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AFRICA NET ZERO INVESTMENT TOOLKIT

Uganda | July 2025

Uganda

Contents

Section 1 - Introduction and Summary of Uganda's economic wealth	4
Section 2 – Uganda's Nationally Determined Contribution (NDC)	8
Section 3 - Examples of successful mitigation and adaptation projects in Uganda	17
Section 4 - Legal System (common law or civil) in Uganda	20
Section 5 – Current legal framework for developing net zero wealth	22
Section 6 - Carbon Management / Mitigation law(s) in Uganda, which may include the regulation of carbon capture and sequestration, carbon taxes and the compliance of carbon markets.....	29
Section 7 - Laws which regulate matters related to climate mitigation and adaptation.....	30
Section 8 - Finance legal regime, including relevant merger acquisition, disposal finance and joint venture law	31
Section 9 - Contract law and provisions which specifically regulate matters related to the climate and management and protection of the environment, including procurement and common environmental safeguards in agreements for natural resource exploitation	34
Section 10 - Laws and legal instruments which regulate the protection of foreign investments	35
Section 11 - Laws which regulate the management and protection of Uganda's natural resources	38
Section 12 - Laws which regulate the engagement with and management of communities which are affected by operations	40
Section 13 - Conservation and protection of nature and biodiversity law	42
Section 14 - Contaminated land environmental liability law	43
Section 15 - Relevant corporate governance, transparency, reporting and disclosure, and access to information law	43
Section 16 - Enforcement / monitoring law, including	44
Section 17 - Laws relating to obligations and rights of natural resource exploitation companies and public bodies	44
Section 18 - Criminal, civil and administrative enforcement sanctions, including:.....	45
Section 19 - Labour Law	46
Section 20 - Energy law	47
Section 21 - Dispute resolution law and framework, including:	49
Section 22 - Liability and compensation regime for environmental duty of care, remediation and rehabilitation	51
Section 23 - Domestic application of international law, including any restrictions on accessing international dispute resolution procedures	52
Section 24 - Existing challenges and potential near-term changes to the current legal framework in Uganda	53

Executive summary

Commonly referred to as the ‘*Pearl of Africa*’, Uganda became a Republic following its independence from the United Kingdom on 9th October 1962. Uganda, standing astride the equator, occupies an area of approximately **241,551 square kilometres**, neighboured by Kenya, Tanzania, South Sudan, Rwanda and the Democratic Republic of Congo.

Although landlocked, Uganda has a long shoreline on Lake Victoria and is part of the Nile River Basin. A third of the country’s coverage, approximately **41,743 square kilometres**, is made up of water bodies and wetlands. Uganda’s tropical climate has an average temperature ranging from 18 to 28 degrees centigrade, which provides the country with a rich natural resource base.

With an average total fertility rate of 6 children per woman, Uganda has an annual growth rate of 3.2 per cent (3.2%); and the population is expected to grow from 34.8 million people in 2014 to 93.4 million people in the 2040s.

In terms of capacity, Uganda has a low per capita income of **584 USD**, coming from economic development that depends largely on natural resources. It has diverse socio-economic concerns embedded in a multi-cultural society with a multi-party-political system and a diversity of religious practices.¹

Uganda’s governing system is hinged on a parliamentary constitutional democracy, with three arms of Government; the Executive, Judiciary and Legislature. The Constitution of the Republic of Uganda, promulgated in 1995, is the bedrock of the country’s democratic

approach and is considered the supreme law of the land.

The Constitution contains national objectives and directive principles of state policy that guide all organs and agencies of the State, citizens, organisations and other bodies or persons, in applying the Constitution and implementing policy decisions for the establishment and promotion of a just, free and democratic society.²

The 1995 Constitution of Uganda enshrines the right of Ugandans to a clean and healthy environment. *Objective XXVII* of the national objectives and directive principles of state policy concretises the State’s duty to promote sustainable development while ensuring environmental preservation needs are met. The State is tasked to take all possible measures to prevent or minimise damage or destruction to land, air and water resources, in efforts to meet the development and environmental needs of present and future generations of Ugandans.

These provisions set the benchmark for Uganda’s commitment to mitigating climate change and taking active and deliberate steps to undertake positive action, including ratification of the Paris Agreement, enactment of the requisite regulatory framework, and increased involvement in carbon markets.

This commitment was emphasized by the institution of the *National Climate Change Act Cap. 182*, in 2021. The purpose of which is to:

- a. Give the Convention on Climate Change, the Kyoto Protocol and the Paris Agreement the force of law in Uganda;

¹ Ministry of Water and Environment, Uganda’s Intended Nationally Determined Contribution (INDC), 2015.

² The Constitution of the Republic of Uganda, 1995 <https://ulii.org/akn/ug/act/statute/1995/constitution/eng@2018-01-05>.

- b. Provide a regulatory framework for monitoring, reporting and verifying the impact of climate change;
- c. Provide institutional arrangements for coordinating and implementing climate change response measures, among others.

Additionally, in fulfillment of Article 4 of the Paris Agreement, Uganda, in 2016 prepared and communicated its Nationally Determined Contribution (“NDC”) to the United Nations Framework Convention on Climate Change (“UNFCCC”) Secretariat, setting a target of 22% reduction in emissions and covering the energy, forestry and wetland sectors. It updated its NDCs, in 2022, defining sectoral mitigation and adaptation measures and interventions with clearly defined corresponding indicators and targets for 2025 and 2030, with an economy-wide mitigation target of 24.7% reduction by 2030.

The country’s number one priority response to climate change was determined as adaptation in the context of addressing key vulnerabilities in sectors, constructing adaptive capacity, addressing loss and damage and increasing resilience of communities, infrastructure and ecosystems.³

Uganda is ranked number 171 on the Climate Vulnerability Index ranking and number 166 on the Human Development Index ranking, with only 0.11% share of global greenhouse gas emissions.⁴

Uganda, being ahead of the curve in carbon markets in Africa, is engaged in several mitigation activities aimed at reducing emissions and geared towards achieving net zero. These activities are undertaken in

partnership with several international entities and include Reducing Emissions from Deforestation and forest Degradation (“REDD+”) and Trees for Global Benefit, coordinated by ECOTRUST.

This guide provides an in-depth look at Uganda's strategy for achieving net-zero emissions, highlighting the country's ambitions and investment opportunities within its climate change framework.

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³ Ministry of Water and Environment, Updated Nationally Determined Contribution (NDC), 2022.

⁴ Data from Climate Watch [CAIT, 2020], developed and maintained by the World Resources Institute;

<https://climatepromise.undp.org/what-we-do/where-we-work/uganda>.

Section 1 - Introduction and Summary of Uganda's economic wealth

a) GDP and capital wealth

In 2023, Uganda's GDP reached \$49.27 billion USD, according to the World Bank.⁵ Notably, Uganda experienced a period of rapid economic expansion between 1990 and 2010, boasting an average GDP growth rate of approximately 8%, among the highest in Africa.⁶ However, since 2011, economic growth has largely stagnated, barely exceeding the rate of population increase.

Uganda's economic landscape has seen notable shifts in recent years. In 2019, Uganda's annual GDP growth was 6.8%, slowing to 2.9% in 2020, largely due to the impact of Covid-19.⁷ In 2022, Uganda's GDP composition revealed a sectoral breakdown: agriculture contributed approximately 24.01%, industry 26.77% and services 41.65%.

As of January 2023, the World Bank categorised Uganda as a low-income country, characterised by a per capita income of USD 1.085 or less.⁸

Despite prevailing global economic instability, geopolitical tensions, and regional conflicts, Uganda's economic outlook projects growth. From an estimated 5.3% in the 2023 fiscal year ("FY23"), growth is anticipated to reach 6.0% in FY24.⁹ This growth is attributed to favorable weather conditions, ongoing investments in the oil sector, and progress in implementing the Parish Development Model ("PDM"). Additionally, headline inflation has shown a significant decline, averaging 3.2% in 2024 fiscal year (FY24"), down from 8.8% in FY23 and falling below the 5.0% target.¹⁰ This reduction is attributed to declining food prices, the effects of monetary policy tightening, targeted fiscal consolidation, and relative stability in the exchange rate. Notably, food crop prices saw a dramatic deceleration in growth, rising by only 3.3% in FY24 compared to 22.7% in FY23.

However, despite these positive economic indicators, poverty remains a significant concern. Recent projections indicate that approximately four out of ten Ugandans are poor and live below the \$2.15/day international poverty line.

Looking forward, Uganda's economic growth is expected to continue its upward trajectory. Supported by the agriculture and services sectors, the outlook for the 2025 fiscal year ("FY25") is improving, with growth projected to reach 6.2%. Over the medium term, a substantial acceleration in growth is anticipated, potentially reaching 10.8% in the 2026 fiscal year ("FY26"), driven by the commencement of oil production. Subsequently, growth is expected to stabilize at around 6% as oil production plateaus.

⁵ <https://www.worldbank.org/en/country/uganda/overview>.

⁶ <https://www.worldbank.org/en/country/uganda/overview>.

⁷ Uganda Economic Update, 16th Edition, December 2020: Investing in Uganda's Youth, 2020, <https://openknowledge.worldbank.org/entities/publication/47e56fcc-465b-5074-8e7e-70c572782ca3>.

⁸ <https://www.worldbank.org/en/news/factsheet/2022/07/07/world-bank-country-classifications-by-income-level-uganda>.

⁹ <https://www.worldbank.org/en/country/uganda/overview>.

¹⁰ <https://www.worldbank.org/en/country/uganda/overview>.

Development Challenges

Uganda faces significant development challenges that threaten its economic growth and poverty reduction efforts. Intensifying shocks and a faltering momentum behind policy reform creates challenges for sustaining economic growth and reducing poverty in Uganda. The challenge of creating productive jobs for the almost one million working-age Ugandans entering the labour market every year is pressing. Although the services sector constitutes a large share of GDP, it has created few jobs, mainly informal and low-skilled. Two-thirds of the jobs are in the agriculture sector, which is prone to natural disasters, and climate shocks are becoming more frequent and severe, while adaptation remains limited due to low capacity.

b) Level of unemployment (general and youth)

In Uganda, the unemployment rate is calculated as the percentage of the labour force actively seeking employment. This metric provides insight into the proportion of individuals within the working population who are currently without jobs but are actively searching for them.

Examining historical trends, Uganda's overall unemployment rate averaged 3.16% between 1991 and 2023. The lowest recorded rate was 1.90% in 2005, while the highest was 3.80% in 2020. Notably, the unemployment rate remained constant at 2.90% in both 2022 and 2023.¹¹

Uganda has one of the youngest populations in the world, with 78% of its populace under 30 years old.¹² This demographic profile highlights the critical importance of addressing youth unemployment. The youth unemployment rate, defined as the proportion of economically active individuals aged 15 to 24 who are currently unemployed but seeking work, declined to 4.5% in 2023. However, it is important to note that youth unemployment rates in 2022 and 2023 were significantly higher than those observed in previous years.

The youth unemployment rate does not include economically inactive persons such as the long-term unemployed or full-time students.

c) Human wealth, population and education

Uganda's human wealth is intrinsically linked to its youthful population and efforts to improve education and standards of living. Human capital wealth is defined as the present value of the future earnings of the current labour force.

Uganda's national wealth stood at 445 billion USD in 2018, representing an increase in real terms of 43.9%. Human capital wealth stood at 325 billion USD, an increase of 61.2% from 2011 and accounting for 73% of the national wealth.¹³

¹¹ <https://tradingeconomics.com/uganda/unemployment-rate>.

¹² Partnership for Economic Policy, What works for Youth Employment in Africa: A review of youth employment policies and their impact in Uganda, August 2023, <https://portal.pep-net.org/document/download/38982>.

¹³ UNESCO, UNESCO IICBA knowledge brief, 22, Uganda: gender inequality and national wealth, 2023 <https://unesdoc.unesco.org/ark:/48223/pf0000385573>.

Uganda has a population totaling approximately 45,935,046 according to the preliminary results of the National Population and Housing census 2024 undertaken by the Uganda Bureau of Statistics (“UBOS”). 72.3% of the country’s population is aged 30 and below, representing an approximately 33 million people.¹⁴

This significant youth demographic potential and the country’s abundance of natural resources offers significant opportunities for growth.

Uganda’s human wealth is largely tied to its youthful population and growing labour force. The country, however, still faces challenges in improving income levels, employment opportunities and quality of life.

According to World Bank’s 2023, [The World Bank in Uganda profile](#), Uganda’s Human Capital Index is low. Children born in Uganda today are likely to be 38% as productive when they grow up as they could be if they enjoyed complete education and full health. Children who start schooling at the age of four years are only expected to complete 6.8 years of school by their 18th birthday, compared to the Sub-Saharan average of 8.3. However, a child’s actual years of learning are 4.3, with 2.5 years considered “wasted” due to the poor quality of education.¹⁵

Uganda has a medium Human Development Index (“HDI”) ranking of 0.525 as at 2022, reflecting progress in health, education and income. Inequalities in resource distribution persist throughout the country.

The education system has seen progress over the years, but challenges such as accessibility and equity persist.

Uganda follows a 7-4-2 education structure, with 7 years of primary education, 4 years of lower secondary schooling and 2 years of advanced secondary education, with the option to proceed to tertiary or vocational training institutions.

The current adult literacy rate in Uganda is approximately 76%, with gender inequalities persisting, seeing men have a higher literacy rate (82%) than women (71%).

To develop employable skills and competencies in the labour market, the Government of Uganda implemented several policies aimed at equipping the population with requisite skills to increase the productivity and quality of the labour force, with major emphasis being placed on Business, Technical and Vocational Education and Training (“BTJET”) to skill the population.

Furthermore, 92% of all parishes have a government aided primary school, while 71% of all sub-counties have a government aided secondary school. Consequently, primary school enrolment significantly increased from 2.6 million children in 1995 to 8.8 million children in 2017. The average years of schooling

¹⁴ Uganda Bureau of Statistics 2024: The National Population and Housing Census 2024 – Final Report - Volume 1 (Main), Kampala, Uganda.

¹⁵ [Uganda Overview: Development news, research, data | World Bank](#).

have increased from 3.4 years in 1995 to 6.1 years in 2017. The aggregate impact of all this is an increase in literacy rate (of persons aged 10 years and above) from 70% in 2012/13 to 74% in 2018/19.¹⁶

The Government, in acknowledging the role of education in cultivating an engaged citizenry, has also implemented an adult literacy program; Functional Adult Literacy (“FAL”) to enhance reading, writing and numeracy skills among adults.

FAL was designed to empower illiterate adults to participate effectively in public as well as community initiatives, enhance community mobilization and empowerment, thereby revitalizing the community development function in Local Governments.

Further, on the path to a carbon neutral future, the Government of Uganda, in 2018, made among its top priorities, promotion and support towards climate change education, awareness raising and capacity development for stakeholders from the local level to the national level.¹⁷

d) Natural wealth, including metals and minerals deposits (such as critical mineral resources, rare earth elements and green/battery minerals and metals) and other natural resources

Uganda is home to abundant natural resources, including fertile soils, petroleum deposits, metals and minerals such as copper, cobalt, gold and aluminium, reserves of iron ore and rare earth elements.

The country holds vast untapped potential in the mining sector, particularly in minerals vital for renewable energy technologies.

Additionally, Uganda's forest area, which was reported to cover approximately 11.45% of total land area in 2022,¹⁸ and wetlands are crucial for carbon sequestration and biodiversity conservation, making them valuable assets in climate mitigation efforts.

The largest sources of GDP are agricultural processing, textiles, light manufacturing and cement. The country's most important exports include coffee, tea, maize, cotton, flowers, fish, gold and tobacco, while its main imports are petroleum products, machinery, manufactured goods, chemicals and grains. Future growth is likely to depend significantly on the development of agriculture and oil. The agricultural sector currently employs over 80% of the workforce, though mostly as subsistence farmers.¹⁹

Uganda has good potential for minerals with a favourable geological environment for world class economic mineral deposits. Discoveries of copper, nickel, gold chromite, iron ores, tin, tantalite, limestone, marble, graphite and gemstones have since been made. Other natural resources such as sand, clay and rock mining have become significant in the face of economic growth, attracting an increased foreign direct investment in the sub-sector of 800 million USD in 2017.²⁰

¹⁶ <https://development.finance.go.ug/human-capital-development>.

¹⁷ Uganda's National Climate Change Learning Strategy: A Coordinated Effort to Build Capacity and Knowledge on Climate Change, 2019.

¹⁸ <https://tradingeconomics.com/uganda/forest-area-percent-of-land-area-wb-data.html>.

¹⁹ International Energy Agency, Uganda Energy Policy Review, 2023.

²⁰ Ministry of Energy and Mineral Development, Mineral and Mining Policy, 2018.

The Mineral sub-sector faces challenges of low funding, institutional capacity to manage mineral resources, value addition to minerals, complex nature of artisanal and small-scale mining and environmental degradation.

e) Renewable/green energy wealth (opportunities and requirements)

Renewable energy consumption (Percentage of total final energy consumption) in Uganda was reported at 90.9% in 2022, according to the World Bank collection of development indicators.²¹

With significant opportunities in renewable energy, Uganda is well-positioned to develop its solar, wind, and hydroelectric resources. However, achieving this potential will require substantial investments in infrastructure, policy frameworks, and technological advancements. While the renewable energy sector presents a path forward for economic growth, meeting the nation's energy demands sustainably will require careful planning and long-term investments.

f) Carbon removal or reduction wealth

Uganda is one of the carbon market leaders in Africa, with over 33 million carbon credits issued in Uganda from the Clean Development Mechanism ("CDM") and Voluntary Carbon Market ("VCM") standards. Overall Uganda has a CDM portfolio with 189 registered activities which include 19 project activities ("PAs") and nine Programme of Activities ("PoA") with a total of 170 CPAs.²²

The country also has 101 VCM activities that are contributing to most of the carbon credits issued. The VCM activities are dominated by energy efficiency activities supporting improved cook stoves as well as other project types like biogas projects including forestry which were not covered by CDM.²³

Uganda hosts 92 registered VCM activities (78 GS, 13 VCS, 1 Plan Vivo) with the first ever cook stove project to earn Gold Standard ("GS") certification: Improved Cook stoves for Social Impact in Ugandan Communities.²⁴

Uganda has issued over 16 million Certified Emissions Reductions ("CERs") from 189 registered CDM activities: 19 PAs and 170 CPAs within 9 PoAs. The majority of the single projects (12-92%) were registered pre-2012, whereas (91%, 155) of CPAs were registered post-2012. Uganda is included in 9 PoAs, 5 of which are single country and 3 multi-country.

Section 2 – Uganda's Nationally Determined Contribution (NDC)

a) Undertaking, including key dates and caveats

²¹ <https://tradeconomics.com/uganda/renewable-energy-consumption-wb-data.html>.

²² East African Alliance on Carbon Markets and Carbon Finance, Carbon Market Profile – Uganda, (2022), chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://climatefinanceinnovators.com/wp-content/uploads/2023/06/Carbon-Report_-Uganda_2023_Rev03_single.pdf.

²³ Stephan Hoch, Peris Waweru (Perspectives Climate Group) et al., Carbon Market Profile – Uganda, 2022.

²⁴ Stephan Hoch, Peris Waweru (Perspectives Climate Group) et al., Carbon Market Profile – Uganda, 2022.

Uganda was the first country in Africa to develop and endorse its Nationally Determined Contribution Partnership Plan in June 2016. The country made key commitments, including reducing greenhouse gas emissions by 22% by 2030, reducing climate vulnerability of climate sensitive sectors since the economy is natural resource based and building climate resilience of key sectors and managing disaster risks.²⁵

Outlined in Uganda's Vision 2040, Uganda's aspirations hinge on uplifting the quality of life through transformation of the Ugandan society from *"a peasant to a modern and prosperous nation"*. Along that path Uganda not only fulfils national obligations enshrined in its Constitution, but responds to the agendas of a global instrument, the UNFCCC, to which the country, like other signatories, is a Party.

Uganda's priority is to reduce the vulnerability of its population, environment and economy by implementing adaptation actions. Uganda also intends to implement strategies, plans and actions for low greenhouse gas emission development in the context of its development goals.²⁶

These mitigation and adaptation intentions are based on the country's National Climate Change Policy ("NCCP") (2015), which is derived from the Constitution of the Republic of Uganda (1995, as amended in 2005 and 2015) and reflects Uganda Vision 2040 (2012).

The priorities in the National Climate Change Policy have been integrated in the Second National Development Plan ("NDP II") 2015/16 - 2019/2020 (2015). In the long term, Uganda intends to follow a climate-resilient and low-carbon development path linked to green growth and broader sustainable development goals.²⁷

Uganda updated its NDC in September 2022 based on the country's Vision 2040 and the Third National Development Plan ("NDP III") which presents an ambitious economy wide mitigation target in 2030 of 24.7% reduction below the Business As Usual ("BAU"), a progression from the 22% reduction target communicated in the first NDC in 2016.

The Uganda Climate Change Act (2021) defined climate change mechanisms as tools to deliver the NDC commitments and boost climate ambition. The country shall use carbon markets as one of the essential channels for mobilizing private sector financing to implement its ambitions in the NDCs. Implementation requires 28.1 billion USD for both conditional and unconditional support of the international community via climate finance instruments and international market mechanisms.

By 2030 the estimated cost of adaptation across all sectors is estimated at 17.7 billion USD. 14% of the total adaptation cost can be mobilized unconditionally, while 86% of these costs are conditional on international support. Also, the mitigation policies and measures across all sectors will cost 10.3 billion USD of which 15% is unconditional and 85% is conditional on international support.

²⁵<https://www.worldbank.org/en/news/feature/2019/05/31/ugandan-government-steps-up-efforts-to-mitigate-and-adapt-to-climate-change>.

²⁶ Ministry of Water and Environment, Uganda's Intended Nationally Determined Contribution (INDC), 2015; Updated NDC 2022.

²⁷ Ministry of Water and Environment, Uganda's Intended Nationally Determined Contribution (INDC), 2015.

Uganda's updated NDC recognizes energy efficiency and the use of improved cook stoves as one of the largest mitigation potentials with approximately 6.89 Million Tonnes of carbon dioxide equivalent ("MtCO₂e") by 2030. The main target groups for improved cook stoves are both households and social institutions like schools who consume a lot of biomass.²⁸

b) Use of net zero wealth for own target

Uganda's [Energy Transition Plan](#) ("ETP"), sets out an ambitious yet feasible pathway to achieve universal energy access by the end of the decade and a peak in emissions by 2040. Implementing the ETP would allow Uganda to meet its Nationally Determined Contribution to the Paris Agreement in 2030 and be in a position to reach net zero emissions from its energy sector by 2065. This opens the door for Uganda to set an economy-wide climate neutrality target for around the same year.

Achieving net zero emissions by 2065 would require reaching 8 billion USD in annual clean energy investments in Uganda by the end of the decade, with almost 90% of this financing directed towards projects focused on improving energy access and expanding clean energy capacity, according to the analysis.

This ETP marks a huge step forward in Uganda's efforts to ensure every person in Uganda has access to secure, affordable and sustainable energy.

Further to this, Uganda has since the development and endorsement of its NDC, enacted various initiatives and a suite of policies and legislative measures to ensure it meets its NDCs and transition towards a net zero carbon economy. These initiatives include;

a. Uganda's Climate Change Policy, 2015

Adopted in 2015, the National Climate Change Policy aims to harmonize and coordinate Uganda's approach to climate-resilient and low-carbon development. The policy emphasizes mainstreaming climate change considerations into all sectors, enhancing public awareness, capacity building initiatives and strengthening institutional capacities to address climate challenges effectively.

The Policy provides strategic direction for addressing climate change impacts in Uganda. It emphasized the integration of climate change considerations into national development planning and promoted adaptation and mitigation strategies across all sectors.

b. Uganda's National Climate Change Act, Cap. 182

The National Climate Change Act, Cap. 182²⁹ serves as the legal framework for Uganda's climate action. It mandates the development of a National Climate Action Plan and District Climate Action Plans to guide mitigation and adaptation efforts.

The Climate Change Act also establishes a National Climate Change Advisory Committee to provide technical advice on climate-related matters.

²⁸ Stephan Hoch, Peris Waweru (Perspectives Climate Group) et al., Carbon Market Profile – Uganda, 2022.

²⁹ <https://ulii.org/akn/ug/act/2021/nn/eng@2021-12-31>.

c. Uganda's Energy Policy, 2023

The Energy Policy, 2023 aims to promote sustainable energy development by increasing the share of renewable energy sources in the national energy mix. This policy supports the development of hydropower, solar, wind, and biomass energy projects to reduce reliance on fossil fuels and lower greenhouse gas emissions. It also emphasizes energy efficiency and conservation measures across various sectors.

d. The National Climate Change (Climate Change Mechanisms) Regulations, 2025

The National Climate Change (Climate Change Mechanisms) Regulations 2025, outline the procedures for participating in international climate mechanisms, such as carbon markets and emissions trading systems. These regulations aim to facilitate Uganda's engagement in global climate initiatives and attract climate finance to support domestic mitigation projects.

e. The National Environment (Air Quality Standards) Regulations, 2024

The National Environment Management Authority ("NEMA"), has given operation to the development of the regulations, established to provide comprehensive standards and guidelines to monitor and control air pollution across the country.

These Regulations were enacted to prohibit the emission of objectionable substances into the air from any source, including smoke, gases, fumes or dust.

f. National Adaptation Plan ("NAP") by the National Climate Change Department

Uganda's National Adaptation Plan ("NAP"), developed by the National Climate Change Department within the Ministry of Water and Environment, addresses the country's vulnerability to climate change. The NAP focuses on enhancing adaptive capacity, strengthening resilience, and reducing vulnerability to climate change impacts. It prioritizes sectors such as agriculture, water resources, health, and infrastructure.

g. Initiatives by the Ministry of Water and Environment

The Ministry of Water and Environment has undertaken several initiatives to promote climate resilience, including:

- i. Development of Climate-Resilient Infrastructure: Implementing projects to construct infrastructure capable of withstanding climate-related hazards, such as floods and droughts.
- ii. Ecosystem Restoration Programs: Engaging in reforestation and wetland restoration to enhance carbon sequestration and protect biodiversity.
- iii. Water Resource Management: Developing strategies to ensure sustainable water supply and quality in the face of changing climate patterns.

h. Green, Social, and Sustainable (GSS) Bonds Framework

Uganda is currently developing a Green, Social and Sustainable Bonds framework ("GSS Bonds Framework") to mobilize capital for projects that will seek to promote environmental sustainability and social development. This initiative is a collaborative effort between the Government of Uganda,

through the Capital Markets Authority of Uganda (“CMA”) and Financial Sector Deepening Africa (“FSD Africa”).

The primary goal of the GSS Bonds Framework is to establish a regulatory environment that facilitates the issuance of bonds dedicated to financing projects that have positive environmental and social outcomes. This framework will aim to:

- i. Mobilize capital: Attract investments into sectors that contribute to Uganda's environmental and sustainability goals.
- ii. Ensure transparency: Set clear guidelines for the issuance and management of GSS bonds to maintain investor confidence.
- iii. Standardize practices: Align Uganda's bond issuance processes with international best practices, ensuring consistency and reliability on all fronts.

Development framework is intended to involve stakeholder engagement, which shall include consulting with relevant parties, financial institutions, potential issuers, and investors, and drafting a regulatory framework, incorporating feedback from stakeholders, and aligning it with international standards such as the Green Bond Principles (“GBP”) and Social Bond Principles (“SBP”) established by the International Capital Market Association (“ICMA”).

The above initiatives have, since 2015, collectively contributed to Uganda's efforts in meeting its NDC targets.

c) Existing collaboration among countries and opportunities for future collaboration

a. UNDP’s NDC Support programme in Uganda

The United Nations Development Programme (“UNDP”) is implementing the NDC Support Programme in Uganda, an integrated initiative to improve livelihoods through climate actions that build national resilience and contribute to mitigation of climate change.

The initiative is implemented by the Government of Uganda through the Ministry of Water and Environment’s Climate Change Department (“MWE/CCD”), with funding from the European Union and the governments of Germany and Spain as a contribution to the NDC Partnership.

The NDC Support Programme has established climate change mitigation and adaptation action grants with the aim to engage women and youth-led organizations to implement initiatives that contribute to the implementation of Uganda’s NDC. The climate action grants focus on innovative technology solutions with high impact to reduce greenhouse gas emissions, contribute to NDC implementation and sustainable development, and enterprises that have substantial impact through innovation, replication, and sustainability.

The support provided through these climate action grants has created financial incentives for organizations to implement climate change mitigation technologies and contribute to climate action and NDC implementation. This is happening through boosted growth and competitiveness by

empowering women and youth to adopt low carbon technologies and innovations; fostering participation of women and youth in the implementation of climate mitigation; and supporting implementation of innovative low-carbon technologies by increasing access to renewable energy services at the grassroots level.³⁰

b. SCALA program

The SCALA programme is funded by Germany's International Climate Initiative and supports 12 countries. The programme identifies pathways for implementing climate actions with the potential to trigger transformative food systems change. It emphasizes private sector engagement, gender-responsiveness and social inclusion, and whole-of-government approaches to planning and implementation that benefit the most vulnerable natural resource-dependent communities.

Transformative systems change requires the entire system to work in concert to achieve the change we want to see. It also requires an evolved approach to measuring results to identify where improvements are being made. In Uganda, one of SCALA's partner countries, the focus has been on tracking progress, actions, and contributions to the climate goals from a broad range of stakeholders.

With support from the UNDP, Uganda's Climate Change Department ("CCD") at the Ministry of Water and Environment ("MoWE") has developed an integrated Monitoring, Reporting and Verification tool ("iMRV"), which aims to enhance data collection, reporting and tracking at both national and sub-national levels.³¹

In Uganda, SCALA focuses on promoting climate-resilient agriculture solutions in the cattle corridor landscape. SCALA supports the translation of the 2021 updated NDC and 2018 NAP-Ag priorities into actionable district-level adaptation and development plans, with a strong focus on integrating gender considerations and promoting private sector engagement.

A holistic systems-level assessment, evaluating the resilience of five mixed farming systems in the cattle corridor landscape was successfully completed. This assessment aimed to generate local-level adaptation and mitigation solutions that will be integrated into local development plans and contribute to NDC implementation. The results of the assessment have been validated and will be incorporated into district adaptation planning and budgeting processes.

SCALA is also supporting Uganda's district governments in mainstreaming NDC and NAP priorities into district-level development plans.

SCALA contributed to the operationalization of Uganda's integrated monitoring, reporting and verification ("MRV") tool through a two-week training for 60 technical staff and key stakeholders from the agriculture, forestry and land-use sector from the government, civil society, private sector, and academia. The training included sessions on multi-stakeholder collaboration and systems

³⁰ <https://www.undp.org/uganda/blog/undp-taking-climate-action-grassroots-level-uganda>.

³¹ <https://www.adaptation-undp.org/scala-news-facs-collaboration-for-climate-adaptation>.

leadership and culminated in the development of an action plan to support the functioning of the integrated MRV through data collection, analysis, and reporting.³²

c. World Bank funded emissions reduction projects

The Lake Victoria Environmental Management project

The Lake Victoria Environmental Management Project (“LVEMP-II”) is an East African Community (“EAC”) initiative coordinated by the Lake Victoria Basin Commission Secretariat and implemented by five EAC Partner States.

There are four components to the LVEMP-II. The first component of the project is strengthening institutional capacity for managing shared water and fisheries resources. This component focuses on building the capacity of existing regional and national institutions to harmonize policies, legislation, and regulatory standards, and develop basin-wide management frameworks, to improve cooperative management of the shared transboundary water and fisheries resources of the Lake Victoria basin (“LVB”).

The second component is point source pollution control and prevention. This component aims at reducing environmental stresses within the lake and its littoral zone, through the rehabilitation of priority wastewater treatment facilities, promotion of industrial cleaner production technologies, installation of the lake navigation equipment, and implementation of a contingency plan for the oil spills and hazardous wastes management in the LVB.

The third component of the project is watershed management, which seeks to reduce environmental stresses from the lake basin through the implementation of sustainable soil and water management practices and livelihoods improvement interventions, using community-driven development approaches, to improve water use efficiency in the LVB and generate positive externalities to downstream countries.

The fourth component of the project is project coordination and management. This component will provide resources necessary for the effective project coordination, regional and national levels communication, monitoring and evaluation activities, and sharing of information among countries.³³

The objectives of the LVEMP-II are to contribute to:

- i. The improvement of the collaborative management of the trans-boundary natural resources of the LVB among the Partner States; and
- ii. The improvement of environmental management of targeted pollution hotspots and selected degraded sub-catchments for the benefit of communities who depend on the natural resources of LVB.

³² <https://www.adaptation-undp.org/projects/scala-uganda>.

³³ <https://projects.worldbank.org/en/projects-operations/project-detail/P100406>.

Uganda's Clean cooking supply chain expansion project

Nearly 95% of Ugandans to-date use solid biomass fuels for cooking, such as charcoal and wood. These fuels have become increasingly expensive due to the escalating pressure on forest resources and a rapidly expanding population. Solid biomass fuels also pose a significant threat to the health of household members through exposure to indoor air pollution, which affects over 35 million people and causes over 13,000 premature deaths annually in Uganda.

In efforts to respond to this challenge, the Government of Uganda outlined a National Biomass Energy Strategy which had as one of its objectives, scaling up adoption of efficient charcoal fuel stoves and efficient wood stoves. The strategy was developed around a framework that coordinates the Ministries of Health, Housing, Environment, and Energy, emphasizing the need to utilize biomass energy efficiently in order to manage the resource in a sustainable manner.

The World Bank, through its Energy Sector Management Assistance Program ("ESMAP"), provided a 2.2 million USD grant in support of this effort to be disbursed through the Uganda Clean Cooking Supply Chain Expansion Project. The project takes a unique approach for increasing adoption rates by focusing on value chain integration and results-based commercial distribution through the Distribution Challenge Fund ("DCF") competition.³⁴

The Clean Cooking Supply Chain Expansion Project builds and/or expands the distribution supply chain for qualified stoves, facilitates integration of the stove supply chain through "matchmaking" between manufacturers and distributors, develops and field tests high-impact marketing and consumer finance schemes; including roll-out of a quality assurance and technical support program in support of manufacturers.

The project's objective is to reduce both;

- i. The economic burden on households; and
- ii. The negative impacts on the environment, of the inefficient use of solid biomass fuels for cooking, by fostering sales and adoption of cleaner and more efficient cooking technologies.³⁵

Uganda Climate Smart Agricultural Transformation Project

The Uganda Climate-Smart Agricultural Transformation Project ("UCSATP") is a six-year project implemented by the Ministry of Agriculture Animal Industry and Fisheries and its agencies the National Agricultural Research Organization ("NARO"); the National Animal Genetics Resources Centre and Data Bank ("NAGRC & DB") and Uganda National Meteorological Authority ("UNMA").

³⁴ ESMAP Brings Innovation to Increase Adoption of Cleaner, More Efficient Cookstoves in Households across Uganda, <<https://www.esmap.org/node/57099>>

³⁵ <https://projects.worldbank.org/en/projects-operations/project-detail/P153679>.

The objective of the project is to increase productivity, market access and resilience of select value chains in the project area and to respond promptly and effectively to an eligible crisis or emergency. The project is aimed at supporting the Government of Uganda to identify, develop, and incentivize adoption of climate smart agriculture technologies and management practices that contribute to climate adaptation of agricultural value chains to sustainably increase productivity and household incomes while enhancing resilience to climatic shocks.³⁶

The agricultural transformation project is comprised of five components, being;

- Strengthening Climate-Smart Agricultural Research, Seed and Agro-Climatic Information Systems
- Promoting Adoption of Climate-Smart Agriculture Technologies and Practices
- Market Development and Linkages for Selected Value Chains
- Contingency Emergency Response Component
- Project Management, Coordination, and Implementation

Regional Pastoral Livelihoods Resilience Project ("RPLRP")

The RPLRP is a regional project financed by a 40 million USD loan got by GOU from the World Bank and implemented by three IGAD member states: Uganda, Kenya and Ethiopia.

The RPLRP was prepared within the framework of the IGAD Drought Disaster Resilience and Sustainability Initiative ("IDDRSI") and aligned with the Regional Programming Paper ("RPP") and Country Programming Paper ("CPPs").

In Uganda, the RPLRP is aligned to four strategic objectives of the CAS: promote inclusive and sustainable economic growth; enhance public infrastructure; strengthen human capital development; and improve good governance and value for money.

The RRLRP is also consistent with the Agriculture Sector Development Strategy and Investment Plan (DSIP) 2010/11-2014/15, and specifically, with sub-programs on production and productivity, market access and value addition, enabling environment, and institutional strengthening. DSIP emphasizes pastoral issues and climate change.

The RPLRP will directly contribute to implementing the dairy and meat action plans formulated following the DSIP. Both plans recognize the ASALs as the main sources of cattle and ruminants in Uganda, notably the so-called "cattle corridor" and the north-eastern part of the country (the Karamoja region). This Project is being implemented over a period of five years, by the Government of Uganda through the Ministry of Agriculture, Animal Industry, and Fisheries ("MAAIF").³⁷

³⁶ <https://www.agriculture.go.ug/ucsatp/>.

³⁷ <https://www.agriculture.go.ug/regional-pastoral-livelihoods-resilience-project-rplrp/>.

Agricultural Technology and Agribusiness Advisory Services (“ATAAS”) Project

In 2010, the ATAAS Project was developed as an investment in maintaining and raising the level of farmer productivity and household income through the development and adoption of modern farming technologies, techniques and strengthening market linkages.

The ATAAS Project was designed to build on the accomplishments of the IFAD-cofinanced National Agricultural Advisory Services Programme (“NAADS”). Its objective is to increase the agricultural productivity and incomes of participating households by improving the performance of agricultural research and advisory services. At the same time, it seeks to enhance environmental sustainability and resilience to climate risks and land degradation.

The programme aims at promoting public-private partnerships in service delivery and agribusiness development, and at strengthening the institutional capacity of the National Agricultural Research Organization and the Ministry of Agriculture, Animal Industry and Fisheries. It also builds the organizational capacity of poor people, develops human and social assets, and supports economic activities.

The project had key activities along the research-extension-farmer-market value chain continuum under five components: (1) Developing Agricultural Technologies and Strengthening the National Agricultural Research System (NARS); (2) Enhancing Partnerships between Agricultural Research, Advisory Services and other Stakeholders; (3) Strengthening the NAADS; (4) Supporting Agribusiness Services and Market Linkages; and (5) Program Management and Coordination.

During the period of 2011 to 2014, ATAAS supported various national agricultural research and extension programmes. It also supported the establishment and strengthening of research-extension-farmer and other value chain stakeholder linkages at the Zonal Agricultural Research and Development Institutes (“ZARDIs”), to improve linkages between farmers, their advisors and the research system. The nine Research-Extension liaison units (one per ZARDI) were set-up to consolidate and better respond to farmers/stakeholder demand for improved technologies and to undertake research to adapt emerging technologies to local environments and farmer needs.³⁸

Section 3 - Examples of successful mitigation and adaptation projects in Uganda

Compared to other countries, Uganda ranks high in its number of commitments regarding climate change mitigation and environmental protection.³⁹

Uganda’s CCD, within the Ministry of Water and Environment, was established to strengthen Uganda’s implementation of the UNFCCC and the enacted Kyoto Protocol, and subsequently the Paris Agreement.

³⁸ <https://www.agriculture.go.ug/the-agricultural-technology-and-agribusiness-advisory-services-ataas-project/>.

³⁹ Ugandan Government Steps Up Efforts to Mitigate and Adapt to Climate Change, World Bank Group, 2019, <https://www.worldbank.org/en/news/feature/2019/05/31/ugandan-government-steps-up-efforts-to-mitigate-and-adapt-to-climate-change>

The economy and the well-being of the people of Uganda are tightly bound to climate conditions, as majority of the Ugandan population occupies rural areas dependent on rain fed agriculture, majorly affected by climate variability.

In line with the need to address the climate changes and variability and the country's international commitments, the Ugandan government developed adaptation programmes. By remaining active, Uganda's economic burden will be far reduced and the country better equipped to cope with future changes. The integration of adaptation into good development practices has allowed for development and adaptation actions to become mutually reinforcing.

While climate change mitigation covers tackling the root cause of greenhouse gas emissions and taking advantage of clean technologies.

In efforts to initiate the development of appropriate programmes that would ensure effective implementation of adaptation and mitigation activities, the CCD coordinates national programmes and international commitments.

Examples of mitigation and adaptation activities being undertaken in Uganda include;

a Improved Cook stoves for Social Impact in Ugandan communities (the 'Cook stove project')

The Cook stove project, the first ever Cook stove project to earn Gold Standard certification, reduces greenhouse emissions by disseminating fuel efficient stoves to communities in Uganda. The improved charcoal stove reduces fuel consumption by introduction of an insulated combustion chamber which increases combustion efficiency and retains heat. While these stoves will significantly reduce greenhouse gas emissions, they simultaneously provide co-benefits to users and families in the form of relief from high fuel costs and reduced exposure to health-damaging airborne pollutants.

b Trees for Global Benefit

Trees for Global Benefit is a comparative carbon offsetting scheme in Uganda which combines community led activities to increase carbon sequestration, encourage sustainable land use practices and provide farmers with performance-based payments.

The project is coordinated by the Environmental Conservation Trust of Uganda (ECOTRUST) certified beneath the PV Climate version 4. The project combines carbon sequestration with rural livelihood improvements through small scale farmer led agroforestry, afforestation/reforestation, assisted natural regeneration and improved land management activities.

The project aims at linking rural farmers to the international ecosystem service markets.

The farmers receive direct payments for planting trees and climate mitigation, and in addition, the project contributes to food security, income stability and fuel security at the community level.

c Reducing Emissions from Deforestation and forest Degradation (“REDD+”)

The REDD+ Uganda project, where the (+) stand for the role of conservation, sustainable forest management and enhancement of carbon stocks. The (+) enhances the land’s capacity for carbon storage through activities that improve forest health.

Additional to carbon stocks being protected by avoiding forest damage or clearing of entire forests, measures, including better forest management, restoration, conservation and afforestation also increase carbon stocks.

d SPOUTS Water purification project

SPOUTS of Water is the largest manufacturer of ceramic water filters in Africa, producing a convenient and affordable solution using locally sourced materials. Their products include a line of ceramic water filters, trademarked “Purifaaya”, which include a 20, 30 and 65 litre capacity ceramic filter.

The water purification project aims at distribution of Household Water Treatment (“HWT”) technologies, the “Purifaaya” water filter, to residential users only. The PoA implements safe water supply (“SWS”) technologies which are based on replacing inefficient devices using traditional biomass/charcoal for boiling unsafe water or consuming untreated unsafe water in the baseline scenario.

The CSA project is aimed at climate change mitigation by providing access to services at a household level. This voluntary project activity (“VPA”) would reduce energy requirements (in cases where water boiling is done on traditional devices) without affecting the level and quality of services of product. The project activity replaces inefficient traditional devices using non-renewable biomass/charcoal for boiling unsafe water, with purification treatment options providing safe and hygienic potable water to households.

Through the installation of “Purifaaya” water filters, beneficiaries have long-term access to safe and clean drinking water. The “Purifaaya” water filters have a lifespan of up to 5 years and through the aid of gravity flow, are continuously filtering water.

With the installation and dissemination of Purifaaya Filters, SPOUTS of water enable the reduction of beneficiary exposure to Indoor Air Pollution (“IAP”) such as carbon, polycyclic aromatic hydrocarbons, smoke etc.) associated with biomass fuel-based traditional cooking.⁴⁰

Through the water purification project, SPOUTS of Water further contribute to the reduction of Greenhouse Gas emissions from the replacement of fossil fuel or non-renewable biomass-based water treatment to not boiling at all. The Purifaaya Water Filters reduce and/or eliminate the consumption of non-renewable biomass (wood & charcoal) by the beneficiary household by up to 100%.

SPOUTS of Water currently implement this carbon project across Western Uganda and Rwanda, offering Purifaaya ceramic water filters and improved cookstoves to households with limited financial means.

e Territorial Approach to Climate Change (“TACC”)

The TACC (Uganda) project, supports the integration of climate change adaptation and mitigation measures into sustainable development planning and programming in developing countries. The TACC project was initiated to build capacity to integrate climate change issues into regional development plans and actions and formulate an Integrated Territorial Climate Plan (“ITCP”) for the Mbale region of Uganda.

TACC is part of a partnership between the United Nations and sub-national governments for fostering climate friendly development at the sub-national level. It is a collaborative effort involving UNDP, UNEP and eight associations of regions.

f Responsible Investment in Climate Change Adaptation and Mitigation

The project enables people around a Ugandan forest reserve to plant trees, cultivate Aloe Vera and keep bees, among other activities. The initiative promotes reforestation while simultaneously providing economic benefits for the locals. Since its inception, the project has seen over one million trees planted, one hundred modernised beehives established, and ten thousand Aloe plants cultivated.

The project provides the communities residing at the edge of the Rwoho Forest Reserve, Rwampara, Southwestern Uganda, with start-up capital in the form of seeds, equipment and training. This is aimed at equipping the community to replant areas degraded by deforestation. Since the Rwoho Forest Reserve includes species that cannot be found in other Uganda reserves, restoration of the forest also helps preserve biodiversity. Additionally, 15 large scale institutional solar lighting systems have been installed in schools and 300 solar lighting systems in households in the area.⁴¹

Communities at the edge of the forest have been able to make money through the sale of carbon credits, honey, and mature trees. Daily income in project households has grown from fifty cents to three dollars USD. Altogether, the efforts have increased their quality of life.⁴²

Section 4 - Legal System (common law or civil) in Uganda

Basic system and principles, including:

a) Legal framework

Uganda has a common law system. Historically, Uganda was colonized by the British and is a member of the Commonwealth.

The Constitution of the Republic of Uganda, Cap. 1 (the Constitution), is the supreme law of the land. It recognises laws enacted by Parliament, International Treaties, and Customs and Cultures of the people of Uganda under Objective XXIV and Article 37.

⁴⁰ <https://spouts.org/carbon-projects/water-filter-project/>.

⁴¹ <https://unfccc.int/climate-action/momentum-for-change/activity-database/momentum-for-change-responsible-investment-in-climate-change-adaptation-and-mitigation-riccam>

⁴² <https://bukwe.go.ug/media/uganda%E2%80%99s-4th-national-development-plan-ndp-iv-bukwe-district-training>

The Judicature Act, Cap. 16 recognizes, adopts, and preserves the right to observe or enforce existing customs that are not repugnant to natural justice, equity, and good conscience. This means that the indigenous customs of the people of Uganda are enforceable under Customary Law.

Uganda operates a dual legal system, incorporating both statutory (formal) and customary (traditional) law. The Constitution and statutory laws form the formal legal framework, while customary laws apply in specific areas, particularly in personal law (such as marriage, inheritance, and land disputes) where they do not contradict constitutional provisions.

Sources of Law in Uganda

The hierarchy of laws in Uganda follow the order below:

- i. The Constitution of Uganda, Cap. 1 as amended. This is the supreme law, and all other laws must conform to it per Article 2 of the Constitution. Any law or act inconsistent with the Constitution is deemed to be null and void, ordinarily declared so by the Constitutional Court of Uganda.
- ii. Acts of Parliament, which are referred to as Statutory Law. Laws enacted by the Parliament of Uganda, include primary legislation; Acts of Parliament and subsidiary legislation; Regulations/Statutory Instruments.
- iii. Customary Law. Traditional norms and practices recognized in various tribal communities, provided these norms and practices are not in contravention of the Constitution or statutory law.
- iv. Judicial Precedent (Case Law). Uganda follows the doctrine of stare decisis, which requires higher court decisions to bind lower courts. Case law from Ugandan courts, as well as decisions from within the Commonwealth and persuasive decisions from outside the Commonwealth, influence legal interpretation.
- v. International Treaties and Conventions. Uganda is a signatory to various international instruments, which are thereafter domesticated into national law through parliamentary enactment.
- vi. Common Law and Doctrines of Equity. These principles, as inherited from English law, apply in instances where Ugandan domestic law is silent.

The Judicial system in Uganda

The judiciary is established as an independent arm of government under Chapter Eight (Articles 126 - 151) of the Constitution. It is responsible for interpreting and enforcing the law, ensuring justice, and upholding constitutional rights.

Article 128 guarantees the judiciary's independence, stating that no authority shall interfere with the courts. Judicial officers are protected from influence, and their salaries and benefits cannot be arbitrarily reduced.

b) Structure of the judiciary

The Ugandan judiciary is hierarchical, with superior and subordinate courts.

▪ Superior Courts

The Supreme Court

The highest appellate court in Uganda, established under Article 130, which hears final appeals on constitutional, civil, and criminal matters and has original jurisdiction in presidential election petitions. The Supreme Court consists of the Chief Justice and a minimum of six justices.

The Court of Appeal (Constitutional Court)

Established under Article 134 as the second-highest court. Primarily an appellate court but also sits as the Constitutional Court to handle constitutional petitions. Comprises the Deputy Chief Justice and other Justices of Appeal.

The High Court of Uganda

Established under Article 138 with unlimited original jurisdiction in civil, criminal, and constitutional matters. Supervises all subordinate courts. Operates through various specialized divisions, including Commercial Division, Criminal Division, Civil Division, Family Division, Land Division, Anti-Corruption Division and the International Crimes Division.

▪ Subordinate Courts

These courts handle matters at lower levels and include:

- i. Chief Magistrates' Courts – The highest subordinate courts with civil and criminal jurisdiction over specified matters;
- ii. Grade I Magistrates' Courts – Handle minor civil and criminal cases; and
- iii. Grade II Magistrates' Courts – Have limited jurisdiction, mainly dealing with minor criminal offenses.

▪ Special Courts

Uganda has specialized courts designed to handle specific legal issues, such as:

- i. The Industrial Court – Handles labour and employment disputes;
- ii. The Military Court Martial – Deals with offenses committed by members of the armed forces; and
- iii. Local Council Courts – Grassroots courts handling minor disputes at village, parish, and sub-county levels.

- c) Jurisdiction of national courts and tribunals to hear and determine judicial review applications regarding Environmental Protection, standard of review applicable, time frame, and available remedies in judicial review applications

Please refer to the response to Section 4 (b) above – "Structure of the judiciary".

Section 5 – Current legal framework for developing net zero wealth

Constitution and climate law framework, including:

a) Environmental laws

Uganda has a labyrinth of laws and policies to protect the environment while enabling businesses to grow. The Constitution demands that laws are enacted: to protect and preserve the environment from abuse, pollution and degradation; to manage the environment for sustainable development; and to promote

environmental awareness. Article 237(2) of the Constitution requires the State and local governments to safeguard and protect the biodiversity of Uganda by conserving and promoting the rational use of natural resources.

The National Objectives and Directive Principles of State Policy require the State to promote sustainable development and public awareness of the need to manage land, air and water resources in a balanced and sustainable manner for the present and future generations. As an instrument for guarding the country against unwanted alien species of plants and conserving endemic species, the Seeds and Plant Act, Cap. 41, provides for the promotion, regulation and control of plant breeding and variety release, importing and quality assurance of seeds and other planting materials.

The law relating to environmental management is consolidated through the Uganda Wildlife Act, Cap. 315 which aims to protect the flora and fauna by providing for sustainable management of wildlife. The Act establishes the Uganda Wildlife Authority, which enforces sustainable management of wildlife conservation areas, and proposes policies and procedures for the sustainable use of wildlife.

The National Environment Act, Cap. 156 establishes the NEMA as the overall body and principal agency responsible for coordinating, supervising and monitoring all aspects of environmental management in Uganda.

The Authority is mandated to integrate environmental considerations into socioeconomic development policies and programmes; develop standards, guidelines, laws and other measures in environmental management; and coordinate government policies, liaise with lead agencies and international organisations in environmental management. The Act creates the requirement of completing environmental impact assessments ("EIAs") for projects likely to have a negative effect on the environment as an effective management tool.

In addition to the management of natural resources, the Act provides for mechanisms of establishing environmental standards and criteria for environmentally acceptable behaviour. An entity which seeks to exceed these environmental standards is required to apply for a pollution permit to enable it to carry out its activities.

b) Air quality-focused laws

Short-lived climate pollutants, including black carbon and methane, are significant contributors to global warming, accounting for up to 45% of the current warming trend. Additionally, these pollutants have a detrimental impact on human health and crop yields. Addressing the emissions of these pollutants is crucial to prevent surpassing the critical [1.5°C warming threshold](#) and to mitigate the worst impacts of climate change on human health both in Uganda and globally.

Despite Uganda's historically minor role in global emissions, the country suffers from the adverse effects of poor air quality. More than 28,000 annual deaths are attributed to this issue. Kampala, Uganda's capital, was notably one of the most heavily polluted cities worldwide in 2022, with pollution levels [frequently surpassing WHO guidelines](#), much of which is due to household use of biomass. By 2024, Uganda had

improved slightly, ranking as the 23rd most polluted country in terms of air quality, though pollution levels still exceeded WHO guidelines by a factor of five.

In response to these challenges, relevant government agencies have implemented a series of regulations and actions aimed at improving Uganda's air quality amidst the escalating air pollution crisis. The National Environment Management Authority and Ministry of Water and Environment in Uganda are leading these efforts.

One significant legislative action includes the adoption of the National Environment (Air Quality Standards) Regulations, 2024 which prohibit the emission of objectionable substances into the air from any source, including smoke, gases, fumes or dust. Moreover, the government has committed to reducing Short-Lived Climate Pollutants ("SLCP") emissions through the development of a [national SLCP plan and a national methane roadmap](#).

The Ministry of Water and Environment has enlisted the support of the Climate and Clean Air Coalition ("CCAC") to further enhance expertise in SLCP mitigation. Since joining the CCAC in 2021, Uganda has committed to strengthening its institutional capabilities by establishing national air quality regulations and integrating strategies for both climate and clean air.⁴³

These strategic efforts also align with Uganda's commitment to the Kigali Amendment under the Montreal Protocol. The detailed emission inventories developed through these initiatives can inform Uganda's future NDCs with targeted policies and measures for SLCP reduction.

In collaboration with SEI, a non-state partner and a member of CCAC since 2012, Uganda is working to strengthen its capacity to meet SLCP targets. SEI collaborates with various nations in fulfilling their climate and air quality commitments by supporting government bodies to evaluate and reduce SLCP emissions and assist in the development of national SLCP plans and methane roadmaps.

c) Climate change-specific laws

i. **The National Climate Change Act Cap. 182**

The Act provides a framework for the country's response to climate change, including measures to reduce greenhouse gas emissions through institutional structures and integration mandates namely the Development of a Framework strategy on climate change which shall guide government in planning and budgeting for financing and monitoring of climate change programs and activities.

The development of a National Climate Change Action Plan that shall be reviewed every five years to account for specific resilience, mitigation, and adaptation measures, responses and actions to be adopted by the country. Every district shall provide an annual action to assess the current and predicted impact of climate change on the areas within and around the district. Participation in Climate Change mechanisms as established under Section 9 of the Act inclusive of carbon markets. The establishment of a department responsible for coordination, monitoring, and evaluation of Government programs and actions of Government on climate change.

⁴³ <https://www.sei.org/features/uganda-takes-bold-steps-to-combat-air-pollution-and-climate-change/>.

ii. Uganda National Climate Change Policy

The policy provides direction to all sectors that are affected by climate change to facilitate adaptation and mitigation and to strengthen coordination of efforts amongst all sectors to build an overarching national development process that is more resilient.⁴⁴

iii. Guidelines

National Climate Change Mainstreaming Guidelines

The guidelines emphasise the need for stakeholder participation and clarification of responsibilities for the relevant stakeholders. The guideline proposed key stakeholders that should be considered for the integration process. The Guidelines layout approaches for monitoring and evaluation of the integration process are also outlined. These guidelines provide an overall framework that will be used for the development of sector-specific guidelines by the relevant sector.

d) Energy laws that consider climate change issues, including renewable energy

Energy is the prime mover of any country's economic growth and prosperity. Uganda needs adequate, reliable and affordable energy to enhance sustainability development. Uganda is well endowed with enormous natural resources such as minerals, hydro, geothermal, petroleum resources, solar thermal, yet only a small fraction of this potential has been harnessed.⁴⁵

Electricity Sector

Uganda's Electricity sub-Sector is run under a liberalized set up following its Liberalization in 1997 and the enactment of the Electricity Act, Cap. 157. The Liberalization and enactment of the Electricity Act, Cap. 157 mandated the unbundling of Uganda Electricity Board ("UEB") which was a monopoly managing generation, transmission, distribution, sale, import, and export of Uganda's Electricity.

This Act provides for the establishment of the Electricity Regulatory Authority ("ERA"); to provide for its functions, powers and administration; to provide for the generation, transmission, distribution, sale and use of electricity; to provide for the licensing and control of activities in the electricity sector; to provide for plant and equipment and for matters relating to safety; to liberalise and introduce competition in the electricity sector; to repeal the Electricity Act; to provide for a successor company to the UEB and for connected purposes.

The Electricity Act, Cap. 157 has however been amended by the Electricity (Amendment) Act, 2022 to provide for a staggered term of office for the members of the authority; to provide for additional functions of the ERA, to provide for the circumstances under which a holder of a generation licence may supply electricity to persons other than a bulk supplier; to empower the authority to impose administrative fines and penalties; to provide for membership of electricity disputes tribunal and provide deterrent penalties for offences among other things.

⁴⁴ <https://www.mwe.go.ug/sites/default/files/library/National%20Climate%20Change%20Policy%20April%202015%20final.pdf>.

⁴⁵ <https://www.ugandainvest.go.ug/why-uganda/opportunities/energy/>.

The Energy Policy for Uganda 2023

This is a comprehensive guide outlining the nation's roadmap in scaling up the achievements of the Energy Policy for Uganda 2022, with a keen emphasis on increasing access to modern energy services, renewable energy, clean cooking, energy efficiency, nuclear energy for peaceful applications and inclusive cross-cutting areas covering climate change and gender mainstreaming. This Energy Policy for Uganda 2023 has been developed in line with the Government of Uganda's commitment to regional and international obligations on energy transition towards a zero-carbon economy through strategies on new energy trends such as; installation of clean energy mini grids (solar PV), the adoption of industrial parks, smart grids, clean energy for transportation (e-mobility) and energy efficient and smart appliances.⁴⁶

The National Environment Act, Cap 181

This Act to repeal, replaces and reforms the law relating to environmental management in Uganda; to provide for the management of the environment for sustainable development; to continue the NEMA as a coordinating, monitoring, regulatory and supervisory body for all activities relating to environment; to provide for emerging environmental issues including climate change, the management of hazardous chemicals and biodiversity offsets; to provide for strategic environmental assessment; to address environmental concerns arising out of petroleum activities and midstream operations, to provide for the management of plastics and plastic products; to establish the Environmental Protection Force; to provide for enhanced penalties for offences under the Act; to provide for procedural and administrative matters.

The Statutory Instruments and Guidelines issued by the Electricity Regulatory Authority (ERA).⁴⁷

Umeme Limited is Uganda's main electricity distribution company, listed on the Uganda Securities Exchange and cross listed on the Nairobi Securities Exchange. The Company operates a 20-year electricity distribution concession effective 1st March 2005, from the Government of Uganda.

Oil and Gas

The Petroleum (Exploration, Development, and Production) Act, Cap. 161

This legislation governs upstream activities, including exploration, development, and production of petroleum resources. It outlines the licensing process, environmental safeguards, and revenue-sharing mechanisms between the government and oil companies. The Act provides for environmental and social safeguards including impact assessments and mitigation measures to minimise adverse effects on ecosystems and communities. This reflects the government's commitment to sustainable development and responsible resource exploitation.

The Petroleum (Refining, Conversion, Transmission and Midstream storage) Act, Cap. 162

This Act provides for the downstream activities. It covers aspects such as refining, transportation, and storage of petroleum products. The legislation aims to ensure efficient and secure transportation of oil and gas across the country.

⁴⁶ <https://nrep ug/document/energy-policy-for-uganda-2023/>.

⁴⁷ <https://www.era.go ug/index.php/sector-overview/uganda-electricity-sector>.

Mining

The Mining and Minerals Act, Cap. 159

This Act consolidates and reforms the law relating to mineral resources to give effect to article 244 of the Constitution; to strengthen the administrative structures for the effective management of the mineral subsector; to provide for the acquisition, management and dissemination of geological information; to regulate the licensing and participation of commercial entities in mining operations; to provide for Government participation in mining operations; to provide for value addition with a view of promoting local growth by reaping benefits across the whole value chain; to provide for an open, transparent and competitive process of licensing; to create a conducive environment for the promotion of exploitation of Uganda's mineral potential; to provide for sustainable mineral marketing strategies by setting up buying and auctioning centres; to provide for the formalisation of artisanal and small scale mining; to provide for national content development in mining operations; to provide for the regulation and management of geothermal resources; to provide for efficient and safe mining operations; to provide for decommissioning of mining infrastructure; to provide for payments arising from mining operations; to repeal the Mining Act, 2003.

e) Licensing, authorisations and permitting requirements

Uganda's commitment to achieving net-zero emissions necessitated a comprehensive legal framework governing licensing, authorizations, and permits for climate-resilient and low-carbon development projects. This framework encompasses various laws, policies, and regulatory bodies that ensure sustainable development aligned with national and international climate objectives.

The cornerstone of Uganda's climate legislation is the National Climate Change Act, Cap. 182, which integrates international climate agreements—such as the UNFCCC, the Kyoto Protocol, and the Paris Agreement—into domestic law. The Act establishes a framework and an MRV system. Section 9 of the Act authorizes the Minister responsible for climate change to develop regulations for participation in climate mechanisms, including emissions trading, while Section 23 empowers the Minister to regulate private entities' responsibilities in climate change mitigation and adaptation efforts.

Licensing, authorization and permitting procedures

Uganda's legal framework for licensing, authorizations, and permits is designed to facilitate the development of net-zero wealth by promoting renewable energy projects and implementing robust climate laws. Through coordinated policies, regulatory oversight, and international commitments, Uganda aims to transition towards a sustainable, low-carbon future.

Several institutions play pivotal roles in Uganda's climate and energy sectors:

- a) Ministry of Water and Environment: This ministry is responsible for formulating policies and regulations related to climate change and environmental management. Ministry of Water and Environment
- b) Electricity Regulatory Authority: The ERA regulates the electricity sector, including licensing, tariff setting, and ensuring compliance with standards.
- c) National Environment Management Authority: The NEMA oversees environmental protection and compliance, including the approval of Environmental and Social Impact Assessments.

- d) **The Electricity Regulatory Authority:** The ERA oversees the licensing process for electricity generation projects.

Developers intending to establish renewable energy projects must follow a structured procedure:

- i. **Notice of Intended Application:** Developers submit a notice to ERA expressing their intention to undertake a project.
 - ii. **Feasibility Studies and Permits:** Upon receiving a permit, developers conduct detailed feasibility studies, including environmental and social impact assessments, to evaluate the project's viability.
 - iii. **License Application:** After completing feasibility studies and obtaining necessary approvals, developers apply to ERA for a Generation and Sale of Electricity License. The typical validity period for such licenses is 23 years, encompassing both construction and operational phases.
 - iv. **Publication and Granting of License:** The application is published for public scrutiny, and upon satisfactory review, ERA grants the license, allowing the developer to proceed with construction and operation.
- **Environmental and Social Impact Assessments ("ESIA")**
Projects, especially those in the renewable energy sector, are required to conduct ESIA's to identify and mitigate potential adverse effects on the environment and communities. The ESIA process is integral to obtaining the necessary environmental approvals and licenses.
 - **Licensing and permitting under the National Climate Change Act, Cap. 182**
Uganda's National Climate Change Act, Cap. 182 establishes a comprehensive legal framework to address climate change, incorporating mechanisms for licensing, permitting, and authorizations to ensure effective implementation of climate policies.

Key Provisions Related to Licensing, Permitting, and Authorizations

- i. **Climate Change Response Measures and Mechanisms**
The Act mandates the development of a Framework Strategy on Climate Change and a National Climate Change Action Plan, which outline Uganda's approach to mitigation and adaptation efforts. These plans serve as the foundation for subsequent regulatory measures, including licensing and permitting processes, such as Letters of Authorization and No Objection.
- ii. **Participation in Climate Change Mechanisms**
Section 9 of the Act empowers the Minister responsible for climate change to formulate regulations governing Uganda's involvement in international climate mechanisms, such as emissions trading systems. This includes establishing procedures for licensing entities to participate in carbon markets and other related mechanisms.
- iii. **Responsibilities of Private Entities**

The Act stipulates that private entities must comply with national climate change policies and may be required to obtain specific authorizations to undertake activities impacting greenhouse gas emissions. This ensures that private sector operations align with Uganda's climate objectives.

iv. **Monitoring, Reporting, and Verification (MRV) System**

A robust MRV system is established to track greenhouse gas emissions and assess the effectiveness of climate actions. Entities engaged in activities affecting emissions are obligated to report their emissions data, adhering to prescribed standards and guidelines.

In order to operationalize the Act, the Ugandan government developed detailed regulations, the National Climate Change (Climate Change Mechanisms) Regulations, 2025 specify the procedures and requirements for licensing, permitting, and approvals related to climate change initiatives. These Regulations define application procedures, outline the steps and documentation required for entities seeking licenses or permits to engage in activities impacting climate change and set compliance standards for licensed entities.

Section 6 - Carbon Management / Mitigation law(s) in Uganda, which may include the regulation of carbon capture and sequestration, carbon taxes and the compliance of carbon markets

a. Carbon Management & Mitigation Law

Carbon Capture and Sequestration is regulated by the National Climate Change Act Cap. 182 which operationalises the UNFCCC, the Kyoto Protocol, and the Paris Agreement, to provide for climate change response measures, provide for verification and reporting of information in respect to climate change.

Uganda through this Act has made efforts to operationalise Article 6 of the Paris Agreement which introduces nascent mechanisms of carbon emission reduction like carbon trading through the use of internationally transferred mitigation outcomes (“ITMOs”) among other mechanisms stated under Section 9 of the Act.

The National Climate Change (Climate Change Mechanisms) Regulations, 2025 provide an approval process for carbon capture and sequestration projects, including *a request for a letter of no objection and an application for approval of a climate change mechanisms project*. The Regulations also require authorisation for the international transfer of Carbon credits, which will necessitate proof of ownership of credits.⁴⁸

b. Carbon Tax

Uganda does not have an explicit carbon tax. Uganda however uses fuel excise taxes, an implicit form of carbon pricing. There are no fossil fuel subsidies in Uganda.⁴⁹

c. Compliance Carbon Markets.

Uganda ratified the UNFCCC in September 1993, ratified the Kyoto Protocol on 25th March 2002, and finally the Paris Agreement on 21st September 2016. Uganda is a developing nation considered a non-Annex 1 country that does not take on significant emission reduction commitments. Uganda as a party to the Paris Agreement is required to contribute to global efforts toward reducing greenhouse gas (“GHG”) emissions and their removal

⁴⁸Kenneth Muhangi (2024). Article 6 of the Paris Agreement and the Carbon Market in Uganda. www.ktaaadvocates.com Accessed on 16th October 2024.

⁴⁹ Accessed at: <https://www.oecd.org/tax/tax-policy/carbon-pricing-uganda.pdf>.

through submission of periodical reports namely National Communications (“NCs”) and Biennial update reports (“BURs”).

In 2021 Uganda submitted its most recent NDC⁵⁰ in fulfilment of Article 4 of the Paris Agreement. In this NDC, Uganda presents an ambitious economy-wide mitigation target in 2030. The country's number one priority response to climate change is adaptation in the context of addressing key vulnerabilities in sectors, building adaptive capacity at all levels, addressing loss and damage, and increasing the resilience of communities, infrastructure, and ecosystems.⁵¹

Section 7 - Laws which regulate matters related to climate mitigation and adaptation

i. The National Climate Change Act Cap. 182

The Act provides a framework for the country's response to climate change, including measures to reduce greenhouse gas emissions through institutional structures and integration mandates namely;

- a) The Development of a Framework strategy on climate change which shall guide government in planning and budgeting for financing and monitoring of climate change programs and activities.
- b) The development of a National Climate Change Action Plan that shall be reviewed every five years to account for specific resilience, mitigation, and adaptation measures, responses and actions to be adopted by the country.
- c) Every district shall provide an annual action to assess the current and predicted impact of climate change on the areas within and around the district.
- d) Participation in Climate Change mechanisms as established under Section 9 of the Act inclusive of carbon markets.
- e) The establishment of a department responsible for coordination, monitoring, and evaluation of Government programs and actions of Government on climate change.

ii. The National Climate Change (Climate Change Mechanisms) Regulations, 2025

These regulations operationalise the National Climate Change Act Cap. 182 through detailing the procedures for carbon project approval, verification, and international transfers in Uganda. The project proponent will have to obtain a letter of no objection, letter of approval and finally a letter of authorisation in order to trade ITMOs which

⁵⁰ Accessed at https://www.mwe.go.ug/sites/default/files/library/Updated%20NDC%20_Uganda.pdf.

⁵¹ Accessed at https://unfccc.int/sites/default/files/NDC/2022-09/Updated%20NDC%20_Uganda_2022%20Final.pdf.

are all obtained from the Ministry of Water and Environment as the primary regulator in the carbon development process in Uganda.

iii. The National Climate Change (Climate Change Mechanisms) (Amendment) Regulations, 2025

These regulations are an amendment to the abovementioned Climate Change regulations which introduce key changes namely inclusion of more standards from which project proponents are to obtain proof of accreditation and introduces an amendment of Form 5 which is the Letter of No Objection.

iv. Uganda National Climate Change Policy

The policy provides direction to all sectors that are affected by climate change to facilitate adaptation and mitigation and to strengthen coordination of efforts amongst all sectors to build an overarching national development process that is more resilient.⁵²

v. National Climate Change Mainstreaming Guidelines

The guidelines emphasise the need for stakeholder participation and clarification of responsibilities for the relevant stakeholders. The guideline proposed key stakeholders that should be considered for the integration process. The guidelines layout approaches for monitoring and evaluation of the integration process are also outlined. These guidelines provide an overall framework that will be used for the development of sector-specific guidelines by the relevant sector.

Section 8 - Finance legal regime, including relevant merger acquisition, disposal finance and joint venture law

Uganda's finance legal regime is governed by several laws and regulations which shall be outlined in the following sections below;

a) General

In Uganda, the finance legal regime is regulated primarily by the Bank of Uganda Cap 54 which operationalised and provides the legal mandate for the Bank of Uganda, Uganda's central bank. The bank's role is to primarily foster price stability and a sound financial system. Together with other institutions, it also plays a pivotal role as a centre of excellence in upholding macroeconomic stability.⁵³

Primary legislation in the Finance Legal Regime

All banks in Uganda are regulated and financed by the Financial Institutions Act, Cap. 57 which is the primary legislation, coupled with the following acts:

- i. The Financial Institutions (Amendment Act) 2016;
- ii. The Financial Institutions (Amendment) Act, 2023; and
- iii. The Micro-Finance Deposit Taking Institutions Act (Amendment) Act 2023.

Secondary Legislation in the Finance legal regime

- i. The Financial Institutions Licensing Regulations 2005;

⁵² <https://www.mwe.go.ug/sites/default/files/library/National%20Climate%20Change%20Policy%20April%202015%20final.pdf>.

⁵³ <https://archive.bou.or.ug/bou/home.html>.

- ii. The Microfinance Deposit Taking Regulations 2004;
- iii. The Financial Institutions (Revision of Minimum Capital Requirements) Instrument 2022;
- iv. The Financial Consumer Protection Guidelines 2011;
- v. The Financial Institutions Agent Banking Regulations 2017;
- vi. The Financial Institutions (Islamic Banking) Regulations 2018;
- vii. The Micro Finance Deposit-Taking Institutions (Amendment of Second Schedule) Instrument, 2022;
- viii. The Financial Institutions (Amendment of Third Schedule) Instrument, 2022;
- ix. Financial Institutions (Corporate Governance) Regulations 2024;
- x. The BOU Consolidated Corporate Governance Guidelines, October 2022;
- xi. The BOU Risk Assessment Guidelines for Supervised Financial Institutions (SFIs), December 2022;
- xii. The Financial Institutions (Revision of Minimum Capital Requirements) Instrument, 2022;
- xiii. The Micro Finance Deposit Taking Institutions (Registered Societies) Regulations, 2023;
- xiv. The Microfinance Deposit-Taking Institutions (Corporate Governance) Regulations 2024; and
- xv. The Financial Institutions (Liquidity) Regulations, 2023.⁵⁴

b) Merger and Acquisition Laws

In Uganda, mergers and acquisitions do not have a primary legislation or designated regulator, however, depending on the nature of the transaction and the parties involved, the following legislations will apply as detailed below;

i) The Companies Act, Cap 106

The Companies Act, Cap. 106 particularly Sections 237 to 245 contains the legal and procedural framework for amalgamations. It details the manner in which the interests of various stakeholders may be dealt with, it sets out the necessary approvals by the various company structures, the rights of external stakeholders and how their interests may be protected and sets out the functions and the powers of the Registrar of Companies.

The Registrar of Companies acts as a regulator of companies and must register mergers and acquisitions details. A record of the same is kept on the register of companies at the Uganda Registration Services Bureau. In addition to its registration mandate, URSB cooperates with the Capital Markets Authority (“CMA”), which provides regulatory oversight over mergers and acquisitions (M&A) under the provisions of the Capital Markets (Takeovers and Mergers) Regulations, 2012. The regulatory oversight of CMA under the rules applies to only takeovers and mergers of listed companies.⁵⁵

Several additional regulations that fall under this Act come into question regarding mergers and acquisitions namely;

- a. The Companies Regulations, 2023
- b. The Companies (Powers of the Registrar) Regulations, 2016.

⁵⁴ <https://www.bou.or.ug/bouwebsite/Supervision/supervisedinstitutions.html>.

⁵⁵ <https://ursb.go.ug/storage/publications/downloads/corporate-mergers-acquisitions-the-role-of-company-registries-12th-july-2022-1659514106.pdf>.

ii) Capital Markets Authority Act, Cap. 64

This Act establishes the CMA that oversees transactions involving publicly listed companies in Uganda including mergers and acquisitions.

iii) Bank of Uganda, Cap. 54

In Uganda, the finance legal regime is regulated primarily by the Bank of Uganda Cap 54, the primary regulator being the Bank of Uganda, the Central Bank of the Republic of Uganda. The Bank of Uganda regulates mergers and acquisitions in the banking sector to protect consumers and maintain financial stability.

iv) Uganda Communications Act, Cap. 103

Uganda Communications Act, Cap 103 establishes the Uganda Communications Commission (“UCC”) as a regulator in the communications sector including telecommunications, broadcasting, radio communication, postal communications, data communications, and infrastructure in Uganda. The UCC approves mergers in the telecommunications industry to uphold consumer rights and markets.

v) The Trademarks Act, Cap. 225

A trademark is a sign or mark or combination of signs or marks capable of being represented graphically and capable of distinguishing the goods or services of one undertaking from those of another undertaking. This Act regulates the registration of Trademarks and provides the procedure for and duration of registration. Concerning mergers and acquisitions, this Act will be enforced considering either party owns a trademark and intends to transfer the said trademark to another company.

vi) The Data Protection and Privacy Act, Cap. 97.

This Act protects the privacy of the individual and personal data by regulating the collection and processing of personal information. It sets out the rights of persons whose data has been collected and the obligations of data collectors, data processors, and data controllers to regulate the use or disclosure of personal information. Under mergers and acquisitions, special attention has to be paid to the transfer and disposed of data during the merger and acquisition process.

vii) The Competition Act, Cap. 66

The Competition Act is specifically designed to promote fair market competition and prohibit practices that adversely affect it particularly market concentration through certain mergers and acquisitions and joint ventures.

c) Capital Markets

Capital Markets in Uganda are established by the Capital Markets Authority Act, Cap. 64 which establishes the CMA whose primary responsibility is to promote and facilitate the development of an efficient and fair capital markets industry in Uganda.

CMA’s mandate is inclusive of:

- i) Approve the securities exchange;
- ii) License various market players such as brokers/dealers, investment advisors, and collective investment scheme managers; and
- iii) Approve all offers of securities to the public.

Consequently, mergers and acquisitions in Uganda happen in different sectors and they are regulated by the established regulator depending on the nature of the transaction and the parties involved in the transaction.

d) Joint Venture Laws

No particular primary legislation governs joint ventures in Uganda. The business vehicle involved in the joint venture would determine what law applies, e.g., Companies are regulated by the Companies Act, Cap. 106. Additionally, the Competition Act, Cap. 66 may apply to avoid market concentration through monopolistic joint ventures. Joint Ventures in Uganda primarily take two forms namely;

i. Contractual Joint ventures

A contractual joint venture is where the parties enter a contract under a consortium agreement. The parties agree on the responsibilities, assets required and risks to be incurred by each party to collectively achieve their desired goal. The primary legislation here is the Contracts Act, Cap. 284.

ii. Incorporated Joint venture entity

A joint venture entity is where parties set up a new entity (it may be a company or a partnership) which will be the one to contract with players and required stakeholders in the industry. The new entity is legally liable to enter into contracts and deal directly with third parties to achieve its desired goal.

Section 9 - Contract law and provisions which specifically regulate matters related to the climate and management and protection of the environment, including procurement and common environmental safeguards in agreements for natural resource exploitation

Contract law in Uganda is governed by the Contracts Act, Cap. 284, which states that a contract is an agreement between parties that is legally binding and enforceable. A contract can be oral, written, or implied from the parties' conduct.

To be valid, a contract must meet the following requirements:

- i) The parties must have the capacity to contract, key considerations being above 18 years old, being of sound mind, and not legally disqualified from contracting.
- ii) The parties must intend to be legally bound.
- iii) The contract must have a lawful object and consideration.
- iv) The parties must give their free consent without any undue influence.
- v) There must be an offer, acceptance of said offer, and an exchange of something of value (*valuable consideration*).

Uganda's contractual legal framework is complemented by several legislations namely;

- i. The Sale of Goods and Supply of Services Act, Cap. 292, and,
- ii. The Hire Purchase Act, Cap. 72.

There are no explicit provisions in Uganda's Contractual legal framework that expressly mandate the regulation and safeguarding of environmental measures in contracts for natural resource exploitation.

Public Procurement

The Public Procurement and Disposal of Public Assets Act, Cap. 205 was amended in 2021 by the Procurement and Disposal of Public Assets (Amendment) Act, 2021 to provide for Environmental, Social and Health Safeguards (“ESHS”) in public procurement. Section 61A of the amended act now clearly provides for sustainable procurement, and states that: *“a procuring and disposing entity shall, for each procurement, take into account environmental protection, social inclusion and stimulating innovation, as may be prescribed”*.

At the initiation of the procurement, the Bills of Quantities (“BOQs”) must have a costed ESMP. The Contracts Committee of a Procuring and Disposal Entity (“PDE”) is not expected to approve the procurement or disposal, if it does not have mechanisms for managing ESHS issues. Where necessary, especially for mega projects, the Contracts Committee should have a membership of ESHS specialists. The bidders or contractors on their part are required to submit, an ESMP as a mandatory requirement in the bidding process. Where necessary, the Bidder must indicate ESHS specialists as part of key personnel. The accounting officer may not sign a contract unless it appropriately provides for ESHS Safeguards.⁵⁶

Contractual Safeguards included in natural resource exploitation agreements include;

- i. Community impact assessment requirements: The Petroleum (Exploration, Development, and Production) Act Cap. 161 necessitates impact assessments and mitigation measures to minimise adverse effects on ecosystems and communities with the requirement of engagement with the necessary regulator.

Community engagement and consultation requirements: these clauses may require a party to engage with the local communities in the vicinity that are affected by natural resource exploitation. Such engagement and consultation must be lawful in line with the obligations and requirements imposed on the party under the existing legislation.

Section 10 - Laws and legal instruments which regulate the protection of foreign investments

a) Repatriation of funds

The Investment Code Act Cap. 74 allows for technology transfer and repatriation of funds by foreign investors and established incentives such as tax waivers for investment. The Act however sets a monetary cap to qualify for these incentives which stands at a minimum value of 250,000 USD which threshold can however be varied from time to time.

The Foreign Exchange Act Cap. 167, governs the transfer of funds out of Uganda and requires all payments in foreign currency out of Uganda to be made through a bank. The Act currently does not restrict the repatriation of funds out of Uganda.

⁵⁶ <https://www.pdda.go.ug/how-to-manage-environmental-and-social-hazards-in-public-procurement-by-benson-turamye/>.

b) Access to international arbitration

Uganda is a party to both the International Centre for Settlement of Investment Disputes Convention (“ICSID”)⁵⁷ and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.⁵⁸ The 2000 Domestic Arbitration and Conciliation Act incorporates the ICSID Convention, the New York Convention, and the United Nations Commission on International Trade Law (“UNCITRAL”) model law.⁵⁹

Uganda has a specialized Commercial Court Division that handles all disputes of a commercial nature and has the power to enforce or set aside commercial arbitration awards.⁶⁰ Uganda has a vast array of legal regulatory legislation including;

Arbitration and Conciliation, Act Cap. 5 provides for the law relating to domestic arbitration, international commercial arbitration, and enforcement of foreign arbitral awards; to define the law relating to conciliation of disputes; to provide for funding of Centre for Arbitration and Dispute resolution by Government.

Foreign Judgments (Reciprocal Enforcement) Act, Cap. 10 provides for enforcement in Uganda of judgments given by foreign countries which accord reciprocal treatment to judgments given in Uganda, for facilitating the enforcement in foreign countries of judgments given in Uganda.

c) Protection against expropriation

The Constitution of the Republic of Uganda 1995 as amended under Article 26 provides for the right to ownership of property which extends also to foreign individuals. It also prohibits the expropriation of property except when in “national interest” such as eminent domain and preceded compensation to the owner at a fair market value.

The World Bank, being a major funder of many international projects, will pay close consideration to the IFC Performance Standards on Environmental and Social Responsibility 2012 before funding any projects.⁶¹ Procedure Standard No. 5 recognises that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood⁶²) as a result of project-related land acquisition⁶³ and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement.

It should be noted that the government often plays a central role in the land acquisition and resettlement process, including the determination of compensation, and is therefore an important third party in many situations. However, to help avoid expropriation and eliminate the need to use governmental authority to enforce relocation projects are encouraged to use negotiated settlements meeting the requirements of this Performance Standard, even if they have the legal means to acquire land without the seller’s consent.

A U.S. Department of State 2024 Investment Climate Statements report regarding Uganda states the following under its expropriation and compensation section: *“In 1972, then-President Idi Amin expropriated assets owned by ethnic South Asians. The expropriation was extrajudicial and was ordered by presidential decree. The government did not allow judicial challenge to the expropriations or offer any compensation to the owners. The Ugandan government has since returned most of the properties to the original owners or their descendants or representatives. There have not been any*

⁵⁷ <https://icsid.worldbank.org/about/member-states/database-of-member-states>.

expropriations since, and government projects are often significantly delayed by judicial disputes regarding compensation for property the Ugandan government seeks to expropriate under eminent domain".⁶⁴

d) Standards of treatment and protection

The Constitution of the Republic of Uganda Cap. 1, provides for the protection against discrimination and equality under Chapter 4 which provides for rights enjoyed namely, the right to life, right to education, freedom of speech, right to privacy, etc.

Uganda is ranked 126 out of 142 countries in respect of the adherence to the rule of law by the World Justice Project.⁶⁵ This highlights the fact that irrespective of the guaranteed rights under the Constitution of Uganda, human rights are derogated due to a number of factors namely political reasons, corruption, etc.

e) Import / Export controls

Uganda, Kenya, Tanzania, Rwanda, and Burundi have adopted a three-tiered duty structure for imports from outside the East Africa Customs Union ("EACU") under the terms of the Protocol on the Establishment of the EACU, which became fully operational in January 2010.⁶⁶ It means that the EAC Partner States have agreed to establish free trade (or zero duty imposed) on goods and services amongst themselves and agreed on a common external tariff ("CET"), whereby imports from countries outside the EAC zone are subjected to the same tariff when sold to any EAC Partner State.⁶⁷

The import and export controls are managed primarily by the Ministry of Trade, Industry and Cooperatives ("MoTIC") which works in concert with regulators that regulate the importation and exportation controls in Uganda namely;

- i. Uganda Revenue Authority (URA)
- ii. Uganda National Bureau of Standards (UNBS)
- iii. Uganda Export Promotions Board (UEPB)
- iv. Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)

⁵⁸ <https://www.newyorkconvention.org/contracting-states/information-per-jurisdiction>.

⁵⁹ https://uncitral.un.org/en/texts/arbitration/modellaw/commercial_arbitration.

⁶⁰ <https://judiciary.go.ug/data/smenu/17/Commercial%20Court%20Division.html>.

⁶¹ <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>. The International Finance Corporation (IFC) improves the lives of people in developing countries by investing in private sector growth. We connect economic development with humanitarian needs to create real progress for the people and places that need it most.

⁶² The term "**livelihood**" refers to the full range of means that individuals, families, and communities utilise to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

⁶³ Land acquisition includes both outright purchases of property and acquisition of access rights, such as easements or rights of way.

⁶⁴ <https://www.state.gov/reports/2024-investment-climate-statements/uganda/>.

⁶⁵ <https://worldjusticeproject.org/rule-of-law-index/country/Uganda>.

⁶⁶ <https://www.trade.gov/country-commercial-guides/uganda-import-tariffs>.

⁶⁷ <https://www.eac.int/customs-union>.

f) Supply Chains Risks

Uganda, like any other African country, has several supply chain risks inclusive of poor infrastructure with respect to the transportation of goods, currency fluctuation, political and environmental risks, customs delays, and bureaucratic hurdles.

Section 11 - Laws which regulate the management and protection of Uganda's natural resources

a) Environmental impact assessment law

EIA is a process used to predict the environmental consequences of proposed projects, activities or actions of development should be conducted before the commencement of a project to study the possible impact that a proposed project or activity may have on the environment and hence eliminate, reduce or avoid adverse impacts and costs that would be met after damage is inflicted by either redesigning the project or instituting mitigation measures.⁶⁸

The Constitution of the Republic of Uganda, Cap. 1 provides under Objective No. XXVII, that:

- i. Utilization of natural resources shall be managed in such a way as to meet the development and environmental needs of the present and future generations of Uganda, particularly taking all measures to prevent or minimise damage and destruction to land, air, water resources resulting from pollution or any other kind of natural resource degradation.
- ii. the state shall promote sustainable development and public awareness of the need to manage land, air and water resources in a balanced manner for present and future generations.

Article 39⁶⁹ provides for the right to a clean and healthy environment. Additionally, Article 237 (b) of the Constitution provides that the government hold land in trust for the people and protect natural lakes, rivers, wetlands, forests, game and forest reserves, National Parks and any land to be reserved for ecological and touristic purposes for the common good of all citizens. The mentioned provisions provide for environmental protection and hereunder is Uganda's legal framework guiding and governing EIA in Uganda.

The National Environmental Act Cap. 181 is the principal governing law for environmental management and conservation in Uganda. Uganda's legal regime around environmental conservation and EIA is quite dynamic with a vast array of Acts that are applicable inclusive of the following;

- i. The Water Act Cap. 164;
- ii. The Land Act Cap. 236;
- iii. The National Forestry and Tree Planting Act Cap. 160;
- iv. The Uganda National Meteorological Authority Act Cap. 213;
- v. The Water (Waste Discharge) Regulations, 1998;
- vi. The Environmental Impact Assessment Regulations 1998;
- vii. The National Environmental (Waste Management) Regulations, 2020;

⁶⁸ Kenneth Kakuru, Racheal Odio Musoke, Irene Kyakuwairu (2001), A guide to the Environmental Impact Assessment process in Uganda. Sustainability Development Series No. 1.

⁶⁹ The Constitution of the Republic of Uganda 1995.

- viii. The National Environment (Standards for Discharge of Effluent into water or on land) Regulations, 1999;
- ix. The National Environment (Wetlands, Riverbanks and Lake Shores Management) Regulations, 2000;
- x. The National Environment (Air Quality Standards) Regulations, 2024;
- xi. The National Environment (Noise Standards and Control) Regulations, 2003;
- xii. The National Environment (Designation of Environmental Inspectors) Notice, 2019;
- xiii. National Climate Change Policy (2015).

Institutional Framework governing Environmental Impact Assessment.

The Ministry of Water and Environment is the main regulator concerning EIAs and has three directorates, namely:

- i. **Directorate of Water Development (“DWD”):** The DWD is responsible for providing overall technical oversight for the planning, implementation and supervision of the delivery of urban, and rural water and sanitation services, and water for production across the country. DWD is responsible for the regulation of the provision of water supply and sanitation and the provision of capacity development and other support services to Local Governments, Private Operators and other service providers.
- ii. **Directorate of Environmental Affairs (“DEA”):** The DEA is responsible for environmental policy, regulation, coordination, inspection, supervision and monitoring of the environment and natural resources as well as the restoration of degraded ecosystems and mitigating and adapting to climate change. DEA comprised the three departments of Environmental Support Services (“DESS”), Forestry Sector Support Department (“FSSD”) and Wetlands Management (“WMD”).
- iii. **Directorate of Water Resource Management (“DWRM”):** The DWRM is responsible for managing and developing the water resources of Uganda in an integrated and sustainable manner in order to provide water of adequate quantity and quality for all social and economic needs for the present and future generations.

The Ministry of Water and Environment has affiliated semi-autonomous institutions including;

- i. National Water and Sewerage Corporation (NWSC);
- ii. Uganda Forestry Authority (“NFA”): Parliament passed the National Forestry and Tree Planting (Amendment) Bill, 2024 as part of an ongoing policy of rationalisation where government departments are being integrated into their mother ministries which saw NFA being disbanded and its functions assigned to the Ministry of Water and Environment.⁷⁰
- iii. National Environmental Management Authority (“NEMA”);
- iv. Uganda National Meteorological Authority (“UNMA”).

Other Key stakeholders include Local Government, Development partners, Civil Society Organisations, the Private Sector and Local Government.

⁷⁰ <https://www.parliament.go.ug/news/3397/parliament-sends-forestry-authority-water-ministry#:~:text=Parliament%20has%20passed%20the%20National,Ministry%20of%20Water%20and%20Environment.>

Environmental Impact Assessments in Projects

The National Environment Act Cap. 181 sets out a process taken by projects concerning the requirement for an Environmental Impact Assessment. Integration of the environmental and social aspects in project planning ensures that the project is sustainable and does not negatively affect the environment. The steps are laid out hereunder:

- Step 1:** Conduct Environment and Climate Change Screening.
- Step 2:** Prepare the necessary Environmental Safeguards documents instruments (such as Project Briefs, Environment and Social Management Plans, and Environment and Social Impact Assessments) based on the results of the Screening exercise and commensurate to the potential risks and impacts.
- Step 3:** Integrate Environmental, Social, Health and Safety (ESHS) requirements into the designs, Bill of Quantities ("BoQs"), bidding and contract documents.
- Step 4:** Implement the mitigation measures in the instruments, Conduct Monitoring and reporting during project implementation.
- Step 5:** Project Completion and Closure - Implement Decommissioning and Restoration Plans.⁷¹

Additional steps and requirements are needed during the Environmental Impact Assessment, namely:

- i. Acquisition and management of auxiliary sites and their decommissioning: Properly acquiring auxiliary sites with considerations of ownership (land sales agreements, Memorandum of Understanding among others before the extraction phase) and any other regulatory requirements such as permits where necessary
- ii. Waste generation and management
- iii. Management of Agro-Chemicals
- iv. Conservation of Flora and Fauna
- v. Conservation and Protection of cultural sites
- vi. Dust and Air quality management
- vii. Noise management
- viii. Soil Erosion Control and Management
- ix. Climate change mitigation and adaptation
- x. Grievance Redress Management

- b) Relevant consultation law such as public participation in environmental decision making
Refer to Section 12

Section 12 - Laws which regulate the engagement with and management of communities which are affected by operations

- a) Consultation and engagement;
- b) Public participation; and
- c) Community grievance mechanisms

⁷¹<https://www.mwe.go.ug/library/environmental-guidelines-local-governments-strengthening-compliance-safeguards-requirements>.

The Environmental Impact Assessment Regulations, 1998 under Regulation 19 provides that the Executive director⁷² shall within ten days after he or she is satisfied that the environmental impact assessment is complete, invite the general public to make written comments on the environmental impact assessment.

Regulation 19 (3) states that the said invitation shall state:

- i. The nature of the project,
- ii. the location of the project,
- iii. anticipated negative and positive impacts of the project and,
- iv. the proposed mitigation measures to respond to the negative impacts.

Regulation 20 (2) provides for an invitation of the persons who are most likely to be affected by the project shall be made in a newspaper having local circulation in the area where the project shall be located and on other mass media and through the distribution of the necessary information through lower governments established under the Local Governments Act, Cap. 138 and shall be in languages understood by the majority of the affected persons. A public hearing shall be called by the Executive director inviting comments from those persons most likely to be affected by the proposed project. Such invitation shall be made in the newspaper having local circulation in the area where the project shall be located and on other mass media and through the distribution of the necessary through lower governments established under the Local Government Act, Cap 138 and shall be in languages understood by the majority of the affected persons.⁷³

This public hearing provides an opportunity for the abovementioned persons to raise any concerns with the project with an opportunity afforded to the developer to answer any of the presentations made at the public hearing. A technical committee shall advise on the procedure for making the presentations in the public hearings.⁷⁴

Decision of the Executive Director on the Environmental Impact Assessment.

The Executive director takes into consideration several considerations including the public hearing findings and comments which decision can be an approval of the project, rejection of the project, or requirement that the project be re-designed including directing that a different technology or an alternative site be chosen. The decision is communicated to the developer in writing within fourteen days of the decision.⁷⁵

Cancellation of Approved Environmental Impact Assessment.

The Executive Director can revoke the certificate of approval in the event:

- a. there is non-compliance with the conditions set out in the certificate;
- b. where there is a substantial modification of the project implementation or operation which may lead to adverse environmental impacts;

⁷² Regulation 2 defines the executive director as a person appointed under Section 11 of the National Environmental Act Cap. 181. This is the Executive Director of the National Environmental Management Authority.

⁷³ Regulation 20 (2).

⁷⁴ Regulation 23.

⁷⁵ Regulation 25, 26, and 27.

- c. where there is a substantive undesirable effect not contemplated in the approval;
- d. where there is a substantive undesirable effect not contemplated in the approval.

Section 13 - Conservation and protection of nature and biodiversity law

Uganda is exceptionally rich in biodiversity with surveys reporting the occurrence of over 18,783 species of known flora and fauna. The biodiversity is distributed across both terrestrial and aquatic habitats in diverse landscapes: mostly in natural forests, but also in other natural ecosystems such as mountains, savannahs, wetlands, lakes, and rivers.⁷⁶

Uganda has ratified several international agreements governing biodiversity issues including the; Convention on Biological Diversity ("CBD"), The Ramsar Convention, and the Convention on International Trade in Endangered Species ("CITES"). Uganda also subscribes to the CBD's Voluntary Guidelines on Biodiversity Inclusive Impact Assessment of 2006. Particularly, Article 14(a) of the CBD calls for the introduction of appropriate procedures requiring environmental impact assessment of proposed projects that are likely to have significant adverse effects on biodiversity, to avoid or minimise such effects.

Other domestic laws and regulations include the following;

- i) The Constitution of the Republic of Uganda, Cap. 1: Objective XIII requires the State to protect important natural resources, including land, water, wetlands, minerals, oils, fauna, and flora on behalf of the people of Uganda. Article 245 (a) and (b) require Parliament to enact laws that provide measures intended to protect and preserve the environment from abuse, pollution, and degradation as well as to manage the environment for sustainable development.
- ii) National Environmental Act, Cap. 181: Section 4 provides for "Rights of nature." According to Section 4 (1), "*Nature has the right to exist, persist, maintain and regenerate its vital cycles, structure, functions and its processes in evolution*". Under Section 4 (3), the Government is required to "*apply precaution and restriction measures in all activities that can lead to the extinction of species, the destruction of the ecosystems or the permanent alteration of the natural cycles*." Further, Section 113 (1) provides for projects for which a developer must undertake an environmental and social impact study. These are the projects set out in Schedule 5 of the Act. According to Section 113 (2) a developer of a project proposed to be located in or near the environmentally sensitive areas listed in Schedule 10 of the Act may also be required to undertake an environmental and social impact study.
- iii) Fisheries and Aquaculture Act, Cap 314
- iv) The Mining and Minerals Act, Cap. 159
- v) The National Forestry and Tree Planting Act, Cap. 160
- vi) The Uganda Wildlife Act, Cap. 315
- vii) The Uganda Wildlife Conservation Education Centre Act, Cap. 260
- viii) The Uganda Wildlife Research and Training Institute Act, Cap. 261
- ix) Investment Code Act, Cap. 74

⁷⁶<https://www.nema.go.ug/sites/default/files/Final%20National%20Biodiversity%20and%20Social%20Offset%20Guidelines%20-%20Approved%20by%20NEMA%20Board%20March%202022.pdf>.

Section 14 - Contaminated land environmental liability law

The primary legislative framework governing environmental liability for contaminated land is enshrined within the National Environment Act, Cap. 181 ("NEA"). Matters relating to contaminated land environmental liability are resolved as follows;

- i. The National Environmental Act Cap 181, establishes the paramount principle of Polluter liability [Polluter Pays Principle], mandating that entities responsible for environmental contamination bear the onus of remediation⁷⁷. The NEMA is vested with the authority to enforce and oversee the implementation of this principle. This legislative framework encompasses provisions for the comprehensive management of contaminated land, including, but not limited to, regulations about waste disposal, site remediation, and environmental impact assessments.⁷⁸
- ii. Civil and criminal court action concerning contaminated land can be instituted by affected individuals, communities and civil rights societies that are aggrieved by the environmentally detrimental actions of a polluter.

Section 15 - Relevant corporate governance, transparency, reporting and disclosure, and access to information law

a. Corporate Governance

The corporate governance framework for Uganda is founded on the British legal structure from which the relevant corporate laws and regulations were adopted by the colonial and post-independence governments of Uganda.⁷⁹

In Uganda, the primary legislation governing corporate governance is the Companies Act Cap. 106 which provides a framework for governance of companies and introduced a code of corporate governance that is voluntary for private companies and mandatory for public companies. This code of corporate governance is enshrined in Table F of the Companies Act.

Uganda uses a hybrid of international/regional standards and codes to assess the levels of observance of corporate governance, namely:

- i) The United Kingdom Corporate Governance Code 2018⁸⁰
- ii) G20/OECD Principles for Corporate Governance⁸¹
- iii) The King IV Report of South Africa, the most recent version issued by the Institute of Directors in Southern Africa which came into effect on 1st April 2017
- iv) The African Peer Review Mechanism Guidelines⁸²

⁷⁷ Section 2 of the National Environmental Act Cap. 181.

⁷⁸ The National Environmental (Waste Management) Regulations, 2020.

⁷⁹ <https://www.iodglobal.com/blog/details/corporate-governance-in-uganda#>.

⁸⁰ <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/>.

⁸¹ https://www.oecd.org/en/publications/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb.html.

⁸² <https://au.int/en/aprm>.

Local guidelines include the following:

- i. The Institute of Corporate Governance of Uganda (ICGU) Manual, 2008
- ii. Schedule F of the Companies Act Cap 106
- iii. The Uganda Security Exchange Limited Trading Participant Rules 2021⁸³
- iv. The BOU Consolidated Corporate Governance Guidelines, October 2022⁸⁴
- v. The Insurance (Licensing and Governance) Regulations, 2020⁸⁵

b. Transparency, Reporting, and disclosure

International beneficial ownership (“BO”) standards from the Financial Action Task Force (“FATF”) and the Eastern and Southern Africa Anti-Money Laundering Group (“ESAAMLG”) have fed into national efforts to strengthen BO transparency. In Uganda, the requirements to submit BO information are spread across multiple pieces of legislation, all with differing definitions of the term ‘beneficial owner’.⁸⁶

Several local legislations have created the requirement for disclosure of beneficial ownership information namely;

- i. Anti Money Laundering Act Cap. 118: Part II on Criminalisation of the Laundering of Proceeds of Crime, states the role of accountable persons to disclose information on their clients.
- ii. The Companies (Beneficial Owners) Regulations, 2023; Section 2 defines a beneficial owner as “*a natural person who has final ownership or control of a company or a natural person on whose behalf a transaction is conducted in a company and includes a natural person who exercises ultimate control over a company.*”

c. Access to information

The right to access to information is pursuant to Article 41 of the Constitution of the Republic of Uganda 1995 which establishes the right to access to information and is operationalised by the Access to Information Act Cap. 95 which further procedures for obtaining access to the information and for related matters.

Section 16 - Enforcement / monitoring law, including

- a) Duty of compliance;
- b) Reporting and monitoring requirements;
- c) Inspections; and
- d) Administrative enforcement

Please refer to Sections 11 and 12.

Section 17 - Laws relating to obligations and rights of natural resource exploitation companies and public bodies

Please refer to Sections 11 and 12.

⁸³ [https://www.use.or.ug/uploads/legal/regulations/USE%20Rules%20Book%202021%20\(Compendium\).pdf](https://www.use.or.ug/uploads/legal/regulations/USE%20Rules%20Book%202021%20(Compendium).pdf).

⁸⁴ <https://www.bou.or.ug/bouwebsite/Supervision/supervisedinstitutions.html>.

⁸⁵ <https://ira.go.ug/regulations/>.

⁸⁶ <https://www.acode-u.org/uploadedFiles/BO-Case-Studies-Uganda.pdf>.

Section 18 - Criminal, civil and administrative enforcement sanctions, including:

a) Limitations such as justiciability

Sanctions are imposed for different types of wrongdoing. Ugandan legislation provides the 'Principle of Legality' as a fundamental principle that states that the law must define crimes and their incidental penalties.

The sanctions for different criminal, civil, or administrative crimes/wrongdoings are set out in the related legislations governing the several areas of practice and business in which any party indulged.

a) Justiciability

The justiciability of the court's matters in Uganda hinges on the court's jurisdictional authority over the relevant legal issues. Criminal and civil courts possess jurisdiction to adjudicate cases if statutory provisions or common law principles support the claim. Similarly, administrative actions are subject to judicial review. Environmental claims are generally considered justiciable when grounded in clear legal bases, such as statutory provisions concerning emissions, pollution control, and climate change regulations.

b) Ripeness

This justiciability doctrine dictates that a case must fulfil specific criteria to be considered suitable for litigation. These criteria typically include the demonstration of a violated right and the plaintiff's status as the aggrieved party. Consequently, the adjudication of environmental matters is contingent upon the fulfilment of these criteria, specifically the establishment of a violated right.

c) Exhaustion

Before initiating judicial action in environmental matters, complainants are obligated to exhaust all available regulatory and statutory remedies and explore alternative dispute resolution mechanisms, unless immediate action is necessary to prevent imminent harm.

d) Finality

Judicial decisions are considered final upon their issuance. However, an exception to this principle arises when the right to appeal exists, either by right or through the court's grant of leave to appeal.

e) Standing

This concept is also known as locus standi, which requires a party to initiate judicial action to demonstrate that they possess a legally protected right that has been violated by the opposing party.

f) Political questions; and

The "political question doctrine" generally precludes courts from adjudicating matters involving the exercise of discretionary power by the executive or legislative branches. This doctrine recognizes the separation of powers and aims to avoid judicial interference in areas best left to the political branches. However, the said principle has its limitations, and the court can exercise its jurisdiction which involves a careful balancing of judicial restraint and the need to protect individual rights and ensure the proper functioning of government.

g) Advisory opinions

Courts and administrative tribunals are not empowered to issue advisory opinions. Their primary function is to adjudicate actual controversies between parties with a genuine stake in the outcome. This principle ensures that

judicial resources are focused on resolving concrete disputes and prevents the courts from engaging in speculative or hypothetical legal pronouncements.

Section 19 - Labour Law

Uganda has a highly skilled and talented workforce according to the 2021 National Labour Force Survey in Uganda, *with around 20.5 million people aged 14-64 working, with the majority (51%) engaged in own-use production and the remaining 49% in formal employment; the dominant sector remains agriculture, forestry, and fishing, employing 60% of the total workforce.*⁸⁷ Uganda's primary legislation in labour law is the Employment Act Cap. 226 deriving its legitimacy from the overarching employment regulatory regime being the Constitution of the Republic of Uganda 1995.

Uganda's labour law regime is premised on the foundation of the International Labour Organisation ("ILO") to which Uganda has been a member since 1996. Uganda has a continued commitment to upholding international labour standards by ratifying key ILO conventions including the Freedom of Association and Protection of Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No.98), and the Collective bargaining convention, 1981 (No.1540).

i. **Employment Act Cap 226**

The act consolidates all laws governing employment relationships in Uganda and applies to persons under a contract of services and contract for service.

ii. **Employment (Sexual Harassment) Regulations, 2012**

These regulations provide for the handling and management of sexual harassment complaints at the workplace. It mandates the adoption of a sexual harassment policy and a sexual harassment committee to handle sexual harassment complaints.

iii. **The Labour Disputes (Arbitration and Settlement) Act Cap. 227**

This provides regulations for the settlement and adjudication of labour disputes by conferring jurisdiction on the force of the Labour officer and Industrial court. The labour officer acts as a preliminary point for the resolution of disputes and matters. The industrial court only on reference from the labour officer handles matters which passes a final decision on the matter only appealable at the Court of Appeal.

iv. **The Labour Unions Act Cap. 228**

This regulates the establishment, registration, and management of labour unions in Uganda.

v. **The Occupational Safety and Health Act Cap. 231**

This sets out standards for occupational safety, health, and working conditions in workplaces with industries and processing plants being a focus for regulation.

vi. **The Workers Compensation Act Cap. 233**

⁸⁷ https://www.ubos.org/wp-content/uploads/publications/11_2022NLFS_2021_main_report.pdf.

This regulates situations of accidents and injuries happening at the workplace incidental to one's course of employment. It lays a clear compensation mechanism for injuries and accidents suffered by workers and in some cases for scheduled diseases contracted in the course of employment.

vii. The Uganda Citizenship and Immigration Control Act Cap. 313

This regulates instances where foreign workers can work in Uganda wherein such foreigners are required to obtain work permits/admission to work in Uganda on meeting a set of determined conditions.

viii. Employment (Recruitment of Ugandan Migrant workers Abroad) Regulations 2005

These regulations regulate the recruitment and deployment of Ugandan migrant workers to countries that have existing labour and social laws or are signatories to international agreements protecting the rights of migrants. It protects every Ugandan desiring to work abroad by securing the best possible terms and conditions of employment and providing mechanisms for issuing licenses to agencies.

Section 20 - Energy law

Energy is the prime mover of any country's economic growth and prosperity. Uganda needs adequate, reliable, and affordable energy to enhance sustainable development. Uganda is well endowed with enormous natural resources such as minerals, hydro, geothermal, petroleum resources, and solar thermal yet only a small fraction of this potential has been harnessed.⁸⁸

A. Electricity Sector

Uganda's Electricity sub-sector is run under a liberalized setup following its Liberalization in 1997 and the enactment of the Electricity Act, 1999. The Liberalization and enactment of the Electricity Act, 1999, mandated the unbundling of the UEB which was a monopoly managing generation, transmission, distribution, sale, import, and export of Uganda's Electricity.

Uganda's Electricity Supply Industry is now regulated under the following:

i. Electricity Act Cap. 157

This act provides for the establishment of the Electricity regulatory authority; provides for its functions, powers, and administration; provides for the generation, transmission, distribution, sale, and use of electricity; provides for the licensing and control of activities in the electricity sector; to provide for plant and equipment and matters relating to safety; to liberalise and introduce competition in the electricity sector; to repeal the Electricity Act; to provide for a successor company to the Uganda Electricity Board and for connected purposes.

The Electricity Act Cap 157 has however been amended by the Electricity (Amendment) Act, 2022 to provide for a staggered term of office for the members of the authority; to provide for additional functions of the ERA, to provide for the circumstances under which a holder of a generation licence may supply electricity to persons other than a bulk supplier; to empower the authority to impose administrative fines and penalties; to provide for the membership of electricity disputes tribunal and provide deterrent penalties for offences among other things.

ii. The Energy Policy for Uganda 2023,

⁸⁸ <https://www.ugandainvest.go.ug/why-uganda/opportunities/energy/>.

This is a comprehensive guide outlining the nation's roadmap in scaling up the achievements of the Energy Policy for Uganda 2022, with a keen emphasis on increasing access to; modern energy services, renewable energy, clean cooking, energy efficiency, nuclear energy for peaceful applications and inclusive cross-cutting areas covering climate change and gender mainstreaming. This Energy Policy for Uganda 2023 has been developed in line with the Government of Uganda's commitment to regional and international obligations on energy transition towards a zero-carbon economy through strategies on new energy trends such as; installation of clean energy mini-grids (solar PV), the adoption of industrial parks, smart grids, clean energy for transportation (e-mobility) and energy efficient and smart appliances.⁸⁹

iii. **The National Environment Act, Cap 181,**

This Act repeals, replaces, and reforms the law relating to environmental management in Uganda; to provide for the management of the environment for sustainable development; to continue the NEMA as a coordinating, monitoring, regulatory and supervisory body for all activities relating to environment; to provide for emerging environmental issues including climate change, the management of hazardous chemicals and biodiversity offsets; to provide for strategic environmental assessment; to address environmental concerns arising out of petroleum activities and midstream operations, to provide for the management of plastics and plastic products; to establish the Environmental Protection Force; to provide for enhanced penalties for offences under the Act; to provide for procedural and administrative matters.

iv. **The Statutory Instruments and Guidelines issued by the ERA⁹⁰**

Umeme Limited is Uganda's main electricity distribution company, listed on the Uganda Securities Exchange and cross-listed on the Nairobi Securities Exchange. The Company operates a 20-year electricity distribution concession effective 1st March 2005, from the Government of Uganda.

B. Oil and Gas

i. **The Petroleum (Exploration, Development, and Production) Act Cap. 161**

This legislation governs the upstream activities, including exploration, development, and production of petroleum resources. It outlines the licensing process, environmental safeguards, and revenue-sharing mechanisms between government and oil companies.

The Act provides environmental and social safeguards including impact assessments and mitigation measures to minimise adverse effects on ecosystems and communities. This reflects the government's commitment to sustainable development and responsible resource exploitation.

ii. **The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act Cap. 162**

This Act provides for the downstream activities. It covers aspects of refining, transportation, and storage of petroleum products. The legislation aims to ensure efficient and secure transportation of oil and gas across the country.

C. Mining

The Mining and Minerals Act Cap. 159

⁸⁹ <https://nrep ug/document/energy-policy-for-uganda-2023/>.

⁹⁰ <https://www.era.go ug/index.php/sector-overview/uganda-electricity-sector>.

This Act consolidates and reforms the law relating to mineral resources to give effect to article 244 of the Constitution; to strengthen the administrative structures for the effective management of the mineral subsector; to provide for the acquisition, management and dissemination of geological information; to regulate the licensing and participation of commercial entities in mining operations; to provide for government participation in mining operations; to provide for value addition with a view of promoting local growth by reaping benefits across the whole value chain; to provide for an open, transparent and competitive process of licensing; to create a conducive environment for the promotion of exploitation of Uganda's mineral potential; to provide for sustainable mineral marketing strategies by setting up buying and auctioning centres; to provide for the formalisation of artisanal and small scale mining; to provide for national content development in mining operations; to provide for the regulation and management of geothermal resources; to provide for efficient and safe mining operations; to provide for decommissioning of mining infrastructure; to provide for payments arising from mining operations; to repeal the Mining Act, 2003.

Section 21 - Dispute resolution law and framework, including:

a) Annulment and cancellation of expropriation or exploitation permits

The exploration of minerals in Uganda is governed by the Mining and Minerals Act Cap. 159. The Act stipulates the procedure for the acquisition of permits and licences and the rules and regulations⁹¹ under which the permits have been obtained. The breach of these regulations and rules set out in the Act will bring about annulment and cancellation of the exploitation or exploration permits.

b) Expropriation of property rights by the state

Please refer to Section 10 (c).

c) Lawsuits brought against projects;

Article 50 (1) of the Constitution of the Republic of Uganda 1995 provides that, *"any person who claims that a fundamental or other brought or freedom guaranteed under this constitution has been infringed or threatened, is entitled to apply to a competent court for redress which may include compensation."* Article 50 (2) provides that, *"any person or organization may bring an action against the violation of another person's or group's human rights."*

In Uganda, most of the litigation against projects has taken the form of public interest litigation where non-government organisations with an interest in the protection of the environment have brought about litigation against any projects that have caused damage to the environment. A compendium of cases against projects is called the Casebook on Environmental Law⁹² which highlights a host of public interest litigation mostly against projects in Uganda.

d) Types of ADR available

Alternative Dispute Resolution ("ADR") is a term that includes a wide variety of processes for managing or resolving disputes that differ in kind and scope from judicial adjudication.⁹³ The application of ADR flows from

⁹¹ The Mining (Licensing) Regulations, 2019.

⁹² <https://www.greenwatch.or.ug/sites/default/files/documents-uploads/Casebook%20on%20Environmental%20law.pdf>.

⁹³ Jacqueline M. Nolan-Haley, Robert Cochran ADR and the Professional Responsibility of lawyers, 28 Fordham Urb. L.J. 887 (2001).

the constitution under Article 126 (2) (d)⁹⁴ which provides that in the adjudication of cases, both criminal and civil courts shall promote reconciliation between parties.

ADR in Uganda takes on several different forms available to aggrieved parties, namely:

i. Arbitration

This means any arbitration whether or not administered by a domestic or international institution where there is an arbitration agreement.⁹⁵ Here parties refer the issue to a third party and agree to be bound by the decision reached.

According to Order 12 rule 1(1)⁹⁶ the court provides for conducting a scheduling conference to sort out points of agreement and disagreement, the possibility of mediation, arbitration and any other form of settlement. This provision thus gives arbitration the force of law under statute. Further, Order 47 Rule 1 (1)⁹⁷ provides that where parties who are not under any disability agree that any matter between them shall be referred to arbitration, they may at any time before judgment apply to court for an order of reference.

The Arbitration and Conciliation Act Cap 5 regulates arbitration procedures. This Act is significant because it incorporates the provisions in the 1985 UNICTRAL Model Law on International Commercial Arbitration as well as the UNICTRAL Arbitration Rules 1976 and UNICTRAL Conciliation Rules 1976.⁹⁸

The Act promotes for autonomy of parties especially where an arbitration agreement exists here courts will not interfere until the arbitration procedure has taken place.⁹⁹ An arbitration agreement here means an agreement by parties to submit all or certain disputes which may arise between them in a legal relationship whether contractual or not.¹⁰⁰

ii. Conciliation

The 2002 UNCITRAL Model Law on International Commercial Conciliation defines this as a process whereby parties request a third person or persons (the conciliator) to assist them in their attempt to reach an amicable settlement of their dispute arising out of a contractual or other legal relationship.¹⁰¹ This is also governed by the Arbitration and Conciliation Act Cap. 5.

Notably, the settlement agreement between the parties during conciliation is binding and enforced as an arbitral award under section 59.¹⁰²

iii. Mediation

⁹⁴ Constitution of the Republic of Uganda, 1995.

⁹⁵ Section 2 Arbitration and Conciliation Act Cap 5.

⁹⁶ Civil Procedure Rules S.I 71-1.

⁹⁷ Civil Procedure Rules S.I 71-1.

⁹⁸ Anthony C. Kakooza, Arbitration, conciliation and mediation in Uganda: A focus on the Practical Aspects available at <http://ssrn.com/abstract=1715664> accessed on 15/12/2020.

⁹⁹ Section 5 Arbitration and Conciliation Act Cap. 5.

¹⁰⁰ Section 2 (1) (c) Arbitration and Conciliation Act Cap. 5.

¹⁰¹ UNCITRAL Model Law on International Commercial Conciliation with Enactment and Use 2002 (United Nations 2002). Available at www.uncitral.org.

¹⁰² Arbitration and Conciliation Act Cap. 5.

Mediation is a form of Alternative Dispute Resolution that is a consensual process, based on self-determination that involves the participants in the dispute, together with their lawyers, advisers if any, meeting with a neutral third person in order to find a resolution to the dispute at hand.¹⁰³

iv. Negotiation

This is a process of communicating back and forth to reach a joint decision.¹⁰⁴ It involves interaction between parties to agree. This therefore calls for active listening on both sides in trying to understand the other person's viewpoint. It should be noted that negotiation is not binding which means parties can choose to pursue litigation even after reaching an agreement.

e) Transparency and corruption risk; and

Uganda according to Transparency International Global Corruption Index, maintained a score of 26 in 2023, with no change since the previous year, meaning Uganda is ranked 141 out of 180 countries.¹⁰⁵ The report links failure to fight corruption to weakness in the judicial system, political interference, and law enforcement agencies. However, the government is pursuing a policy of zero tolerance for corruption and is taking steps to combat corruption in Uganda.

f) Incorporate TI ranking

Uganda is the 141 least corrupt nation out of 180 countries, according to the 2023 Corruption Perceptions Index reported by Transparency International. Corruption Rank in Uganda averaged 120.22 from 1996 until 2023, reaching an all-time high of 151.00 in 2016 and a record low of 43.00 in 1996.¹⁰⁶

Section 22 - Liability and compensation regime for environmental duty of care, remediation and rehabilitation

Article 39¹⁰⁷ provides for the right to a clean and healthy environment. Article 237 (b) of the Constitution provides that the government hold land in trust for the people and protect natural lakes, rivers, wetlands, forests, game and forest reserves, National Parks and any land to be reserved for ecological and tourist purposes for the common good of all citizens. These provisions provide for the statutory right to a clean and healthy environment, the derogation of the said right will bring about the following:

- i. **Criminal Liability:** Provided for in the different laws and regulations and are established through the imposition of fines, penalties as well imprisonment of persons. The directors of culpable corporations may be held personally liable and may be imprisoned upon a corporation being found culpable.

¹⁰³ Kelbie J, Dingle J. (2013-2014) Mediation Handbook. London School of mediation: London.

¹⁰⁴ Ury W and Fisher R. (2011) Getting: Negotiating an Agreement Without Giving In 3rd Edn. New York: Penguin Books to Yes Page 20.

¹⁰⁵ <https://www.transparency.org/en/countries/uganda>.

¹⁰⁶ <https://tradingeconomics.com/uganda/corruption-rank#:~:text=Uganda%20is%20the%20141%20least,source:%20Transparency%20International&text=The%20Corruption%20Perceptions%20Index%20ranks,and%20territories%20in%20the%20index>.

¹⁰⁷ The Constitution of the Republic of Uganda 1995.

- ii. **Civil liability:** Attached to persons and projects in breach of the environmental duty of care by damaging the natural resources, causing harm to public health through excessive greenhouse gas emissions or even ecological damage.
- iii. **Polluter Pays Principle:** Section 2 of the National Environment Act Cap 181 establishes this principle laying the onus and obligation on the polluter to rectify the pollution and contamination/ damage occasioned on the environment.

Section 23 - Domestic application of international law, including any restrictions on accessing international dispute resolution procedures

Policy

i. Uganda National Climate Change Policy

This policy provides direction to all sectors that are affected by climate change to facilitate adaptation and mitigation and to strengthen coordination of efforts amongst all sectors to build an overarching national development process that is more resilient.¹⁰⁸

Guidelines

i. National Climate Change Mainstreaming Guidelines

These guidelines emphasize the need for stakeholder participation and clarification of responsibilities for the relevant stakeholders. The guideline proposed key stakeholders that should be considered for the integration process. Approaches for monitoring and evaluation of the integration process are also outlined. These guidelines provide an overall framework that will be used for the development of sector-specific guidelines by the relevant sector.

Case law

Advocates Coalition for Development and Environment v Attorney General Miscellaneous Cause No. 0100 of 2004: The applicants sought orders and a declaration that issuing Kakira Sugar Works a 50-year forest permit by the government in a forest reserve to grow sugarcane was in contravention of the Constitution, no project brief was provided, and neither were the local community's views sought in contravention of Section 6 of National Environmental Act. The Court held that failure to submit the project report was a violation of the applicant's constitutional and statutory rights and granting of the said permit was unconstitutional and therefore null and void.

Greenwatch versus Uganda Wildlife Authority & Attorney General Miscellaneous Application No. 92 of 2004 (Arising from Miscellaneous Cause no. 15 of 2004): The applicant sought an order for a temporary injunction against the respondents restraining them from exporting or relocating any chimpanzee from Uganda to the People's Republic of China or any other place or country in the world. The parties agreed to settle the matter amicably by the respondent conceding that Uganda Wildlife Authority is only a trustee and does not own wildlife as such has no right to export wildlife.

¹⁰⁸<https://www.mwe.go.ug/sites/default/files/library/National%20Climate%20Change%20Policy%20April%202015%20final.pdf>.

A compendium of environmental cases against projects is called **the Casebook on Environmental Law**¹⁰⁹ which highlights a host of public interest litigation mostly against projects in Uganda.

ii. **Domestic application of international law**

Article 123 of the Constitution of the Republic of Uganda provides for the execution of treaties, conventions, and agreements and empowers the president with the power to assent to international treaties, conventions, and agreements thus regarding it as recognizes international law as part of the domestic legal order. The ratified conventions are also applicable within the Uganda Legal system as long as they oblige and conform with Ugandan law.

Section 24 - Existing challenges and potential near-term changes to the current legal framework in Uganda

a) Existing Challenges

- i. **Enforcement of and gaps in the legal framework:** Uganda's climate change legal framework is still in its nascent stages of development; the National Climate Change (Climate Change Mechanisms) Regulations 2024 are yet to be enacted which legislation is meant to operationalise the National Climate Change Act Cap. 182. The implication of this is carbon capture and sequestration projects are not able to receive the required permits to operate legally in Uganda which acts as a hindrance to the development of the said sector.
- ii. **Lack of a standardised carbon price/tax:** A carbon tax is levied on the carbon content of goods designed to reduce GHG emissions by increasing fossil fuel prices. The absence of a carbon price/tax is meant to reduce the negative impacts of GHG on the environment by charging pollutants has negatively affected emission reduction efforts in Uganda.
- iii. **Resource Constraints:** The high initial investment cost of green energy and uncertainty of returns of certain efforts promoting climate change mitigation, particularly renewable energy discourages investment and detracts from policy efforts.
- iv. **Lack of adequate institutional capacity and infrastructure:** The development of a centralised system is crucial to ensure that Uganda's carbon credits and available verification systems are reliable and transparent.

b) Potential near-term changes to the current legal framework

- i. **The National Climate Change (Climate Change Mechanisms) Regulations 2021:** This has not yet been enacted and will set the centre stage for the provision of a framework for carbon trading and other climate change mechanisms. The regulations are pending confirmation by required government stakeholders before the regulations can be passed into law.
- ii. **The National Forestry and Tree Planting (Amendment) Bill, 2024:** The policy behind the Bill is to give effect to the Government Policy for Rationalisation of Government Agencies and Public

¹⁰⁹ <https://www.greenwatch.or.ug/sites/default/files/documents-uploads/Casebook%20on%20Environmental%20law.pdf>.

Expenditure (“RAPEX”) which was adopted by the Cabinet on 22nd February 2021.¹¹⁰ The Bill shall cause the National Forestry Authority to be disbanded, and its functions assigned to the Ministry of Water and Environment.¹¹¹

¹¹⁰ Accessed at https://bills.parliament.ug/user_bill_stage.php?billid=514.

¹¹¹ Accessed at <https://www.parliament.go.ug/news/3397/parliament-sends-forestry-authority-water-ministry#:~:text=Parliament%20has%20passed%20the%20National,Ministry%20of%20Water%20and%20Environment>.

