



## LEGAL INSIGHT

# REGULATORY CLARITY: DISTINGUISHING BETWEEN A TRUST AND AN NGO

## INTRODUCTION

The legal landscape governing non-profit and charitable organizations in Uganda presents distinct regulatory frameworks for Trusts and Non-Governmental Organizations (NGOs). While both serve public or charitable purposes, the laws governing their establishment, compliance, and operation are fundamentally different. Understanding these variances is critical for anyone establishing, advising, or engaging with such entities to ensure full legal compliance and effective governance.

A common misconception is that a Trust and an NGO are interchangeable; however, their core legal focus and the regulatory bodies overseeing them are separate. A Trust is primarily focused on a fiduciary relationship and asset stewardship regulated by the Trustees Act (Cap 270) and the Trustees (Incorporation) Act (Cap 271), with oversight mainly through the Courts and the Minister responsible for Lands. In contrast, an NGO is focused on operational activities and public oversight, governed by The Non-Governmental Organisations Act, Cap 109, with extensive regulation by the National Bureau for Non-Governmental Organisations (NGO Bureau) under the Minister of Internal Affairs.

Feature	Trust (Charitable/Public Trust)	NGO (Non-Governmental Organization)
Primary Governing Law	<b>The Trustees Act (Cap 270) and The Trustees (Incorporation) Act (Cap 271).</b>	<b>The Non-Governmental Organisations Act, Cap 109.</b>
Core Legal Focus	<b>Fiduciary Relationship &amp; Asset Stewardship</b> The law primarily regulates the duties, powers, and liabilities of the <b>Trustees</b> concerning the <b>Trust Property</b> (assets) on behalf of the beneficiaries or the stated charitable purpose.	<b>Operational Activities &amp; Public Oversight</b> The law primarily regulates the <b>activities, programs, funding, and area of operation</b> of the body, ensuring transparency and accountability in the execution of voluntary services.
Legal Status	A <b>fiduciary relationship</b> over property. The <b>Trustees</b> are the legal persons who hold the assets. They must be incorporated (as a body corporate with perpetual succession) under <b>Cap 271</b> to sue, be sued, and hold property easily.	A <b>legally constituted non-governmental organisation (Sec. 27, NGO Act)</b> . It must obtain legal personality through a foundational law like the <b>Companies Act</b> (as a Company Limited by Guarantee) or the <b>Trustees (Incorporation) Act, Cap 271</b> .
Primary Regulator	<b>The Minister responsible for Lands</b> (for the purpose of incorporation under the Trustees Incorporation Act). General oversight is through the Courts and Common Law.	<b>The National Bureau for Non-Governmental Organisations (NGO Bureau)</b> , which falls under the authority of the <b>Minister responsible for Internal Affairs</b> .
Key Compliance Document(s)	<b>Trust Deed</b> (governs internal operation and asset management) and <b>Certificate of Incorporation of Trustees</b> .	<b>Certificate of Registration</b> (issued once) and a mandatory <b>Permit to Operate</b> (renewable, maximum 5 years) ( <b>Sec. 28, 29 &amp; 30, NGO Act</b> ).
Operational Requirements	Compliance is mainly focused on financial prudence, proper administration, and investment of trust property, and adherence to the terms of the Trust Deed ( <b>Trustees Act, Cap 271</b> ).	Compliance is extensive, requiring approval from District/Sub-County NGO Monitoring Committees (DNMCs/SNMCs) and line ministries, signing Memoranda of Understanding (MOUs) with local governments, and submitting annual work plans and budgets to the Bureau ( <b>Sec. 37, NGO Act</b> ).
Regulatory Action	Actions usually involve seeking orders from the High Court for breach of fiduciary duty, removal of trustees, or disputes over trust property.	The NGO Bureau has powers to summon, suspend, or revoke the organization's <b>Permit to Operate</b> based on non-compliance with the Act or the conditions of the permit ( <b>Sec. 5, NGO Act</b> ).

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