been directed at the definition of a "foreigner", which, in the interpretation clause, had included Ugandans living abroad. This implied that remittances from nearly 200,000 citizens working in the Middle East would be subjected to scrutiny.

Additionally, Clause 100 of the Bill granted the internal affairs minister powers to designate a person as a foreigner, which has since been expunged.

Instead, the provision has restricted only to non-Ugandan individuals, foreign governments, diplomatic missions, companies and non-

governmental organisations incorporated or registered outside Uganda who engage or finance political activities aimed at advancing foreign interests.

AGENT OF A FOREIGNER
The term "agent of a foreigner" originally referred to a person who acts as an agent, representative, employee or servant, or any person acting in any other capacity at the order, request or under the direction or control of a foreigner or of a person whose activities are directly or indirectly supervised, directed, controlled, financed or subsidised by a foreigner.

However, this definition was contested by several stakeholders, including Bukile South MP Dr Lulume Rayiga (IFF) and Uganda Medical Association (UMA) representative Dr. Frank Asimwe.

They argued that the omnibus provision would undermine charitable causes and health financing.

In response to this outcry, the provision has since been rephrased to mean individuals

Sh400m
The Bill had proposed a cap on foreign funding set at sh400m annually.

or groups acting in Uganda, physically or digitally on behalf of foreign interests in political or influence-driven activities in Clause 7(2) which include:

- Engaging in political activities in Uganda
- Influencing the public to oppose the policy of

disbursing or dispensing contributions, loans, money or other things of value for the purposes of financing or sponsoring political activities to further the interest of a foreigner.

- Represents the interests of a foreigner before any agency or official of Government of Uganda for the purposes of engaging in political activities in Uganda.
- Recruits, contracts, engages or enters into a partnership or sponsors any person in Uganda for the purposes of engaging in political activities in Uganda.
- Influencing the public to oppose the policy of

Government.

Funding political parties, organisations or any person contesting for an election.

Agrees or purports to act as a foreigner against the interests of Uganda.

An agent of a foreigner who publishes false information or activity that weakens, undermines or damages the economic system or stability of the country, or who engages in economic sabotage, according to the passed Bill. The fine for this is sh10 to sh20 million.

A person shall not act as an agent of a foreigner in the Department of Peace and Security. Those found in breach are liable to sh10 to sh20 million imprisonment or both.

Agents of foreigners are required to submit returns to the minister detailing the amounts received and the purpose for which the funds were used. Those found in breach are liable to a fine not exceeding sh10 or 10 years imprisonment or both.

With a court order, premises of an agent of foreigner shall be inspected for any information that denies an inspector access to property or any information or presents falsified documents. A person who unlawfully denies an inspector access to property or any information or presents falsified documents shall be fined not more than sh40m or suffer 7 years imprisonment or both.

HURRIED BILL
Moses Katungi, a political science student at Makerere University, told *The Vision* that although Parliament hurriedly passed the Bill, the true impact of the law will be how it is applied in the lives of Ugandans and the operations of their institutions. "This law may protect sovereignty, but it may also redefine it in ways we are only beginning to understand," he said.

Opposition MPs, through five minority reports, worried that the Bill's impact goes beyond technical drafting concerns. Legislators, including Wilfred Niwagaba, Medard Segona, Betty Namboze, Abduh Kiyinda and Jonathan Odur, argue that the law risks concentrating excessive power in the state while shrinking civic space.

In his minority report,

Odur warned that the Bill, if assented to in its current form, could erode fundamental rights guaranteed under the Constitution.

"This Bill is not merely a regulatory measure; it represents the constitutional balance by placing excessive controls on citizens based on perceived foreign links," he said.

He cited potential conflicts with several constitutional provisions, beginning with Article 26 on property rights. According to Odur, the law could enable state overreach, particularly in cases where citizens resist government-backed investments.

"A Ugandan who refuses to surrender land for a government-backed investor risk being labelled as someone disrupting government policy," he argued, warning of the danger of discredited acquisition of private property.

On freedoms under Article 29, including expression, association and assembly, Odur said restrictions on fundraising and public participation requirements could limit how citizens organise and participate in public life.

Freedom of association includes the ability to seek and use resources. By restricting fundraising, the Bill effectively curtails how citizens express themselves and engage in governance," he said.

He further cited Article 38, which guarantees citizen participation in governance, questioning the requirement for Ugandans to register as "agents of foreigners" before engaging in policy-related activities.

"Why should a Ugandan be subjected to a prohibitive registration process to exercise government policy?" he asked.

On equality before the law (Article 21), he argued that the Bill introduces discrimination based on funding sources.

"The regulatory burden is placed not on wrongdoing, but on association with foreign entities," he noted.

Beyond civil liberties, critics say the law could have economic implications. Odur cautioned that broad definitions of "foreign agents" could affect Ugandans working in foreign-owned companies or organisations reliant on international partnerships.

"Many Ugandans work in foreign-owned firms. Are they to be treated as foreign agents?" he asked, warning that the approach could undermine investment and employment.

Although the Bill excludes persons, remittances and humanitarian support, it introduces strict penalties for individuals deemed to be foreign agents engaging in political activity.

These include mobilisation, fundraising, advocacy and influencing public opinion.

Offences and penalties under the Protection of Sovereignty Bill, 2026

OFFENCE	PENALTY (INDIVIDUALS)	PENALTY (ORGANISATIONS / INSTITUTIONS)
AFFECTING AGENTS OF FOREIGNERS		
Receiving or processing undeclared or unauthorised foreign funds	Sh10 fine, or up to 10 years imprisonment, or both	Sh20 fine and possible confiscation of funds
Exceeding the sh400m cap on foreign funding without approval	Sh10 fine, or up to 10 years imprisonment, or both	Sh20 fine and possible confiscation of funds
Using foreign funds to influence elections, destabilise the country, or disrupt government economic systems	Sh10 fine, or up to 10 years imprisonment, or both	Sh20 fine and possible confiscation of funds
Acts that weaken or undermine Uganda's economic system on behalf of foreign entities (Economic sabotage)	Sh10 fine, or up to 10 years imprisonment, or both	Sh20 fine
Operating as an unregistered foreign agent	Sh10 fine, or up to 10 years imprisonment, or both	Not specified
Failure by registered agents to file returns or disclose fund usage	Sh10 fine, or up to 10 years imprisonment, or both	Up to Sh20 fine
Providing false information during registration or operations	May lead to cancellation of registration, plus exposure to criminal penalties	Same administrative sanctions; possible fines depending on offence
Financial institutions failing to verify or report foreign transactions	Not applicable	Up to sh10 fine and possible forfeiture of funds
Banks processing payments without proper documentation or approval	Not applicable	Up to sh10 fine and possible forfeiture of funds
Obstructing inspectors, denying access, or providing false information to authorities	Sh10 fine, or up to 10 years imprisonment, or both	Not specified
Receiving funds for activities harmful to national security (e.g., attempts to overthrow government)	Sh10 fine, or up to 10 years imprisonment, or both; confiscation of funds	Confiscation of funds; additional sanctions may apply



Ngorwa East MP Niwagaba



Erute South MP Odur

Financial institutions exempted

Additionally, under Clause 2(4) an exception was made to legitimate financial flows and entities, such as supervised institutions regulated to conduct transnational money transfers or any other institution such as political parties regulated by an Act of Parliament, health facilities, academic research or institution, money for domestic use, export proceeds, humanitarian assistance, trade finance, commercial loans, grants and technical assistance.

This in a way is a sigh for payment system providers such as MTN MoMo, Airtel Money, PesaPay, PayWay who through their association vice-president Ronald Azaiwe had on April 28, expressed worry about Clause 22. The clause had barred agents of a foreigner from receiving more than sh400m in a calendar year without approval of the internal affairs minister. The had argued that this would slow real time transactions and hurt diaspora remittances. However, under Clause 25, the above supervised institutions shall not pay any money to an agent of a foreigner unless he or she declares the source of funds and presents proof of written authorisation from the relevant regulator. Those found in breach of the provision are subject to a fine not exceeding sh10 or ten years imprisonment or both in the case of an individual.

Also, supervised institutions that fail to file monthly reports to this end shall be fined sh20 and forfeiture of the funds in question to the state.

However, critics maintain that despite the amendments, the core structure of the law remains unchanged.

Shadow attorney general Wilfred Niwagaba warned of unintended consequences: "The breadth of these provisions risks criminalising legitimate civic engagement.

People will begin to self-censor the man. He said the Bill is "placing institutions in a position where they must police transactions beyond their capacity. This could slow down the economy."

Mukono Municipality MP Betty Namboze added that the law could silence grassroots voices. "Ordinary citizens who depend on partnerships for community work may now hesitate, fearing they could be labelled agents," she said.

Yesterday, Uganda People's Congress (UPC) head of media and communications Faiz Muzeyi observed that while Uganda has a legitimate right to protect itself from unlawful external interference, the Bill contains broad and ambiguous provisions that may unintentionally criminalise legitimate international engagement, discourage investment and economic cooperation, undermine academic and civil exchange and create uncertainty within Uganda's financial and legal environment.

"At a time when Ugandans are already facing rising costs of living, high borrowing burdens, unemployment, and growing economic pressure, Uganda must avoid policies that risk weakening investor confidence, reducing economic opportunity, or increasing isolation from regional and global markets," Muzeyi said.

Irere Kakwate, the head of Katiyemba Elders Forum, a Civil Society Organisation in Kampala, speaking on the Bill, noted that development work in Uganda is largely donor-supported and if the line between development and politics is blurred, many programmes could stall.

OBLIGATIONS FOR INSTITUTIONS
The Bill imposes no obligations on institutions, particularly financial entities, telecoms, universities, and NGOs.

Banks will be required to verify foreign-linked transactions, document sources of funds, and submit regular reports, or face heavy penalties.

For instance, financial institutions are barred from paying any money to an "agent of a foreigner" unless he or she declares the source of funds and presents proof of written authorisation from the relevant regulator. Financial institutions are also required to submit monthly reports from such transactions, failure of which attracts a fine not more than sh10.

financial system could feel the man. He said the Bill is "placing institutions in a position where they must police transactions beyond their capacity. This could slow down the economy."

A senior banker, who requested anonymity, said the compliance demands could disrupt normal operations. "Even legitimate transactions may face delays as institutions try to avoid penalties. That affects businesses, families, and investors."

Telecom sector players also cautioned that mobile money providers could experience delays due to additional verification layers. Universities and research institutions worry that international partnerships could become harder to sustain.

A lecturer at Mountains of the Moon University observed that most academic research today is collaborative and often internationally funded. "If that becomes a risk area, it could isolate Uganda, academically," he argued.

Civil society organisations expressed similar concerns, arguing that increased scrutiny may limit advocacy work on governance, human rights, and public policy.

Ahamed Kaine, a political analyst, argues that the law may conflict with several constitutional provisions, including rights to equality, expression, association, privacy, and participation.

He warned that the implications could go beyond theory. "A citizen opposing government policy could easily be framed as acting under foreign influence. That is where the danger lies."

Legal analysts have also pointed out that much will depend on enforcement. One Kampala-based constitutional lawyer noted: "The law itself is broad, but its real impact will depend on interpretation. If applied aggressively, it could redefine civic participation."

However, Ngorwa West MP David Bahati defended the Bill, saying Uganda cannot remain open to manipulation by foreign interests disguised as partnerships.

Speaker Anita Among emphasised that the Joint Committee incorporated views from multiple stakeholders before finalising the Bill.