
CHAMBERS GLOBAL PRACTICE GUIDES

Energy & Infrastructure M&A 2025

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Uganda: Law and Practice

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UGANDA



Law and Practice

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Onyango & Company Advocates is a leading full-service law firm in Uganda, with offices in Kampala and Kabale, and a network of partner firms in Kenya, Rwanda, Mauritius, Angola and beyond. The lawyers' combination of corporate knowledge and legal experience enables them to provide relevant counsel to clients in many lines of business. With expertise in energy, infrastructure and real estate, the firm has successfully advised on various projects and, as a result, works closely with companies, investors, construction companies and project developers. Its 20-

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1. Market Trends

1.1 Energy and Infrastructure M&A Market Current Market Dynamics

The energy and infrastructure M&A market in Uganda has experienced significant growth over the past 12 months, largely driven by the country's preparations for oil and gas production, with the first oil expected to be produced in 2026 or 2027.

A notable deal reflecting this heightened activity is UAE-based Alpha MBM Investments' securing of a 60% stake in a planned 60,000 barrels-per-day (b/d) oil refinery, which it will be constructing.

Additionally, the transition of national power distribution from Umeme Limited at the end of its 20-year concession to the state-owned Uganda Electricity Distribution Company Limited (UEDCL) in March 2025 has reshaped the electricity sector.

The government's ambitious target to increase power generation from 2,048 MW to over 52,000 MW by 2040 has also spurred interest in renewable energy projects, particularly in solar and hydropower.

Impact of Global Factors

Global inflationary trends, financing market shifts, and geopolitical tensions, such as the wars in Ukraine and Gaza, have had a limited adverse impact on Uganda's energy and infrastructure M&A market.

The government has divested its financing sources, moving beyond traditional Euro-American partners to include countries like China, Turkey and the UAE. For instance, funding from Turkey will support the

Standard Gauge Railway project, with construction expected to kick off before the end of 2025. This strategic shift has sustained deal activity despite global challenges, making Uganda's energy and infrastructure M&A market robust, irrespective of other external challenges.

Comparison to Global Trends

Uganda's energy and infrastructure M&A activity is stronger than the global average, driven by the imminent oil and gas boom, and ambitions for renewable energy. A key example is TotalEnergies' acquisition of a 28.3% stake in the Bujagali hydropower plant in July 2024, which signals strong investor confidence in Uganda's renewable energy market despite global uncertainties. TotalEnergies is not a newcomer to Uganda's energy and infrastructure M&A market; it holds the majority interest in the Lake Albert Tilenga Oil Project (Tilenga) at 56.67%, with the remainder being shared between the China National Offshore Oil Corporation (CNOOC) with 28.33% and the Uganda National Oil Company Limited (UNOC) with 15%.

1.2 Energy and Infrastructure Trends

Over the last 12-plus months, the following key trends have been evident in Uganda's energy and infrastructure sector:

- Transition of the national power distribution – On 31 March 2025, Umeme Limited officially handed over the national electricity distribution assets to the Uganda Electricity Distribution Company Limited (UEDCL), marking the end of Umeme's 20-year concession and the return of the distribution infrastructure to government control. This restores full ownership and operational responsibility

ity for electricity distribution to the state, which is expected to, among other things, enhance service efficiency and reduce electricity costs to state-led power distribution. In the buyout for its concession assets, Umeme received USD117 million (approximately UGX428.99 billion); however, it is claiming an additional USD117 million for its unrecovered investment costs, which will now be subject to arbitration at the London Court of Arbitration.

- Commissioning of Karuma Hydropower Station – On 26 September 2024, the government commissioned the 600 MW project, whose execution and conclusion have taken over 20 years due to various challenges. The project cost USD1.7 billion, with 85% of it financed through a loan from China's Exim Bank and the remaining 15% by the government. The Karuma project is a stepping stone for Uganda to achieve its target of 52,000 MW by 2040.
- Heightened activity in oil and gas – The drilling at the Tilenga and Kingfisher projects is advancing, with the first oil production expected to start in 2026 at 21,000 b/d, increasing to 145,000 b/d in 2027. Uganda has signed an agreement with a UAE-based Alpha MBM Investments to construct a USD4 billion refinery, with its completion projected for 2028. This refinery is crucial to Uganda's plan to reduce reliance on refined fuel imports, the aim being to become a mid-sized crude oil exporter, with expected exports peaking at 171,000 b/d in 2028. Despite the different legal actions surrounding environmental rights as well as compensation, the construction of the 1,443 km East African Crude Oil Pipeline (EACOP), designed to transport 216,000 barrels of crude oil per day from Uganda to Tanzania, has reached approximately 69% completion.
- Construction of sports infrastructure – With Uganda set to co-host the PAMOJA Africa Cup of Nations 2027 alongside Kenya and Tanzania, there has been heightened government investment in the construction of sports infrastructure, including the Hoima City Stadium by Turkish-based Summa International Construction Company, which is 100% complete, and Aki Bua Stadium in Lira by Egyptian firm SAMCO National Construction Company, which is approximately 20% complete. Additionally, there is an ongoing upgrade of Man-

delo National Stadium, which has been the only standard stadium in the country for over 28 years.

- Renewable energy has seen mixed momentum – There has been strong growth in hydropower and geothermal power, driven by the Energy Policy 2023's target of 52,000 MW by 2040, but solar investments have slowed due to the Electricity Regulatory Authority's April 2025 tariff cut from 7.1 to 5.1 cents/kWh and grid stability concerns, prompting a "wait-and-see" approach.
- Business approaches have noticeably shifted towards greater ESG integration and Paris Agreement alignment, with some investors prioritising low-emission energy operations and carbon market participation, now that the National Climate Change Act is fully operational with the regulations in place.

1.3 Access to the Energy and Infrastructure M&A Market

In Uganda, investors in the energy and infrastructure sector primarily access the M&A market through direct government negotiation via memorandums of understanding (MoUs) or state-to-state agreements, private acquisitions of stakes in existing projects, and joint ventures – eg, with UNOC for oil and gas.

Key investors are predominantly foreign entities:

- European firms like TotalEnergies (operator of the Tilenga oil project with a 56.67% stake, and the EACOP with 62%, plus its recent Bujagali acquisition) and SN Power (former hydropower stakeholder, now under TotalEnergies).
- UAE-based companies like Alpha MBM Investments LLC (which has a 60% stake in the USD4 billion refinery it will be constructing, while UNOC owns 40%).
- Chinese companies like the China National Offshore Oil Corporation (CNOOC) has an 8% stake in the EACOP and a 28.33% stake in the Tilenga oil project.

1.4 Energy and Infrastructure Projects

Aside from the oil and gas projects on the government front, Uganda's other major planned energy projects emphasise renewables, with hydropower dominating:

- Ayago Hydropower Project – This is a USD1.8 billion project on the River Nile, which is expected to generate 600–840 MW and is currently in feasibility with new investors sought after delays in March 2025.
- Oriang Hydropower Project – This is a run-of-river project on the Nile, set to generate 392 MW, developed by Mota Engil Africa with construction planned for 2029–2032.
- Kiba Hydropower Project – This is a run-of-river project on the Nile, with a target of 400 MW, with construction expected from 2029–2032.
- Karuma Hydropower Project – This is a 600 MW project which was commissioned in June 2024.
- 100 MW solar and battery project – In August 2025, the government approved the construction of a 100 MW solar photovoltaic plant with a 250 MWh battery energy system in Kapeeka, Nakaseke District. The facility will be developed by US-based Energy America, with its East Africa subsidiary, EA Astrovolt, serving as lead project developer and execution partner. The planned infrastructure includes high-efficiency solar modules optimised for tropical conditions and scalable battery architecture for flexible capacity, among others.

Infrastructure highlights include:

- the USD4 billion, 60,000 b/d refinery on which construction is due to start; and
- the EACOP, which will be 1,443 km in length.

The mix is heavily renewable at 80%-plus, with hydropower at 2,500 MW capacity and solar/wind/geothermal scaling to meet the 2040 goal set, while the remaining just under 20% comprises conventional oil and gas projects at Tilenga and Kingfisher, which are expected to peak at 230,000 b/d by 2028.

2. Establishing and Exiting Early-Stage Companies in the Energy and Infrastructure Industry

2.1 Establishing and Financing a New Company

Establishing a New Company in Uganda

Setting up a new company in Uganda for energy and infrastructure projects involves registration with the Uganda Registration Services Bureau (URSB). The process requires submitting a company name, memorandum and articles of association, as well as details of shareholders, directors and beneficial owners, and the company's address. Foreign investors must obtain an investment licence from the Uganda Investment Authority (UIA), which facilitates approvals for energy and infrastructure ventures.

Type of entity

The most common entity types for energy and infrastructure projects are private limited liability companies (LLCs) and public limited companies (PLCs). Depending on the size of the project, LLCs are preferable for their flexibility and limited liability, making them suitable for smaller and joint ventures, while PLCs are suitable for larger projects which require public investment or future listing on the Uganda Securities Exchange (USE).

Early-stage financing

Early-stage financing typically comes from government-backed loans, private equity and venture capital. Development finance institutions, such as the African Development Bank (AfDB) and the Eastern and Southern African Trade and Development Bank (TDB), often support infrastructure projects. A number of local banks also provide financing, though their high interest rates can pose a challenge to start-ups.

Venture capital

Venture capital is increasingly active in Uganda's renewable energy sector, with funds targeting solar and hydropower projects. Investors often require detailed business plans and proof of regulatory compliance, such as licences from the Electricity Regulatory Authority (ERA). Venture capital agreements typically include term sheets, shareholder agreements and subscription agreements. These documents outline

equity stakes, governance rights and exit strategies. Legal counsel ensures compliance with the Companies Act Chapter 106 and other applicable laws and regulations.

Change of corporate form or migration

Companies may change their corporate form from LLC to PLC, to attract public investment or facilitate M&A transactions. Such changes are made by application to the URSB. Migration to another jurisdiction is rare but possible upon shareholder approval and through a member's voluntary winding-up in accordance with the Companies Act.

2.2 Liquidity Events

Initial Public Offering (IPO) as a Liquidity Event

IPO v Sale

IPOs are less common than private sales in Uganda's energy and infrastructure sector due to the limited size of the USE and high compliance costs. Private sales offer much faster liquidity and flexibility, making them the preferred exit strategy for venture capital-backed companies. On the other hand, IPOs should only be considered for larger firms seeking broader market exposure.

Choice of listing

Companies pursuing an IPO typically list on the USE, which offers a Growth Enterprise Market Segment (GEM) for smaller firms. Dual listing on regional exchanges, such as the Nairobi Securities Exchange (NSE), is rare but possible for major projects seeking wider investment pools. For example, UMEME Limited, which is Uganda's former main electricity distribution company, is listed both on the USE and NSE.

Impact of listing on future M&A transactions

A USE listing enhances a company's visibility and credibility, with the potential of attracting larger M&A partners. However, it imposes stricter disclosures and governance requirements, which may complicate future M&A negotiations due to shareholder scrutiny.

Sale as a Liquidity Event

Selling a privately held company is a common liquidity event in Uganda within the energy and infrastructure sector. Investors often exit through share sales to strategic buyers, such as TotalEnergies' acquisition of a

stake in Bujagali Energy Limited and the government's acquisition of a stake in Roko Construction Limited. These transactions are always driven by the need for rapid capital recovery, market consolidation or even government bailout, as was the case with Roko Construction Limited.

Transaction structure

Sales are typically structured as share purchases or asset transfers. Share purchases are preferred for their simplicity, while asset sales are used when buyers seek specific project components, such as power plants or pipeline infrastructure.

Form of consideration

Cash is the dominant form of consideration in Uganda's M&A transactions due to its simplicity and investor preference for immediate liquidity. Stock-for-stock deals are rare but may occur in cross-border transactions involving regional or global players.

Certain transaction terms

Key terms include warranties, indemnities, and earn-out clauses to address project risks. Non-compete clauses are also common and intended to protect buyers from a seller's re-entry into the market. Transactions often require ERA approval, particularly for energy projects.

3. Spin-Offs

3.1 Trends: Spin-Offs

Spin-offs are uncommon in Uganda's energy and infrastructure sector due to the market's nascent stage in core operations. However, some companies separate renewable energy units to attract specialised investors, particularly in solar and hydropower.

3.2 Tax Consequences

In Uganda, spin-offs can be structured as tax-free transactions at both the corporate and shareholder levels under Section 76 of the Income Tax Act Chapter 338, which provides roll-over relief, exempting the parent company from capital gains tax on asset transfers to a spun-off entity and allowing shareholders to receive shares without recognising gains, with the cost base carried over. Key requirements for tax-

free treatment include obtaining Uganda Revenue Authority (URA) approval, demonstrating a genuine business purpose (eg, operational efficiency or strategic restructuring) and complying with corporate restructuring rules. Non-compliance may result in the transaction being treated as a taxable disposal or dividend distribution, triggering tax liabilities.

3.3 Spin-Off Followed by a Business Combination

Spin-offs followed by mergers are rare but feasible, particularly for companies consolidating renewable energy assets. Such transactions require shareholder approval and compliance with the applicable laws, which is on a case-by-case basis.

3.4 Timing and Tax Authority Ruling

Spin-offs typically take six to 12 months. A rollover relief is self-assessed, and as such, URA approval is not mandatory. However, for complex spin-offs, such as those involving debt allocation, obtaining a private advance tax ruling is recommended to mitigate audit risks and confirm tax treatment with rollover relief inclusive of URA clearance for tax implications. Advance tax rulings are advisable to ensure compliance and minimise tax liabilities.

4. Acquisitions of Public (Exchange-Listed) Energy and Infrastructure Companies

4.1 Stakebuilding

Acquiring a stake in a public company prior to making a takeover offer is not a common practice in Uganda's energy and infrastructure sector due to the limited number of listed companies on the USE and the stringent disclosure requirements under the Capital Markets (Takeovers and Mergers) Regulations, 2012. Investors typically prefer direct negotiations or private acquisitions. However, stakebuilding may occur in strategic assets to gain influence before launching a formal offer, particularly for companies listed on the USE.

Reporting Threshold and Timing

The regulations require that if any person intends to make an acquisition that gives such person effective

control of the company, a notification must be made to the Capital Markets Authority (CMA) and the USE within 24 hours of the decision being made or approved by the directors of the intending offeror. This disclosure obligation applies both to direct and indirect acquisitions, ensuring transparency in shareholding changes that could affect control of the company. Failure to comply with this requirement may result in penalties.

Disclosure of Purpose and Intentions

The regulations require the buyer to disclose the purpose of the acquisition and their intentions regarding the company in the notification to the CMA and USE, as well as in the takeover offer. This includes stating:

- whether the acquisition is a precursor to a takeover offer, strategic investment, or for other purposes, such as portfolio diversification; and
- whether the offeror has intentions regarding the continuation of the target company's business, among other things.

The disclosure must provide sufficient detail to inform shareholders and the market of the buyer's plans, protecting against undisclosed control attempts.

"Put Up or Shut Up" Requirement

The Capital Markets (Takeovers and Mergers) Regulations do not explicitly impose a "put up or shut up" requirement, whereby a buyer must make a formal offer or declare no intention to do so within a specified period after acquiring a stake. However, the regulations require that an offeror intending to acquire effective control must issue a takeover notice and statement to the CMA and shareholders promptly. This only implies a practical expectation for timely action, as prolonged uncertainty could trigger CMA intervention to protect market stability.

4.2 Mandatory Offer

A mandatory offer is triggered whenever any of the following circumstances is in place:

- where a person holds more than 15% but less than 50% of the voting rights of a listed company and acquires in any one year more than another 5% of the voting rights of that company;

- where a person holds 50% or more of the voting rights of a listed company and acquires additional voting rights in the listed company;
- where a person acquires a company that holds effective control in the listed company, or effective control together with the voting rights already held by an associated person or related company, resulting in the acquisition of effective control; or
- where a person acquires any shareholding of 20% or more in a subsidiary of a listed company that has contributed 50% or more to the average turnover in the last three financial years of the listed company preceding the acquisition.

4.3 Transaction Structures

Typical Transaction Structures

Acquisitions of public companies in Uganda are primarily shaped as share purchases or tender offers. Share purchases involve acquisition through direct negotiations with shareholders or open market purchases, and this structure is favoured for its simplicity and speed. Tender offers, on the other hand, involve a public offer to all shareholders to purchase shares at a specified price, subject to CMA approval. Regulation 9 ensures tender offers meet transparency and fairness requirements, making them suitable for acquiring broad shareholder acceptance to achieve effective control.

Availability of Mergers and Other Structures

Mergers are available, legally permitted in Uganda and regulated under the Companies Act Chapter 106, the Competition Act Chapter 66 and its regulations, as well as under the Capital Markets (Takeovers and Mergers) Regulations 2012.

Despite their availability, mergers are rarely used for the acquisition of public companies in Uganda's energy and infrastructure sector for several reasons, including the limited market size since few public companies are players in these sectors, and the regulatory complexity involved in merger transactions and sector dynamics. Asset purchases, where specific infrastructure assets (eg, a power plant) are acquired, are less common for public companies due to the complexity of separating the assets of a listed entity's operations. Schemes of arrangement, permitted under Section 234 of the Companies Act, allow court-sanctioned

restructuring or acquisitions but are rarely used due to judicial oversight and shareholder approval requirements. These alternative structures are less prevalent in Uganda's public company acquisitions due to the preference for simpler, control-focused transactions like share purchases, which align with the regulatory framework and market dynamics.

4.4 Consideration and Minimum Price

Cash v Stock-for-Stock Transactions

Public company acquisitions in Uganda's energy and infrastructure sector are predominantly cash transactions rather than stock-for-stock deals. The limited size of the USE, with few listed companies in these sectors, and the preference for immediate liquidity among shareholders and companies drive the use of cash in acquisitions. While permissible, stock-for-stock transactions remain rare.

Cash in Mergers v Takeover Offers

Cash is both permissible and commonly used in merger transactions and takeover offers within Uganda's energy and infrastructure sector. Under the Capital Markets (Takeover and Mergers) Regulations (Regulation 25), cash is an acceptable form of consideration for both takeover offers and mergers.

Minimum Price Requirements

There is no prescribed statutory minimum price requirement for takeover offers in public company acquisitions. However, on submitting the offer, the consideration must be indicated in the offer document, which is reviewed by the CMA to ascertain fairness to the shareholders.

Use of Contingent Value Rights and Other Mechanisms

Contingent value rights (CVRs) are not commonly used in Uganda's energy and infrastructure M&A market to bridge valuation gaps in transactions with high uncertainty. The sector's preference for cash transactions minimises the need for complex financial instruments like CVRs, which are more prevalent in markets with advanced financial systems. Instead, parties often use earn-out clauses or deferred payment structures in transaction agreements to address valuation uncertainties, particularly in energy projects with long-term revenue projections such as oil and

gas or hydropower developments. These mechanisms must comply with CMA disclosure requirements to ensure transparency.

4.5 Common Conditions for a Takeover Offer/Tender Offer

Takeover offers in Uganda's energy and infrastructure sector commonly include conditions such as a minimum acceptance threshold, approvals from the CMA and ERA (with respect to companies dealing in energy), no material adverse changes in the target's operations, financing confirmation, and due diligence completion.

The CMA does not explicitly restrict offer conditions but requires transparency and fairness in the offer document, while the Competition Act Chapter 66 may indirectly influence conditions through competition reviews to prevent anti-competitive outcomes in energy and infrastructure deals.

4.6 Deal Documentation

Transaction agreements are customary to takeover offers and business combinations, formalised through offer documents under Regulation 9 of the Capital Markets (Takeovers and Mergers) Regulations, 2012. Beyond the board's recommendation (Regulation 10), the target company may undertake obligations such as providing due diligence information (Regulation 29), avoiding actions that frustrate the offer (Regulation 30), co-operating with regulatory approvals, and disclosing share dealings (Regulation 31). Extensive representations and warranties are not customary for public companies, with limited assurances on financial accuracy or regulatory compliance considered sufficient, which reflects the market's reliance on disclosures and due diligence to mitigate risks.

4.7 Minimum Acceptance Conditions

Ugandan laws do not prescribe any minimum acceptable conditions for tender offers.

4.8 Squeeze-Out Mechanisms

Following a successful tender offer, the squeeze-out mechanism provided for under Regulation 13 of the 2012 Regulations permits an offeror who has acquired at least 90% ownership of the company to compulsorily acquire the shares of the dissenting sharehold-

ers. The process allows the offeror to purchase the remaining shares either at the same prices and terms as the tender offer or at the prevailing market price of the voting rights, whichever is higher.

4.9 Requirement to Have Certain Funds/Financing to Launch a Takeover Offer

An offeror is required and expected to demonstrate financial capacity to complete a takeover offer. It is also a requirement that at the time of a cash-based offer, the offeror pays a 10% deposit of the total cash consideration into an escrow account with a licensed financial institution. The escrow account may be in the form of:

- a cash deposit with a commercial bank;
- a bank guarantee in favour of the offeree and payable on demand; or
- a deposit of acceptable securities with the appropriate margin, with a commercial banker.

It is the buyer, not the financing banks, that makes the offer, with the bank's role restricted to providing supporting evidence such as guarantees. It is permissible for the offer to be conditional on securing final financing, provided this is disclosed in the offer document and approved by the CMA.

4.10 Types of Deal Protection Measures

In Uganda's energy and infrastructure sector, various deal protection measures are put in place by the Regulations.

During the offer period:

- the target company is not allowed to deal in any of its securities except with the CMA's prior approval or after issuing a one-working-day notice to the USE (if the target company is listed); and
- the target company is not allowed to deal in shares traded on the USE for which there is no cash alternative.

Even after discussions have been terminated or the offeror decides not to proceed with an offer after an announcement has been made that offer discussions are taking place or that an approach or offer is being contemplated, any person privy to such termination

or decision is not allowed to deal in the securities of the target company prior to an announcement of the position.

After contacting the offeror, the target company is not allowed to take any actions seen as intended to frustrate the offers made including:

- issuing any authorised but unissued shares;
- issuing or granting options in respect of any unissued shares;
- creating or issuing or permitting the creation or subscription of any shares;
- selling, disposing of or acquiring, or agreeing to sell, dispose of or acquire, its assets or any of its subsidiaries; or
- entering into or allowing contracts for or on its behalf to be entered into, other than in the ordinary course of its business.

Any entity or officer of an entity that violates these measures in a bid to frustrate a deal, or that for any other reason commits an offence, may be subjected to a civil penalty.

4.11 Additional Governance Rights

There are no additional governance rights save for those negotiated between the parties.

4.12 Irrevocable Commitments

In Uganda, it is common to obtain irrevocable commitments from principal shareholders in takeover offers, as this is not legally restricted. It therefore allows intending offerors to enter written agreements with principal shareholders with commitments to tender shares or support a deal prior to formal offers. These undertakings typically include non-disclosure and non-compete clauses, but often provide an “out” for superior proposals, which balances bidder security with fiduciary duties to shareholders. Regardless of these agreements, the shareholders are not expected to engage in any act intended to frustrate any other offers made to the target company.

4.13 Securities Regulator’s or Stock Exchange Process

Takeover offers require prior approval from the CMA before launch, involving the submission of the offer

document for review. No approval is required from the USE; rather, the offeror is only required to notify the USE within ten days upon closure of the offer.

The review of the offer document by the CMA typically takes 14–30 days, focusing on compliance with the requirements set within the Capital Markets (Takeovers and Mergers) Regulations, 2012. During approval, the CMA approves the offer price and terms therein, including those meant to protect minorities. In its approval, it advises the offeree to seek advice from an independent adviser since the CMA’s approval cannot be interpreted as a recommendation of the offer by the CMA.

The timeline is by default set in the regulations as 60 days and as such, it is not set by the CMA. However, the CMA has the power to extend this timeline, depending on the circumstances.

If a competing offer is announced, the timeline may be extended to allow fair evaluation, preventing shareholders from making rushed decisions. Such a competing offer must however have been made at least ten days before the closure of the offer, otherwise it does not count.

4.14 Timing of the Takeover Offer

As noted in 4.13 **Securities Regulator’s or Stock Exchange Process**, a takeover offer can be extended by the CMA if regulatory or antitrust approvals are pending beyond the initial 60-day period, or for other reasons.

4.15 Privately Held Companies

Privately held companies in Uganda are commonly acquired through share transfers or even asset purchases under the Companies Act Chapter 106, which requires board approval or shareholder resolutions, and filing a return of allotment or transfer with the URSB. Key considerations include due diligence on liabilities, tax implications, and foreign investment approvals from the UIA, if applicable.

5. Overview of Regulatory Requirements

5.1 Regulations Applicable to Energy and Infrastructure Companies

As mentioned in 2.1 **Establishing and Financing a New Company**, registration of a new company in Uganda is done through the URSB. Upon registration, any company within the energy and infrastructure sector is expected to obtain the permits and approvals required by the following regulations and authorities.

Electricity Act Chapter 157

This regulates electricity generation, transmission and distribution. This Act established the ERA, which is responsible for the licensing of companies in the electricity sector. The ERA provides licences such as the generation licence, transmission licence, distribution licence, sale licence, export and import licence. Notice of intention to apply for any licences must be given to the ERA, which publishes the notice in newspapers with an invitation for comments from directly affected parties and affected public agencies. After these comments are received, the ERA decides whether to grant the permit to proceed with the application. The permit allows the intended applicant to carry out studies or any other activity for the purpose of preparing the application for a licence. The notice of application is also published. The process takes between six and eight months.

Petroleum (Exploration, Development and Production) Act Chapter 161

This regulates the exploration, development and production of petroleum. It established the Petroleum Authority of Uganda (PAU) alongside the Ministry of Energy and Mineral Development, which licenses entities engaged in petroleum activities. Permits and licences issued include the reconnaissance permit, petroleum exploration licence, petroleum production licence, and facility licence, among others. The timelines for obtaining these permits and licences vary. Other laws include the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act Chapter 162 and the Petroleum Supply Act Chapter 163.

Atomic Energy Act Chapter 154

This regulates, among other things, the production of atomic energy. The Atomic Energy Council is responsible for authorising radiation activities. The timeframe varies depending on the activity for which authorisation is sought.

National Environment Management Authority (NEMA)

Energy and infrastructure projects often require environmental impact assessments; the National Environment Management Authority (NEMA) provides environmental approvals. Obtaining a NEMA approval takes between three and five months or more, depending on the details of the project.

5.2 Primary Securities Market Regulators

The CMA, established under the Capital Markets Authority Act Chapter 64 is the primary securities market regulator for M&A transactions in Uganda.

5.3 Restrictions on Foreign Investments

In Uganda, foreign investment faces minimal restrictions, as Ugandan law allows 100% ownership in most sectors including energy and infrastructure, except in sensitive areas like defence and strategic minerals, where conditions may be imposed.

A foreign direct investment (FDI) filing is mandatory for investments exceeding USD250,000, and requires an investment licence from the UIA with project and shareholder details. The process is non-suspensory, allowing operations to commence post-filing while approvals are processed.

5.4 National Security Review/Export Control

Uganda lacks a formal national security review process for acquisitions since the related laws have no indicated screening mechanism; however, the UIA, the Ministry of Energy and other regulatory bodies may assess proposed acquisitions for security implications on a case-by-case basis, with no specific restrictions based on investor origin.

The following export control regulations are in place:

- The Export Trade Act Chapter 69, and the External Trade (Restriction of Import and Export) Regula-

tions, 2022, authorise the minister of trade to issue a statutory order prohibiting the export of any class of goods without a licence granted by the Ministry of Trade, Industry and Cooperatives.

- Trade in military items, such as guns and explosives, is restricted.

5.5 Antitrust Regulations

In Uganda, a mandatory notification of takeover offers and business combinations exceeding the following thresholds must be given to the Ministry of Trade, Industry and Cooperatives:

- those where the undertakings have a minimum combined turnover or assets of UGX1billion and the turnover (or assets) of the target undertaking is above UGX500million;
- those where the turnover (or assets) of the acquiring undertaking is above UGX10 billion and the merging parties are in the same market or can be vertically integrated;
- those in the carbon-based mineral sector, if the value of the reserves, the rights, and the associated assets to be held as a result of the merger exceeds UGX10 billion; and
- those where the undertaking operates in the COMESA, and meets certain requirements in the Competition Regulations, and two thirds or more of their turnover or assets are generated or located in Uganda.

Some transactions are exempted from providing such notification, including internal group restructurings, acquisitions of minor shareholdings (below 20% without control), and joint ventures that are not fully operational.

The notice has to be given by the person acquiring control after the board of directors of the target company has accepted the proposal (merger or acquisition) or after the conclusion of negotiations (acquisition of control), and once the notice has been given, it must be published in a newspaper for 14 days.

5.6 Labour Law Regulations

Acquirers in Uganda's energy and infrastructure sector must comply with the Employment Act Chapter 226 and its regulations, with a key focus on termination procedures. This is mostly because mergers and acquisitions

often end with the termination of some employees as a result of redundancy. Notice of termination or payment in lieu of notice is required, together with severance pay.

Where the termination involves ten or more employees over three months, the Commissioner of Labour and the employees must be notified. However, the notification requirement only applies where termination is anticipated; no consultation or disclosure is required to be made pending an M&A transaction.

Labour aspects are handled on a case-by-case basis, and as such, it is advisable to seek legal counsel when handling any such matters.

5.7 Currency Control/Central Bank Approval

Currency control regulations exist in Uganda. It is a requirement that all payments in foreign currency to or from Uganda between residents and non-residents, or between non-residents, be made through an entity licensed by the Bank of Uganda. Considering that most M&A transactions in the energy and infrastructure sector involve foreign investors, this requirement is generally applicable.

In February 2024, Uganda was delisted from the Financial Action Task Force (FATF) grey list as a result of strengthening its efforts to combat money laundering, terrorist financing and proliferation financing. Uganda's anti-money laundering and control of terrorist financing restrictions require accountable persons (companies) to report and file all their high-value transactions with the FIA. M&A transactions, particularly within the energy and infrastructure sector, are high-value transactions which must be reported for compliance purposes.

The central bank (Bank of Uganda) is not required to provide any approval before an M&A transaction.

6. Recent Legal Developments

6.1 Significant Court Decisions or Legal Developments

Assessment of Taxes on the Sale of Oil Exploration Rights

The High Court of Uganda, in December 2024, made a landmark decision in a legal dispute between Heritage

Oil and Gas Limited (“Heritage Oil”) and the URA over income tax assessments imposed on Heritage Oil as a result of the sale of its petroleum exploration rights to Tullow Uganda Limited. In its decision, the court emphasised the need for the enforcement of taxation laws to align with legislative intent and international agreements. The URA was ordered to refund UGX709 billion to Heritage Oil for a wrongful assessment dating back over 14 years. This decision restored investor confidence in Uganda’s court system and commercial justice against the state.

Antitrust Regulations

In September 2025, the Competition Regulations 2025, which operationalised the Competition Act Chapter 66, which had been enacted by parliament in 2024, were published in the National Gazette, bringing them into force. The fully constituted antitrust regime is meant to assist in prohibiting anti-competitive practices and agreements. This should reassure investors starting up companies in the energy and infrastructure sector that they do not need to worry about being victimised by the dominant industry players.

Enforceability of International Arbitration Awards and Project Agreements

The High Court of Uganda in April 2024 made a significant decision in the energy sector when it allowed the enforcement of the first London Court of International Arbitration (LCIA) award. The dispute subject to arbitration was between Great Lakes Energy Company (GLE) and its local partners Bryan Xsabo Strategy Consultants (Uganda), Mola Solar Power Systems (Uganda) and Consicara Global Investors, and concerned a solar power plant. The GLE was initially promised a 60% shareholding in the project, which was then unilaterally revoked by Xsabo and its partners. In the final award, the LCIA found that Xsabo and its partners had violated the project agreements. The GLE was awarded USD1.18 million, along with legal costs and arbitration expenses. The application to enforce this final award was successful. Just like the Heritage Oil case, this decision reinforced investors’ trust in the Ugandan court system.

6.2 Key Developments in Renewable Energy and Cutting Emissions

The Energy Policy 2023

This policy was launched in 2023 to replace the 2002 policy. It serves as Uganda’s comprehensive strategic blueprint for its energy sector. Its most significant aspect is the establishment of an ambitious and diversified energy vision, aiming to increase Uganda’s total generational capacity from 1,378.1 MW in 2022 to 52,481 MW by 2040. This plan dramatically shifts the energy mix away from reliance on large hydropower by aggressively promoting solar, nuclear, geothermal, wind, and waste-to-energy resources. To achieve this, the policy outlines crucial strategies, including proposing tax incentives and waivers for renewable energy equipment imports, promoting public-private partnerships (PPPs), and creating a framework for integrating emerging technologies like green hydrogen. It is an overarching document which sets the direction, targets, and cross-sectoral strategies for a sustainable energy future.

The Electricity (Amendment) Act 2022

This amendment strengthened the regulatory framework for the electricity subsector, with direct implications for renewable energy. A key provision was the formalisation and support for small-scale renewable energy generation. The Act defines the scope of the Renewable Energy Feed-in-Tariff (REFIT) programme, applying it to prescribed priority technologies such as hydro, wind, solar, geothermal, biogas and biomass for projects with an installed capacity of up to 20 MW. The amendment created a stable and predictable environment for investors in small to medium-sized renewable projects, which is crucial for diversifying Uganda’s energy mix.

Climate Change Initiatives

Uganda has enacted the National Climate Change Act and the National Climate Change (Climate Change Mechanism) Regulations in alignment with its nationally determined contributions (NDCs) to the Paris Agreement. The approval of entities such as those dealing in renewable energy that are interested in participating in the carbon market is conducted by the Ministry of Water and Environment (Climate Change Department). The project proponent is required to apply for a letter of no objection from the ministry,

which allows them to apply to deal in carbon trading. The documents to accompany the application include the project design, feasibility study or business plan, recommendation from the Ministry of Energy and Mineral Development, and a benefit sharing plan.

7. Due Diligence/Data Privacy

7.1 Energy and Infrastructure Company Due Diligence

Due Diligence

In Uganda, due diligence of public companies must respect key principles like transparency, fairness and confidentiality.

Public companies can share financial statements, operational data and project details with bidders during due diligence, subject to confidentiality agreements. To ensure a fair and transparent process, the public company must share the same information with all the bidders. The board's role is to approve the information to be shared during the due diligence process and ensure a successful deal is obtained; however, in doing this, they need to balance the interests of the company and its shareholders as they ensure the necessary confidentiality is in place. There are no restrictions limiting due diligence of an energy and infrastructure company except national security concerns or data privacy, depending on the facts of each case.

Data Privacy

In Uganda, data privacy restrictions impact due diligence processes in the energy and infrastructure sector. The Data Protection and Privacy Act (DPPA) and Regulations require that any personal data disclosed when conducting due diligence must be handled in compliance with the DPPA, including obtaining consent, ensuring data minimisation, securing data, and ensuring the existence of proper safeguards before cross-border data transfer. This means the company's data protection officer must be involved in the due diligence process.

7.2 Restrictions

See 7.1 Energy and Infrastructure Company Due Diligence.

8. Disclosure

8.1 Making a Bid Public

A bid may be subject to a publication requirement under the Capital Markets (Takeovers and Mergers) Regulations, which apply to voluntary offers made in respect of public companies registered in Uganda and listed on the USE. If a bidder intends or proposes to acquire effective control of a listed company, such bidder is required to publish (by press notice) their proposed offer within 24 hours:

- from the resolution of its board to acquire effective control in the target company; or
- after a decision to acquire effective control in the case of any other person (this could be a natural person or any other entity whose decisions are not made through a board resolution).

The notice has to be published after a notice of intention has been served on the target company, USE and the CMA.

8.2 Prospectus Requirements

In Uganda, a prospectus is required for nearly all public offerings (with a few exceptions). If a stock-for-stock offer or any such other business combination offer is made in response to a public offering then it would be clear that the offeror made the offer upon reviewing the company's prospectus. In a stock-to-stock takeover, the buyer's shares do not need to be listed in the USE or foreign markets, provided the offer details the shares' value, rights and risks, and such offer is approved by the CMA.

8.3 Producing Financial Statements

Generally, in making a public bid, the bidder ought to provide information on how the offer will be financed. This includes its financial position, assets, etc, which are best presented in a bidder's financial statements in their disclosure documents, as prepared under international financing reporting standards (IFRS). Pro forma statements for stock-to-stock deals should be produced to illustrate the combined entity's financial position.

8.4 Disclosure of Transaction Documents

M&A transactions within the energy and infrastructure sector require disclosure of transaction or transaction-related documents with different public bodies. For example, takeover offers must be submitted to the CMA, to the ERA (for energy companies), and to the Ministry of Trade, Industry and Cooperatives (for anti-trust assessments). Companies are also required to register their agreements with the company registry (URSB), which makes them publicly available on the companies' file upon payment of search fees. Due to public access, parties may choose to include confidentiality clauses within their transaction agreements.

9. Duties of Directors

9.1 Principal Directors' Duties

In Uganda, the board of directors has the following duties during a business combination:

- a duty to ensure compliance – it is the duty of the directors to ensure the company complies with all the applicable laws, the company's articles of association as well as the company resolutions;
- a duty to avoid a conflict of interest – if any director has a conflict of interest within a business combination, they are expected to declare this conflict and recuse themselves from any involvement; and
- a duty to act in the best interest of the company – decisions made during a business combination must be in the best interest of the welfare of the company, and not in the interest of the directors.

While they are required to act in the best interest of the company (which also means acting in the best interest of the shareholders and beneficial owners), the directors are expected to take into consideration the interests of other stakeholders (eg, the employees, creditors, etc).

9.2 Special or Ad Hoc Committees

It is common for the board of directors in Uganda to establish special or ad hoc committees during business combinations. Such committees assist with handling specific tasks in relation to the business combination and report to the full board for necessary approvals. This allows the board to remain focused on strategic oversight while the special committees

ensure partiality in evaluating offers and negotiating terms. These committees are very helpful, even where some directors have a conflict of interest.

9.3 Role of the Board

In Uganda, the board of directors plays a key role in M&A transactions through negotiating the deals, overseeing due diligence and ensuring the companies' long-term goals are considered when choosing to accept a deal.

Shareholder litigation is not common in Uganda but can occur if the shareholders believe the board has breached its duties, such as by prioritising personal benefit rather than acting in the company's best interest. Shareholder litigation can be combated by:

- ensuring any potential conflicts of interest among directors are addressed;
- keeping the communication channel with the shareholders open and transparent throughout the transaction;
- ensuring a fair valuation of the offer price to avoid undervaluation claims; and
- conducting proper due diligence of the bidder with emphasis on liabilities and financial health.

To minimise shareholder risks, buyers should:

- ensure they conduct proper due diligence with emphasis on the liabilities and financial standing of the target company; and
- ensure transparency when communicating with the board.

9.4 Independent Outside Advice

In Uganda, directors are required to appoint a CMA-approved independent adviser (investment adviser/broker/dealer) who provides an opinion on the takeover offer which is shared with the CMA and the shareholders. The directors may also seek further outside advice, including:

- legal advice to ensure compliance with the law, conducting due diligence, drafting and reviewing transaction documents; and
- tax advice to understand the transaction's tax implications.

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