ANNUAL REPORT ON THE GOVERNMENT OF UGANDA'S **CONTINGENT LIABILITIES** FY 2023/24

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Directorate of Debt and Cash Policy

Ministry of Finance, Planning and Economic Development

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Foreword

It is my pleasure to present the Annual Report on the Government of Uganda's Contingent Liabilities for FY 2023/24. As we continue to strengthen public financial management, understanding and managing contingent liabilities has become an increasingly important priority. While these liabilities do not appear as direct government debt, they pose real fiscal risks that can materialise unexpectedly, impacting public finances and economic stability.

A key takeaway from this year's report is the scale of fiscal exposure linked to state-owned enterprises (SOEs). Five SOEs – in energy, water, and transport – account for 86 percent of all contingent liabilities, with some entities struggling to meet financial obligations. We must ask ourselves: Are we effectively managing the financial risks posed by SOEs? How can we ensure their borrowing remains sustainable? These are critical policy questions that require stronger oversight, clear financial discipline, and reforms to improve cost efficiency and revenue generation.

Another area of concern is the growing backlog of stalled Public-Private Partnership (PPP) projects. While Uganda has ambitious infrastructure goals, securing private sector financing remains a challenge. Many projects are stuck in feasibility stages due to funding gaps, making it difficult to quantify the true fiscal impact of future commitments. Similarly, legal claims against the government continue to rise, posing unpredictable but potentially costly risks if settlements or judgements result in significant financial obligations.

This report is more than just numbers – it is a call to action. We must tighten SOE borrowing controls, enhance transparency in fiscal risk reporting, and ensure that contingent liabilities are fully integrated into Uganda's fiscal planning. By doing so, we can protect public resources, maintain investor confidence, and safeguard Uganda's long-term fiscal sustainability.

I extend my gratitude to the staff of the Directorate of Debt and Cash Policy and all stakeholders who contributed to this report. Your commitment to strengthening Uganda's public financial management is invaluable. I encourage all policymakers, economists, and financial experts to use this report as a tool to inform policy decisions and ensure that Uganda's contingent liabilities remain well-managed and fiscally responsible.

Ramathan Ggoobi
Permanent Secretary / Secretary to the Treasury

Executive Summary

Uganda's contingent liabilities – both explicit and implicit – continue to pose significant fiscal risks that require careful monitoring and management. This report provides a comprehensive assessment of these liabilities, analysing their potential impact on public finances and outlining key measures for risk mitigation.

Total contingent liabilities to the government in FY 2023/24 amount to around UGX 16.7 trillion, equivalent to approximately 9 percent of GDP. However, this figure likely understates the full fiscal exposure, as liabilities from Public-Private Partnerships (PPPs) remain unquantified. This growing fiscal exposure underscores the need for stronger oversight and risk management to prevent sudden liabilities from materialising into direct budgetary pressures.

In the past year, notable progress has been made in reducing exposure to government loan guarantees. The total value of guaranteed loans declined from USD 120 million to USD 100 million, driven by successful repayments and tighter approval processes. This trend reflects the government's commitment to prudent fiscal management. However, other contingent liabilities, particularly those linked to state-owned enterprises (SOEs) and PPPs, continue to grow.

SOE-related contingent liabilities remain the most significant source of fiscal risk. The five SOEs with the largest contingent liabilities – Uganda Electricity Transmission Company Ltd. (UETCL), Uganda Electricity Distribution Company Ltd. (UEDCL), Uganda Electricity Generation Company Ltd. (UEGCL), National Water and Sewerage Corporation (NWSC), and Civil Aviation Authority (CAA) – account for 86 percent of total government exposure. While some SOEs maintain strong financial performance, others, particularly in energy and transport, have accumulated unsustainable levels of liabilities. UEDCL and UETCL face financial distress, raising concerns about their ability to meet obligations without potential government intervention.

The increase in PPP commitments also introduces new fiscal risks. The number of active projects has risen to 40, signalling increased interest in private sector participation. However, many projects remain stalled due to complex procurement processes and inadequate resources to carry out feasibility studies. Without greater transparency and risk assessment, the long-term fiscal impact of these commitments remains uncertain.

Legal claims against the government have risen significantly, with contingent liabilities from legal proceedings reaching UGX 4.91 trillion by June 2024, an 11.2 percent increase from the previous year. The bulk of these liabilities (91 percent) originate from ministries, reflecting growing fiscal exposure to litigation. While some cases may be resolved with minimal financial impact, others carry the risk of substantial payouts, further straining public finances and contributing to arrears accumulation. Additionally, local government liabilities have increased to UGX 57.9 billion, driven by a sharp rise in short-term obligations, emphasising the need for stronger risk mitigation measures across all government entities.

The findings of this report underline the need for stronger risk management measures. Strengthening SOE financial oversight will be critical in preventing further fiscal exposure. Transparency in contingent liability reporting should be enhanced through more frequent disclosures and risk assessments. Additionally, fiscal forecasting should incorporate worst-case scenarios to ensure preparedness for unexpected liabilities. Ensuring that revenue-dependent SOEs, such as UETCL, UEDCL, and NWSC, have sustainable cost-recovery mechanisms will reduce their reliance on government support.

Managing Uganda's contingent liabilities effectively will require a proactive approach that integrates debt sustainability, risk mitigation, and fiscal transparency. Therefore, this report serves as a crucial tool for policymakers in ensuring that contingent liabilities are well-managed, reducing fiscal exposure and safeguarding the long-term stability of public finances.

The summary of total contingent liabilities to GoU identified in this report:

	UGX trillion
Explicit	**5.276**
Loan guarantees	0.366
PPPs	unquantified
Legal claims	4.910
Implicit	**11.43**
Non-guaranteed debt (SOEs, EBUs, LGs)	11.18
Authorisations to borrow	0.25
Total	**16.706**

Chapter 1. Introduction

1.1. Background

This Annual Contingent Liabilities Report provides an overview of the government's contingent liabilities, assessing their fiscal implications and potential risks to public finances. Contingent liabilities, while not recorded as direct obligations on the central government's "balance sheet", could impose substantial fiscal costs if realised, affecting debt sustainability and budget planning. Increased monitoring and transparency of these liabilities is essential for safeguarding the fiscal position and maintaining investor confidence, particularly as international markets increasingly factor them into sovereign credit assessments.

1.2. Objectives and Scope

The primary objective of this report is to enhance transparency and accountability in the management of contingent liabilities by identifying, quantifying, and analysing their fiscal risks. The report aims to support evidence-based policymaking by providing a comprehensive assessment of contingent liabilities, their potential fiscal impact, and the adequacy of existing risk mitigation frameworks.

The scope of this report covers both explicit and implicit contingent liabilities. Explicit contingent liabilities include loan guarantees issued by the government, contingent liabilities arising from Public-Private Partnership (PPP) contracts, and legal claims with potential fiscal consequences. Implicit contingent liabilities encompass risks associated with SOEs, extra-budgetary units (EBUs), and local governments, including disbursed and outstanding debt, government grants and contributions, and authorisations to borrow.

The following entities have been analyzed in this year's report: 2 guaranteed entities, 40 PPPs, 36 SOEs, 135 local governments, 18 authorized borrowers.

1.3. Methodology

The Annual Contingent Liabilities Report has been developed using a field-based approach, relying primarily on audited financial statements from the previous fiscal year (FY 2023/24). This methodology ensures a comprehensive and data-driven assessment of both explicit and implicit contingent liabilities of the Government of Uganda (GoU). Key sources include financial records from government-guaranteed entities, SOEs, EBUs, local governments, legal proceedings, PPP commitments, and financial institutions that may pose fiscal risks.

The report follows a systematic process, beginning with the collection and meticulous review of audited financial statements, ensuring data accuracy and verification. After compiling the relevant data, a structured analysis was conducted to identify, evaluate, and assess the extent and nature of contingent liabilities. This assessment provides insights into their potential fiscal impact and informs the recommendations presented in the final report.

1.4. Report Structure

The rest of this report proceeds as follows:

Chapter 2 examines explicit contingent liabilities, covering loan guarantees (Section 2.1) and their fiscal risks, Public-Private Partnerships (Section 2.2) and associated financial commitments, and legal proceedings (Section 2.3) that may result in government liabilities.

Chapter 3 focuses on implicit contingent liabilities, which the government is not legally bound to cover but may assume due to political or economic pressures. It discusses non-guaranteed debt (Section 3.1) and its fiscal implications, the financial performance of SOEs (Section 3.2) and their indebtedness per sector, and authorisations to borrow (Section 3.3), assessing approved but unexecuted borrowing.

Chapter 4 concludes with a summary of key findings and policy recommendations, offering guidance on strengthening the management, transparency, and mitigation of contingent liabilities.

Chapter 2. Explicit Contingent Liabilities

Explicit contingent liabilities represent potential government financial commitments established through contractual agreements, legal frameworks, or policy directives. These obligations legally require the government to assume financial responsibility, if predefined conditions materialise. Examples include loan guarantees, government-backed guarantee programmes, liabilities arising from legal proceedings, and obligations stemming from PPP contracts.

2.1 Loan Guarantees

2.1.1 Overview

Loan guarantees issued by the Government of Uganda serve as an important instrument for facilitating access to financing in key sectors such as education, trade, SME development, and industrialisation. These guarantees enable beneficiary institutions to secure concessional funding from international creditors, supporting projects that contribute to economic growth and national development. The full details of these guarantees, including the list of projects, beneficiaries, creditors, guaranteed amounts, and disbursements, are listed in Annex 1, Table A1.

As of December 2024, the number of active government loan guarantees stood at 10, a decline from 12 in the previous year. This reduction was due to the full repayment of two guaranteed loans – USD 10 million from the International Islamic Trade Finance Corporation (ITFC) and USD 10 million from The Arab Bank for Economic Development in Africa (BADEA). Consequently, the total value of the guaranteed loan portfolio declined from USD 120 million in December 2023 to USD 100 million in December 2024.

There are only two entities that account for the entirety of the active guaranteed loans:

- Uganda Development Bank Limited (UDBL) – 7 out of 10 guarantees – financing for SMEs, agribusiness, manufacturing, and industrialisation projects to boost economic growth.
- Islamic University in Uganda (IUIU) – 3 out of 10 guarantees – investment in higher education infrastructure to support student capacity and facility expansion.

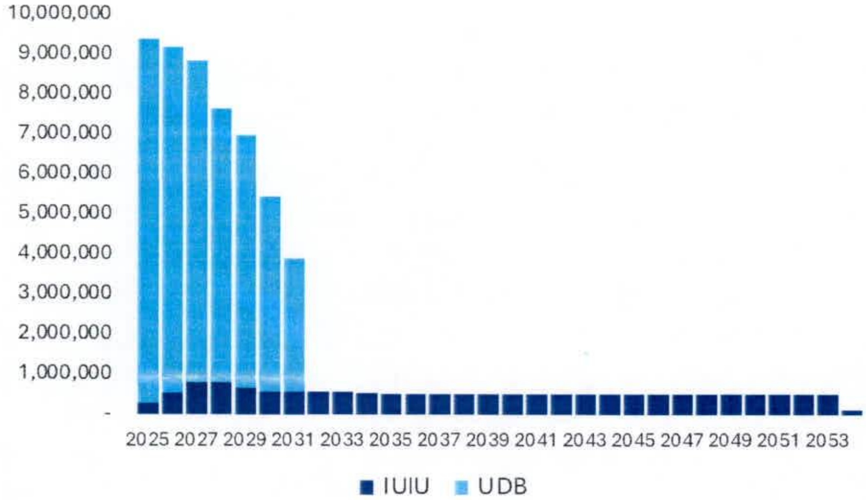
The government's total exposure to disbursed and outstanding guaranteed debt decreased from USD 56.1 million in December 2023 to USD 48.3 million in December 2024, a 14 percent reduction. This decline is attributable to loan repayments exceeding new disbursements. The disbursed and outstanding guaranteed debt-to-GDP ratio remains constant at 0.12 percent – well below the 5 percent threshold set under the *Guidelines for the Management of Contingent Liabilities*.

2.1.2 Credit Risk Assessment of the Guarantee Portfolio

The guaranteed loan portfolio has a maturity range of 7 to 25 years, with a weighted average maturity of 8 years. This longer maturity profile helps to spread repayment obligations, reducing the likelihood of large, concentrated fiscal shocks in any single year. The effectiveness of this risk distribution will depend on the continued financial stability of the guaranteed entities.

A notable peak in guaranteed loan repayments occurs in 2025, totalling USD 9.3 million, a reduction from USD 12.9 million in 2024 (Figure 1). The bulk of this exposure (USD 9 million) is linked to Uganda Development Bank Ltd (UDBL). This repayment concentration does not currently indicate an immediate risk, given UDBL's historically strong repayment capacity. However, if macroeconomic conditions deteriorate (e.g., a slowdown in trade or credit constraints affecting private sector borrowers), UDBL's ability to meet its obligations could be tested.

Figure 1. Redemption Profile of Guarantees (USD)



Source: MoFPED (DPI).

2.1.3 Credit Risk and Probability of Default of Guaranteed Entities

In this subsection, the credit risk and probability of guaranteed entities is assessed based on their credit rating as tabulated in Table 1.

Table 1. Credit Rating of Guaranteed Entities

Entity	Rating*	Definitions	Source of Rating

Uganda Development Bank Limited (UDBL)	**Aa1****	Obligations judged to be of high quality and are subject to very low credit risk	AA+ by FITCH
Islamic University in Uganda (IUIU)	**A1**	Obligations are judged to be upper-medium grade and subject to low credit risk	Internal rating

Note: * Moody's equivalent. ** Aligning the internal ratings and Fitch ratings with Moody's equivalent ratings enables a standardised approach to assessing credit risk. By mapping these ratings to Moody's scale, we can apply Moody's historical probabilities of default, ensuring consistency in the calculation of expected losses.
Source: MoFPED (DPI).

The credit ratings of the guaranteed entities were carried out to gain insight into their probability of default, which in turn helps assess the government's potential fiscal exposure and the likelihood of guarantee activation. A lower credit rating signals higher risk, increasing the chances that the government may have to step in to fulfil the entities' obligations, whereas stronger ratings indicate a lower probability of default and minimal fiscal risk.

Uganda Development Bank Limited (UDBL) has demonstrated strong debt servicing capacity, consistently meeting its financial obligations. Its most recent credit rating by Fitch stands at AA+ (very strong credit quality), while Moody's rates it Aa1 (high-quality obligations with very low credit risk).

In contrast, the Islamic University in Uganda (IUIU) carries a slightly higher credit risk relative to UDBL. While its creditworthiness is lower, the institution is not considered at risk of default. The probability of default remains low, suggesting that while IUIU's financial position requires closer monitoring, it does not yet pose a significant fiscal risk.

Based on the credit ratings, the two entities' probability of default over the next five years is projected to be extremely low (Table 2). However, the government will maintain prudent monitoring of IUIU, given its slightly elevated risk profile.

Table 2. Probability of Default

Entity	Rating	Year 1 (%)	Year 2 (%)	Year 3 (%)	Year 4 (%)	Year 5 (%)
Uganda Development Bank	Aa1	0.02	0.07	0.14	0.25	0.39
Islamic University in Uganda	A1	0.06	0.21	0.4	0.65	0.97

Source: MoFPED (DPI).

2.1.4 Maximum and Expected Loss Assessment

The analysis of maximum and expected losses helps to determine whether the current level of contingent liabilities poses a significant fiscal risk to the GoU and whether additional provisioning measures are necessary. While maximum loss represents the worst-case scenario, where the government is required to cover the full disbursed and outstanding loan stock, expected loss provides a more realistic estimate of potential financial exposure based on the probability of default and loss given default.

In the event of both UDBL and IUIU defaulting on their debts, the maximum loss for the government would reach USD 48.3 million (or 0.1% GDP), equivalent to the total disbursed and outstanding guaranteed loan stock (Table 3). While this amount remains relatively low in relation to overall GDP, it could have notable fiscal implications for GoU, straining its fiscal balance. Should the government be required to honour these guarantees, it could result in a direct fiscal outlay, increasing public debt levels and potentially impacting the budget deficit.

Table 3. Maximum Loss

	Nominal Values	Present Values
Name	**Guaranteed Debt Liabilities**	**Guaranteed Debt Liabilities**
Uganda Development Bank Limited	38,845,144	34,117,827
Islamic University in Uganda	9,464,015	7,307,461
Total	48,309,159	41,425,288
Total in Percent of GDP	0.1%	0.1%

Source: MoFPED (DPI).

However, given the near-excellent credit rating of both entities, the expected losses remain minimal (Table 4). Over the next five years, the government's expected losses total USD 76,637, representing a negligible fiscal impact (or just around 0% GDP).

Table 4. The Distribution of Expected Losses

	2025	2026	2027	2028	2029
Uganda Development Bank	1,816	6,040	11,262	17,124	24,591
Islamic University in Uganda	166	1,104	3,098	5,034	6,400
Total (USD)	**1,982**	**7,144**	**14,361**	**22,159**	**30,992**

Total in Percent of GDP	**0%**	**0%**	**0%**	**0%**	**0%**

Note: Expected losses are calculated using Exposure at Default (EAD), Loss Given Default (LGD), and Probability of Default (PD). EAD reflects the outstanding guaranteed amounts, LGD assumes a full loss in a default scenario, and PD, based on credit ratings, estimates the likelihood of default. Together, these factors provide a clearer assessment of the government's potential fiscal exposure.
Source: MoFPED (DPI).

Considering the negligible fiscal impact of the potential losses arising from default or distress events of the guarantee, no provisioning (i.e., setting aside funds in advance to cover potential guarantee calls in case of default) has been recommended for the next fiscal year.

2.2 Public-Private Partnerships

2.2.1 Overview

PPPs play a critical role in Uganda's infrastructure development strategy by mobilising private sector investment to deliver large-scale projects in sectors such as transport, energy, healthcare, and education. Structuring projects through PPP arrangements helps the government reduce upfront public financing requirements, improve operational efficiency, and benefit from private sector expertise in project execution and management. However, PPPs also introduce long-term fiscal commitments and contingent liabilities, which must be carefully assessed to ensure that they do not pose undue risks to public finances.

This section examines the Government of Uganda's current PPP portfolio. The full details of PPP projects, including their stages of development, key sectors, and investment requirements, are provided in Annex 1, Table A2.

2.2.2 Fiscal Risks Associated with PPPs

PPP-related direct commitments arise from explicit government obligations within contracts, requiring budgetary allocations for construction, operation, and maintenance payments over the life of a project. These commitments can impose a long-term financial burden, impacting fiscal space and debt sustainability.

In contrast, contingent liabilities in PPPs represent potential future obligations that could materialise only under specific conditions (e.g., revenue guarantees, foreign exchange guarantees, compensation clauses).

If triggered, these liabilities could lead to financial outlays, potentially undermining Uganda's debt management strategy and fiscal stability. As such, robust risk assessment, transparent disclosure, and prudent fiscal oversight are essential to mitigating PPP-related risks.

2.2.3 Current Status of PPP Projects

The current pipeline of PPP projects in Uganda includes a wide range of infrastructure initiatives across sectors such as transport, energy, ICT, education, healthcare, and tourism. As of December 2024, the number of projects under the PPP Act of 2015 increased from 34 to 40. While this growth reflects heightened interest in leveraging private sector participation, the majority of projects remain at early stages, with none reaching financial closure (Table 5).

Table 5. Summary of PPP Project Phases

Stage	Number of Projects
Concept Stage	19
Procurement of Private Party	3
Feasibility Stage	6
Procurement of Transaction Advisor	7
On Hold	1
Procurement Stage	4
Financial Closure	0
Total	**40**

Source: MoFPED, PPP Unit.

This lack of financial closure makes it impossible to quantify contingent liabilities. Without finalized contracts, key factors such as government guarantees, risk-sharing arrangements, and financial commitments remain undetermined. Additionally, incomplete feasibility studies and ongoing negotiations further prevent reliable estimates.

The main bottlenecks in PPP implementation are listed below:

1) Lack of feasibility study funding: Many projects, including major infrastructure and energy initiatives, are stalled due to insufficient funds for transaction advisory and feasibility assessments, delaying financial closure.
2) Slow and complex procurement processes: Lengthy bidder selection, regulatory approvals, and contract negotiations have delayed projects like the Kampala-Jinja Expressway, increasing uncertainty for investors.

3) Regulatory and institutional constraints: Weak coordination, capacity gaps in PPP oversight units, and unclear project structuring hinder progress, particularly in education, renewable energy, and urban development projects.
4) Unquantified fiscal risks: With no projects reaching financial closure, the government's contingent liability exposure remains unknown, posing potential fiscal risks if obligations materialise unexpectedly.
5) Loss of external financing: The expiration of funding offers, such as the EU grant for the Kampala-Jinja Expressway, raises concerns about securing alternative financing sources.

Addressing current bottlenecks and strengthening risk management practices will be key in ensuring that Uganda's PPP framework effectively supports development objectives without jeopardising fiscal stability.

2.3 Legal Proceedings

Contingent liabilities stemming from legal proceedings continue to pose a significant risk to government entities. These obligations are potential financial costs that may materialise only upon resolution of ongoing legal disputes or verdicts, whose outcomes are uncertain until the conclusion of legal processes. Such disputes can arise from multiple sources, including contract disagreements, regulatory breaches, or negligence claims, and resolving them often involves substantial financial exposure for the government.

The unpredictability of legal outcomes, coupled with the possibility of substantial financial penalties, creates a serious threat to overall fiscal stability and effective budget planning. Historically, such liabilities have contributed to the build-up of arrears, placing additional strain on public finances and hindering efficient financial management. Consequently, proactive legal strategies, strong adherence to regulatory standards, and sound contingency planning become indispensable in minimising the potential fiscal fallout of these disputes.

According to the Consolidated Financial Statement of the Government of Uganda (GoU) for the fiscal year 2023/24, contingent liabilities related to legal proceedings grew to UGX 4.9 trillion by June 2024, reflecting an 11.2 percent rise compared to UGX 4.41 trillion recorded at the end of June 2023. The bulk of these liabilities originate from Ministries, Departments, and Agencies (MDAs), with Ministries alone accounting for 91 percent – equivalent to UGX 4.5 trillion. This increase underscores the growing budgetary pressure that legal disputes can impose on government resources. The table below provides the summary distributions of the amounts across MDAs.

Table 6. Contingent Liabilities from Legal Proceedings

Summary	Legal Proceedings (UGX)
Ministries	4,473,891,528,961
Agencies	423,964,013,291
Public Universities and Self-Accounting Tertiary Institutions	2,339,408,521
Referral Hospitals	-
Embassies and Missions	18,655,448
Local Governments	9,974,846,027
Total (30th June 2024)	**4,910,188,452,248**
Total (30th June 2023)	4,414,309,097,502

Source: Accountant General.

Chapter 3. Implicit Contingent Liabilities

Implicit contingent liabilities are obligations that a government is not legally required to assume but may do so due to political, social, or economic pressures. These include financial support for state-owned enterprises, extra-budgetary units, local governments, and bailouts of state-owned enterprises. Monitoring implicit CLs is crucial because they can pose significant fiscal risks, often materialising unexpectedly and straining public finances.

3.1 State-Owned Enterprises

To ensure a comprehensive understanding and effective reporting, this section assesses the financial health of 36 SOEs across 10 setors as an indicator of government fiscal risk exposure. The full list of SOEs covered in this report is in Table A3.

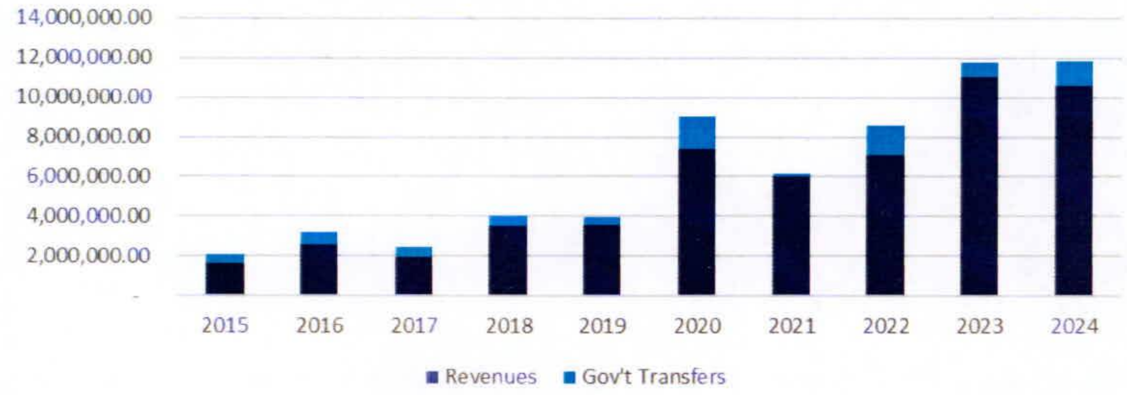
SOEs play a critical role in Uganda's economy, particularly in infrastructure-intensive sectors such as energy, water, and transport, where borrowing is often necessary for capital-intensive projects. However, the rising level of SOE liabilities poses significant contingent liabilities to the government that could impact fiscal sustainability if these enterprises were to face financial distress or fail to generate sufficient revenues to service their debts.

Revenues and Expenditures

Over the past decade, SOEs have demonstrated a generally upward trajectory in revenues, peaking at UGX 11 trillion in 2023 (Figure 2). However, in 2024, their revenues declined by 4 percent to UGX 10.6 trillion. Despite this setback, the broader outlook remains favourable, reflecting an overall increase in SOE revenue generation capabilities over the long run.

These revenue patterns carry important implications for fiscal risk. A growing proportion of SOEs' income is derived from their core operations rather than government transfers or subsidies, which suggests increasing financial self-reliance and reduced direct pressure on public resources. Nonetheless, it remains crucial to continuously monitor SOEs' operational performance to ensure that any reduction in government support does not lead to liquidity or solvency challenges. Failure to do so could ultimately result in higher contingent liabilities if government intervention becomes necessary. The graph below illustrates the evolving composition of SOE revenues, highlighting the rising share of operational income relative to public contributions.

Figure 2. SOE Revenues vs. Government Transfers
In UGX million

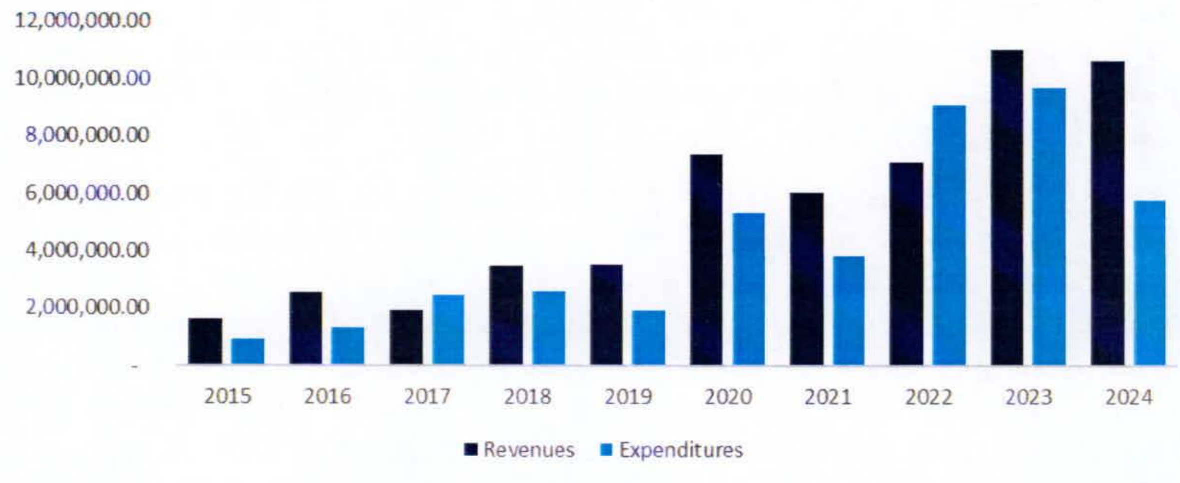


Source: MoFPED (DPI).

From the graph above, we note an overall reduction in dependence on government grants and subsidies as a proportion of revenues. However, they remain significant.

Despite the upward trajectory in SOE revenues, these gains have not translated into correspondingly strong profitability. Expenditures continue to account for a substantial proportion of revenues – averaging 81 percent over the past five years. Figure 3 illustrates this trend, highlighting the persistently high-cost structures that constrain overall profit margins.

Figure 3. SOE Revenues vs. Expenditures
In UGX million

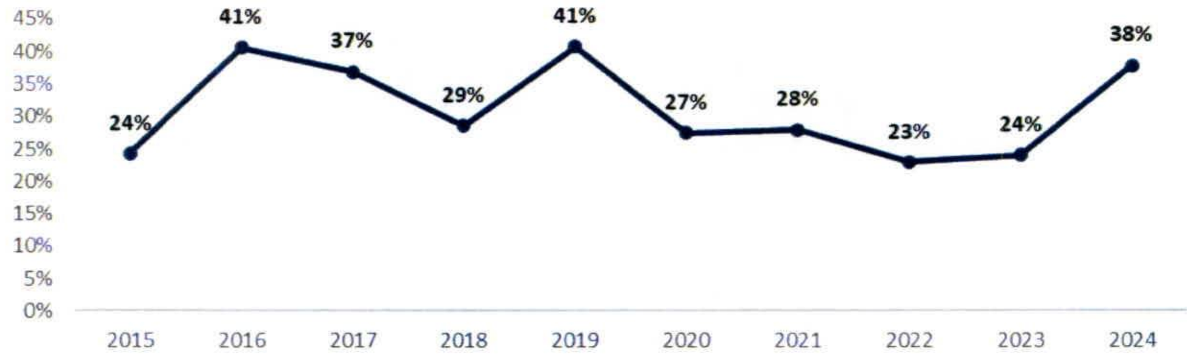


Source: MoFPED (DPI).

Such elevated expenditure levels carry potential fiscal risks. If profitability remains low, SOEs may find it challenging to manage operational costs and service debt commitments without additional external support. In scenarios where SOEs struggle to maintain solvency or liquidity, the likelihood of government intervention increases, thereby creating potential contingent liabilities. We recommend continuous scrutiny of expenditures and strategies aimed at cost containment to mitigate these risks and ensure the long-term financial stability of both SOEs and public finances.

Additionally, the proportion of loss-making SOEs has fluctuated over the past decade, registering a modest increase in 2024 to 38 percent, up from 24 percent in 2023 (Figure 4). This pattern illustrates that a sizable segment of SOEs continue to experience operational deficits, where revenues are insufficient to fully cover their costs.

Figure 4. Percentage of Loss-Making Entities



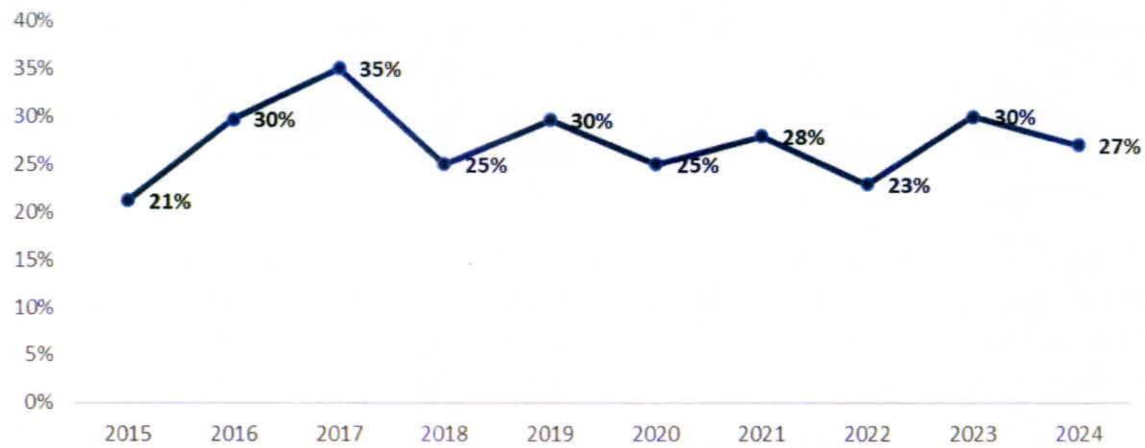
Source: MoFPED (DPI).

Liquidity and Solvency

A review of liquidity indicators reveals that a notable share of SOEs – approximately 27 percent – operate with current ratios under 1 (Figure 5), meaning they have limited capacity to cover short-term obligations using readily available assets. This situation is particularly concerning, given that a significant portion of SOEs' liabilities are short-term, raising the likelihood of cash-flow shortages or operational disruptions if these liabilities come due simultaneously.

From a fiscal risk perspective, such liquidity constraints heighten the possibility of government intervention to avert service interruptions or potential defaults. Should these liquidity challenges become severe, the government may be compelled to extend support – whether in the form of direct financial assistance or guarantees – to ensure SOEs' continued operations. Monitoring and addressing these liquidity shortfalls are, therefore, essential for mitigating the contingent liabilities that could ultimately affect public finances.

Figure 5. Percent of Entities with Current Ratio of <1.



Source: MoFPED (DPI).

SOEs remain highly leveraged, with more than 50 percent of the assets of indebted SOEs financed through debt as of 2024. However, when considering the entire SOE sector, the overall leverage is lower, with debt accounting for approximately 30 percent of total SOE assets analysed.

Debt and Liabilities

Total debt and liabilities arising from SOE and EBU operations are listed in Table 7.

Table 7. Non-Guaranteed Debt and Other Liabilities of SOEs and EBUs

UGX million	**Financial Year**		**Change**	
	June 2023	**June 2024**	**UGX million**	**%**
Domestic borrowing	224,032	231,395	+7,363	+3.29%
External borrowing	304,122	268,164	-35,958	-11.82%
Other liabilities (incl. lease contracts, payables, overdrafts)	9,944,863	10,620,400	+675,537	+6.79%
Total liabilities (excl. GoU on-lent loans)	**10,473,016**	**11,119,959**	**+646,943**	**+6.18%**
Liabilities from grants and GoU contributions	1,467,105	994,029	-473,076	-32.25%

Note: GoU on-lent loans in FY 2023/24 amount to UGX 8.58 trillion. Since it is counted in GoU's debt stock, it is a realised, not contingent liability, and is hence excluded from this table. Sectoral breakdown can be found in Table A3.
Source: MoFPED (DPI).

The composition of SOE contingent liabilities in 2024 highlights that government exposure extends well beyond direct borrowing, with the bulk of fiscal risk stemming from non-loan obligations. While SOEs have borrowed UGX 231.4 billion domestically and UGX 268.2 billion externally, the largest component – UGX 10.62 trillion – comes from other liabilities, such as lease contracts, payables, and overdrafts. This indicates the need to shift the focus of contingent liability management from pure debt oversight to a broader assessment of all financial commitments that could create fiscal risks. If SOEs struggle to meet these obligations, the government may face pressure to intervene, turning contingent liabilities into direct fiscal costs. A more comprehensive monitoring framework is needed to track and mitigate SOE financial exposure, ensuring that not just borrowing but also operational liabilities are sustainably managed to protect public finances.

Sectoral Overview

Annex 1, Table A3 data reveal that Uganda's contingent liabilities from state-owned enterprises are heavily concentrated in a few key sectors: energy, water, and transport. The energy sector alone holds over 60 percent of total SOE contingent liabilities (UGX 5.6 trillion), primarily driven by the three power companies: Uganda Electricity Transmission Company Limited (UETCL), Uganda Electricity Distribution Company Limited (UEDCL), and Uganda Electricity Generation Company Limited (UEGCL). This sharp rise in liabilities reflects ongoing expansion and infrastructure upgrades in electricity transmission and distribution but also raises fiscal sustainability concerns, given the sector's reliance on government-backed commitments.

Beyond energy, the water and transport sectors have also seen substantial increases in contingent liabilities. The National Water and Sewerage Corporation (NWSC) currently holds UGX 3.11 trillion in liabilities, most of these in the form of conditional grants and other non-debt liabilities. In the transport sector, the Civil Aviation Authority (CAA) holds UGX 909 billion in liabilities, indicating major investments in aviation infrastructure, likely linked to airport expansion projects. The continued rise in liabilities in these infrastructure-heavy sectors underscores the need for stronger financial oversight and risk management strategies, particularly as borrowing increases at a pace that may exceed revenue-generating capacity.

Most Fiscally Exposed SOEs

The aforementioned five entities account for most (86 percent) of Uganda's total contingent liabilities in FY 2023/24. This highlights the significant concentration of fiscal risk within a few large infrastructure-focused entities, particularly in the energy, water, and transport sectors. Table 8 provides a breakdown of these entities' total contingent liabilities to the government.

Table 8. Breakdown of SOE Liabilities

UGX million	UETCL	NWSC	UEDCL	CAA	UEGCL
Debt (Borrowings)	2,209,075	156,617	-	723,632	5,857,576

of which GoU on-lent	2,209,075	-	-	723,632	5,857,576
Other Non-Debt Liabilities	1,672,167	2,957,225	2,067,543	909,186	1,600,584
o/w deferred income tax liabilities	149,437			807,899	-
o/w terminal benefits	-	2,518		-	-
o/w deferred tax	-	258,031	-	-	171,289
o/w deferred income	22,816	2,418,398	-	1,408	1,391,134
o/w lease liability	-	11,406	1,789,124	-	-
o/w capital grants	744,758		235,253	-	-
o/w trade and other payables	750,919	242,353	9,645	63,634	38,162
o/w employee benefit obligation/provision for gratuity	4,237	24,518		21,131	-
o/w deposits	-	-	247	15,115	-
o/w amounts due to related parties	-	-	-	-	-
Total liabilities	**3,881,242**	**3,113,842**	**2,067,543**	**1,632,819**	**7,458,161**

Source: MoFPED (DPI).

From the table above, it is clear that the financial exposure of Uganda's state-owned enterprises extends beyond direct borrowing, with a substantial portion of liabilities tied to non-debt obligations such as lease contracts, deferred tax, employee benefits, and trade payables. While SOEs like UETCL and UEGCL carry large borrowing burdens, others, including NWSC and UEDCL, primarily accumulate non-debt liabilities that still pose fiscal risks to the government.

A distinction must be made between on-lent loans and contingent liabilities. On-lent loans – such as the UGX 2.21 trillion for UETCL and UGX 5.86 trillion for UEGCL – are realised liabilities for the government, already counted in Uganda's public debt stock. These loans represent direct government exposure, as their repayment obligations ultimately rest with the state. However, non-debt liabilities – such as deferred income (UGX 2.42 trillion for NWSC), lease liabilities (UGX 1.79 trillion for UEDCL), and trade payables (UGX 63.6 billion for CAA) – remain contingent on future events, meaning the government may be forced to intervene if these SOEs fail to meet their obligations.

The energy sector remains the largest driver of SOE fiscal risk, with UETCL, UEDCL, and UEGCL collectively accounting for a significant share of total SOE liabilities. While borrowing remains the primary driver of UETCL and UEGCL's fiscal exposure, UEDCL's risk is predominantly from lease liabilities and payables, which still create long-term financial obligations that could materialise as direct fiscal costs. Meanwhile, NWSC, despite having relatively low direct debt, holds UGX 2.96 trillion in non-debt liabilities, largely from deferred income, trade payables, and employee benefit obligations. These types of liabilities, while not immediate fiscal costs, could escalate if SOEs face liquidity constraints or fail to generate sufficient revenue to meet their obligations (see Annex 2: Risk Assessment of the Most Fiscally Exposed SOEs).

The Civil Aviation Authority presents a mixed exposure, holding UGX 723.6 billion in on-lent loans (a realised liability) alongside UGX 909.2 billion in non-debt liabilities. While CAA's leverage remains moderate, its cost pressures and reliance on trade payables and deposits could weaken its financial stability over time.

This has important policy implications. Managing SOE fiscal risks requires a comprehensive approach that considers total liabilities – not just borrowing. While on-lent loans are already captured in public debt, non-debt obligations remain contingent liabilities that could ultimately translate into fiscal costs if SOEs struggle to meet their obligations. This highlights the urgent need for improved financial oversight, stronger cost controls, and transparent reporting on SOE liabilities.

3.2 Local Governments

As indicated earlier, local governments (LGs) form part of the implicit contingent liabilities for which we annually assess the risks they pose to public finances. Table 9 below summarises the trends in this area over the one-year period leading to June 2024. See *Annex 3. List of Local Governments* for a full list of 135 LGs covered in this report.

Table 9. Contingent Liabilities from Local Governments

UGX million	**June 2023**	**June 2024**
Domestic loans	16.9	-
External loans	-	-
On-lending	-	-
Total outstanding debt (including GoU on-lent)	**16.9**	
Current liabilities (incl. payables)	29,829	54,651
Other debts (incl. lease contracts and overdrafts)	-	-
Other LG contingent liabilities	6,492	811
Capital grants	-	-
Pension liabilities	12,541	2,433
Total (Implicit contingent liabilities)	**48,878**	**57,895**

Source: MoFPED (DPI).

Contingent liabilities arising from local governments increased to UGX 57.9 billion in June 2024, from UGX 48.9 billion in June 2023. While this increase coincided with a sharp rise in current liabilities, which nearly doubled from UGX 29.8 billion to UGX 54.7 billion, it is important to note that current liabilities are not contingent liabilities. Instead, contingent liabilities represent potential obligations that may arise if local governments fail to meet their financial obligations and require central government intervention.

The notable decline in pension liabilities, from UGX 12.5 billion to UGX 2.4 billion, suggests that payments were made or actuarial adjustments were implemented. Additionally, other local government contingent liabilities fell significantly from UGX 6.5

billion to UGX 811 million, indicating settlements or reclassification of obligations. The absence of domestic or external loans, on-lending, or capital grants implies a reduced reliance on formal borrowing.

Moving forward, robust monitoring and fiscal oversight will be essential to manage contingent liabilities and mitigate the risk of these obligations materializing into direct fiscal costs for the central government.

3.3 Authorisations to Borrow

Four schools received borrowing authorisations from the Minister in FY2023/24, totalling UGX 6.68 billion (see Table 10). The loans have been primarily used to finance school construction, renovation works, and the purchase of school buses. This reflects efforts by educational institutions to expand capacity, improve service delivery, and address transportation needs.

A few larger authorisations from previous financial years relate to utility and energy SOEs, such as the National Water and Sewerage Corporation and Uganda Electricity Generation Company Limited, which focus on critical infrastructure, including water systems and energy operations.

Table A4 provides a complete list of all 18 institutions that have been authorised to borrow. The portfolio of authorized loans as of December 2024 amounted to UGX 253.73 billion, of which UGX 180.17 billion remained outstanding.

All entities remain fully compliant with their debt servicing obligations. The risk of non-compliance is solely borne by the institution's Board of Governors and the creditor. This is explicitly stated in every borrowing authorization.

Table 10. Borrowing Authorisations in FY2023/24

No.	Borrower	Date of Signature	Lender	Purpose	Amount (UGX)	Outstanding (Dec. 2024)
1	Mubende Light Secondary School	12/3/2024	Post Bank	Classroom construction	300,000,000	300,000,000
2	Makerere College School	3/4/2024	Centenary Bank	Classroom construction	2,000,000,000	2,000,000,000
3	Kisiki College Namutumba	24/05/2024	Post Bank	Bus	680,000,000	680,000,000
4	Tororo Girls School	22/08/2023	Housing Finance Bank	Construction	3,700,000,000	1,633,000,000

Chapter 4. Conclusions and Recommendations

This report identifies UGX 16.7 trillion in contingent liabilities to the government – or just below 10 percent of the GDP. The findings of this report highlight that although the government has made progress in reducing loan guarantee exposure, the rapid accumulation of SOE-related contingent liabilities, unquantified PPP commitments, and legal cases present important challenges that require urgent policy action.

The most pressing concern is the scale of SOE contingent liabilities, which has reached a level where it could jeopardise fiscal sustainability if left unchecked. The five SOEs with the largest contingent liabilities – UETCL, UEDCL, UEGCL, NWSC, and CAA – account for nearly all of total government exposure. Some of these entities, particularly UEDCL and UETCL, are already showing signs of financial distress, increasing the likelihood of government intervention to prevent service disruptions. This is further compounded by low profitability, inefficient cost structures, and high financial obligations. Without stronger financial oversight and risk management measures, these liabilities could translate into direct fiscal costs, placing additional pressure on the national budget.

In addition, fiscal risks related to PPP projects remain unquantified as of now because none of the projects have reached financial closure. As such, their potential fiscal risks will be reevaluated in the next fiscal year. While the number of active PPP projects has grown to 40, most of them are stalled at the feasibility stage due to funding constraints. Without proper risk assessment and financial planning, the long-term fiscal implications of PPPs remain unclear, increasing the possibility of unplanned government liabilities in the future.

Legal cases present a significant share of contingent liabilities to the government, amounting to nearly UGX 5 trillion. This exposure highlights the risk of unexpected fiscal costs if adverse rulings materialize.

Key Takeaways and Recommendations

The government must adopt a proactive and risk-based approach to managing contingent liabilities. The actions outlined below focus on mitigating fiscal exposure across SOEs, PPPs, legal claims, and local governments. Recommendations are sequenced by their expected implementation timeline – starting with actions that can be taken immediately under existing frameworks, followed by medium-term reforms requiring institutional strengthening, and concluding with longer-term structural measures. This phased approach aims to deliver both quick wins and lasting improvements in fiscal risk management.

Immediate priorities:

1. Set a threshold for contingent liabilities as a share of GDP

Given that Uganda's contingent liabilities are estimated at around 10 percent of GDP and are growing each year, it is advisable for the Government to adopt a formal threshold for contingent liabilities as a percent of GDP.

Establishing such a limit would have several benefits for fiscal management: it would enhance fiscal discipline by providing an early warning mechanism for emerging risks, and support more prudent decision-making around the issuance of government guarantees and other off-balance sheet commitments. A clear ceiling would also strengthen transparency and accountability, helping to manage investor perceptions and safeguard debt sustainability. As Uganda's fiscal space remains constrained, a well-defined threshold would help policymakers guide the prioritization of contingent liabilities, ensuring they remain within manageable limits.

2. Enforce collection of the guarantee fee

The Guidelines for the Management of Contingent Liabilities require the Government of Uganda to charge a guarantee fee of 0.3 percent annually over the duration of the guarantee, applied to the nominal value of the guaranteed facility. The cumulative fee is capped at 2 percent. To ensure effective risk pricing and avoid moral hazard, the Ministry should systematically include the guarantee fee provisions in all guarantee agreements and enforce fee collection. Failure to do so may distort market incentives and create the perception of implicit government subsidies or intervention.

Medium-term priorities:

3. Strengthen oversight of SOE-related contingent liabilities

To mitigate fiscal risks arising from state-owned enterprises, the Government should strengthen oversight of contingent liabilities linked to SOEs.

3.1 Ceilings should be introduced on the level of contingent liabilities that individual SOEs can accumulate—especially for those with high fiscal exposure—to prevent unsustainable risk build-up.

3.2 SOEs should be required to submit credible contingency management plans before any government-backed obligations are approved, outlining how they would respond to adverse shocks or repayment difficulties.

3.3 The Government should strengthen its oversight of SOE governance. In particular:

> **3.3.1** Mandate regular independent audits of SOEs, ensuring financial and operational transparency.

3.3.2 Require compliance with corporate governance best practices, including Board independence, professionalized management, and performance-based oversight.

3.3.3. Establish clear accountability frameworks by linking SOE borrowing and guarantee approvals to governance performance metrics.

3.3.4. Enforce a formal SOE dividend policy that mandates dividend payments when SOEs achieve sustainable profits, while allowing exemptions for strategic reinvestment. Weak oversight and lack of clear dividend policies allow some SOEs to avoid dividend payments even when financially capable. Well-governed countries implement clear rules on when and how SOEs must transfer part of their profits to the Treasury. For example, in New Zealand, SOEs are required to justify any dividend exemptions, ensuring public funds are used efficiently. In Singapore (Temasek Holdings), SOEs follow a strict dividend policy, with profitable entities required to pay a portion of earnings to the government.

Countries like South Africa and Norway have strengthened SOE oversight by requiring transparent performance contracts, periodic governance reviews, and explicit financial sustainability targets. Adopting similar measures in Uganda would enhance accountability, reduce operational inefficiencies, and limit contingent liability risks.

4. Strengthen risk reporting structures

Improving the monitoring of contingent liabilities is critical for early risk detection and sound fiscal management. The Government should consider the following:

4.1 Assign clear reporting responsibilities: SOEs, line ministries, and PPP units should submit risk assessments quarterly to MoFPED. Countries such as Chile and South Africa have adopted regular, detailed reporting frameworks that allow for real-time oversight of fiscal risks across sectors. This would allow the Government to undertake timely scenario analysis and stress testing to assess potential fiscal shocks and their impact on public finances.

4.2 Integrate contingent liabilities into the Medium-Term Fiscal Framework (MTFF) to strengthen fiscal planning. For example, Peru and Indonesia incorporate expected calls on guarantees and other risk-adjusted exposures into their MTFFs to improve budget realism and debt sustainability analysis. This would help ensure that potential calls on Government guarantees and legal liabilities are accounted for in debt sustainability analysis, as well as allow policymakers to assess the trade-offs between issuing new guarantees and maintaining fiscal space.

4.3 Expand legal risk assessment mechanisms to anticipate potential fiscal costs arising from ongoing litigation. In Brazil, the Treasury regularly evaluates legal claims against the state to estimate contingent legal liabilities and includes high-risk cases in its fiscal risk reports. These practices would improve transparency, support better decision-making, and help safeguard Uganda's fiscal position.

Structural reforms over the longer term:

5. Improve SOE revenue generation and cost efficiency

To reduce reliance on government guarantees and minimize fiscal risks, the Government should prioritize reforms aimed at strengthening the financial sustainability of state-owned enterprises.

5.1 Financial sustainability models should be reviewed and reformed to ensure cost recovery through improved operational efficiency and revenue optimization. This includes revisiting pricing structures, reducing operational losses, and identifying new revenue streams.

5.2 The Government should strengthen financial reporting requirements for SOEs to capture their full fiscal exposure – not just direct borrowing, but also off-balance sheet obligations, arrears, and other liabilities.

These measures would help ensure that SOEs are financially self-reliant and that the Government has a clearer picture of the fiscal risks they pose.

Annex 1: Supplementary Tables

Table A1. Debt Stock under Guarantee and Government Risk Exposure

No.	Beneficiary	Project	Creditor	Guaranteed Amount (USD)	Tenure (Years)	Undisbursed (USD)	Disbursed & Outstanding (USD)		Status
							Dec. 23	Dec. 24	
1	Islamic University in Uganda (IUIU)	Construction of a students' hostel	Islamic Development Bank (IDB)	4,302,676	25	-	1,310,364	1,061,417	Repayment on schedule
2	IUIU	Additional funding for constructing a students' hostel	IDB	983,888	20	-	511,176	452,533	Repayment on schedule
3	IUIU	Constructing the Faculty of Engineering, upgrading the library and purchasing ICT equipment	IDB	13,790,000	18	5,839,935	2,962,139	7,950,065	Not fully disbursed
4	Uganda Development Bank Limited (UDBL)	Private sector projects and trade transaction in the Republic of Uganda	The Arab Bank for Economic Development in Africa (BADEA)	6,000,000	10	-	2,624,900	1,874,900	Repayment on schedule
5	UDBL	Private sector projects and trade transaction in the Republic of Uganda	IDB	10,000,000	8	-	843,331	497,028	Repayment on schedule

No.	Beneficiary	Project	Creditor	Guaranteed Amount (USD)	Tenure (Years)	Undisbursed (USD)	Disbursed & Outstanding (USD)		Status
							Dec. 23	Dec. 24	
6	UDBL	On-lending exclusively to eligible projects in various sectors in Uganda, including in priority targeted sectors	African Development Bank	15,000,000	10	-	10,312,500	8,437,500	Repayment on schedule
7	UDBL	Financing the imports of goods and services from India	Exim India	5,000,000	7	-	2,499,900	1,785,714	Repayment on schedule
8	UDBL	Funds for women-led and youth projects	European Investment Bank	15,000,000		15,000,000			Undisbursed
9	UDBL	Funding for trade finance projects	International Islamic Trade Finance Corporation	10,000,000	1		1,403,843	-	Paid off
10	UDBL	Funds for SMEs in key growth sectors	OPEC Fund for Int'l Development	20,000,000	8	-	18,750,000	16,250,001	Repayment on schedule
11	UDBL	Funding for projects in key growth sectors of Uganda	BADEA	10,000,000	7	-	5,000,000	10,000,000	Still in grace period

No.	Beneficiary	Project	Creditor	Guaranteed Amount (USD)	Tenure (Years)	Undisbursed (USD)	Disbursed & Outstanding (USD)		Status
							Dec. 23	Dec. 24	
12	UDBL	Trade finance line for importation of goods from Arab countries	BADEA	10,000,000	7		10,000,000	-	Paid off
TOTAL				**100,076,564**		**20,839,935**	**56,218,154**	**48,309,159**	

Table A2 . Active PPP Projects under the PPP Act

#	Project Name	Contracting Authority	Registration Date	Description	Project Size	Stage	Update
1.	Kampala-Jinja Expressway	Uganda National Roads Authority	October 2017	Design, build, finance, operate and transfer a limited access 95 km from Kampala to Jinja.	USD 1.5 billion	Procurement of private party	• The pre-qualification process was conducted in 2018 with four selected bidders pre-qualified. • One of the bidders withdrew from the procurement process in March 2022. • Revised bidding documents were issued to bidders in June 2024 after H.E. the President's clearance of a Partial Risk Guarantee. • Four sets of clarifications were issued between June and November 2024.

							• Final RFP was issued on 11th November 2024 (a number of RfP versions have been issued because the PPP process is iterative, involving inputs by bidders, lenders, contracting authority and development partners). • Bidders are now preparing their proposals. Final bid submission deadline is 28th February 2025. • EU grant and AFD financing offer expired at the end of 2024.
2.	Kampala Waste Management PPP	KCCA	13th March 2018	Design, build, finance and operate a new sanitary landfill and facility at Dundu (Mukono).	UGX 163 billion	Feasibility	KCCA verbally in a meeting at MoFPED indicated fundamental departure to progress with the project as initially conceptualised. MoFPED awaits formal communication of this position.

3.	Entebbe Iconic ICT Park	NITA-U	22nd November 2022	Construction of a 17-acre ICT Park in Entebbe.	USD 180 million	Procurement of a private party	Negotiations with the private party completed.
4.	Redevelopment of National Council of Sports Complex – Lugogo	National Council of Sports	6th June 2017	Redevelopment of the sport complex in Lugogo.	USD 19 million	Procurement of a transaction advisor	The project has stalled due to procurement because of lack of funds for transaction advisory/ feasibility study.
5.	Redevelopment of Uganda National Cultural Centre (UNCC) Properties	UNCC	10th May 2017	Redevelopment of the National Theatre and associated properties.	USD 174 million	Procurement of a Transaction Advisor	The project has stalled due to procurement because of lack of funds for transaction advisory/ feasibility study.
6.	Mulago Car Parking	Mulago National Referral Hospital	10th May 2017	Construction of a modern multi-level parking space and commercial amenities.	USD 19.1 million	Project on hold because of lack of funds for feasibility study	Project on hold because of lack of funds for feasibility study.
7.	Gulu Logistics Hub	Uganda Railways Corporation (URC)	9th November 2020	Construction of a logistics hub in Gulu on land belonging to Uganda Railways Corporation (URC).	USD 21 million	Procurement of private party	The hub has been operationalised under the Uganda Revenue Authority.
8.	Uganda Rural Water Development Project	Ministry of Water and Environment	9th November 2020	MoWE with the help of private party M/S Hydro Nova Ltd to develop large-diameter ground water wells in water-stressed parts of the country (DBFOT project).	Approx. USD 650 million	Feasibility study	Project has stalled because of lack of funds for transaction advisory/ feasibility study.

9.	Uganda Post Ltd (UPL) Properties Development Project	Posta Uganda	20th September 2017	All company properties to be renovated and/or re-developed for better utilisation using PPP.	USD 224 million	Feasibility study	Feasibility study ongoing.
10.	Uganda Coffee Development Authority – Multi-use Office Complex Project	Uganda Coffee Development Authority	22nd November 2021	UCDA hopes to relocate their headquarters currently operating out of an old building on Plot 35, Jinja Road.	UGX 60 billion	Concept stage	The project was interrupted by rationalization.
11.	Ministry of Trade and Industry – Office Accommodation Complex	Ministry of Trade and Industry	22nd November 2021	MTAC offered MTIC land at Plot M175, Nakawa for the construction of the Trade House.	UGX 230 billion	Concept stage	Awaiting confirmation from MTIC on intended progress.
12.	Busitema University Multipurpose Business Complex	Busitema University	22nd November 2021	Proposal to construct a multipurpose business complex.	UGX 4.7 billion	Procurement of Transaction Advisor	The procurement process for a Transaction Advisor to conduct the feasibility study is currently underway, with funding provided through the Project Preparation Facility under the National Planning Authority.
13.	Kyambogo University Students' Accommodation Project	Kyambogo University	23rd May 2022	Construction of accommodation facilities for about 10,000 students (undergraduates and postgraduates). The accommodation facilities will be inclusive of entertainment area, cafeteria, lobbies, laundry area,	UGX 34.56 billion	Procurement stage	The procurement of a private party is in progress.

				administrators' offices and self-contained rooms, and any other relevant services. The project also includes commercial space for renting to generate revenue.			
14.	Kyambogo University Multipurpose Sports Complex Project	Kyambogo University	23rd May 2022	The project entails construction of a multipurpose sports complex with facilities such as a multipurpose indoor arena, outdoor courts and a swimming pool, basketball courts, and facilities for volleyball, netball, handball, badminton, futsal, swimming and water polo, among others. The multipurpose indoor arena will also be able to house other entertainment and conference functions with a seating capacity of up to 5,000 people and with parking for over 340 cars. The project will also include commercial space for renting to generate extra revenue.	UGX 20.52 billion		
15.	Kyambogo University Multipurpose Business Centre Project	Kyambogo University	23rd May 2022	The project entails construction of a Multipurpose Business Centre at Kyambogo Hill. The business centre will mainly include commercial spaces and other facilities such as conference facilities, offices, secretarial services, entertainment, restaurants, accommodation facilities,	UGX 25.56 billion		

				bookstore, children's play areas and any other relevant services. The project majorly includes commercial space for renting to generate revenue for the university that will supplement the ever-decreasing central government subvention.			
16.	Uganda Coffee Development Authority Soluble Coffee Processing Plant Project	Uganda Coffee Development Authority	23rd May 2022	The project entails the construction of the first soluble coffee processing plant in Uganda under the PPP modality. The project will improve value addition to Ugandan coffee, provide a market for coffee farmers and auxiliary industries, and increase exports of Ugandan coffee to newly emerging economies in Africa and beyond, thus increased foreign exchange earnings.	USD 50 million	Feasibility study stage	The project was interrupted by rationalisation.
17.	Uganda Railways Corporation – Inland Container Depot at Mukono for Registration	Uganda Railways Corporation	16th December 2022	The project is divided into two phases. Phase one: Establishment of anchor infrastructure such as administrative building up to first level – workshop sheds, customs bonded warehouses, security and guard house, weighbridge, container handling and storage areas, container hard stand, perimeter wall, access roads, parking and provision of utilities had been completed in 2014 and is currently operational.	USD 20 million	Concept stage	URC awaiting budget allocation to undertake feasibility study.

				Phase II works (PPP), which will consist of grain silos, completion of the administrative building, oil tank farm, commercial restaurant, rail siding, police building including firefighting amenities, clinic, water reservoir, LPG storage facilities and ICT facilities. Proposed PPP structure is lease, develop and operate model, i.e., leasing of the existing assets and for the private party to implement phase II works and operate the facility for a period of 25 years.			
18.	Nansana Municipality Green and Sustainable Car Park Complex-Nansana Municipality	Nansana Municipality	1st June 2023	Five (5) level parking facility, parking lots for 250 private cars, 400 commuter taxis and 30 buses, shops and commercial space, dedicated and prrojected boda stages.	UGX 15.1 billion	Concept stage	Project needs funding for feasibility study.
19.	Construction of a Sports Centre at Namate Sports Ground - Entebbe Municipality	Entebbe Municipality	1st June 2023	Construction of a modern sports arena and indoor sporting facilities at Namate, including football pitch, basketball court, volleyball and tennis courts, pavilions, changing rooms, sanitary facilities, shops, restaurants, and parking spaces.	UGX 5 billion	Concept stage	Project needs funding for feasibility study.
20.	James Grant Tourist Site and Development of	Namayingo District	1st June 2023	Construction of assorted tourism and hospitality facilities in Namayingo District, including construction and	UGX 2.06 billion	Concept stage	Project needs funding for feasibility study.

	Lolwe Island Tourist Facility – Namayingo District			restoration of James Grant tourist house, erection of James Grant family statue, setting up a restaurant and children's play centre.			
21.	Ministry of Internal Affairs Staff Housing Project	Ministry of Internal Affairs	28th November 2024	Project entails construction of the following staff houses covering the whole country: 1. 31,700 one-bedroom houses for junior staff. 2. 26,356 two-bedroom houses for middle-level managers for Uganda Police Force, Uganda Prisons Service and Directorate of Citizenship and Immigration Control. 3. 7,760 three-bedroom houses for senior offices of UPF, UPF, UPS and DCIC. 4. 628 four-bedroom houses for senior officers of UPF, UPS and DCIC. 5. 2,665 hostels for senior officers of UPF, UPS and DCIC. 6. Social amenities such as schools, hospitals, clinics and playing areas in the various UPF, UPS and DCIC community settlements.	UGX 4 trillion	Feasibility study stage	Transaction Advisor has been procured. Feasibility study has commenced.
22.	Mbarara Regional City Abattoir	Mbarara City Council	28th November	The project aims to construct a modern abattoir in Mbarara City, which will have the capacity to	UGX 43.6 billion	Concept stage	Project needs funding for feasibility study.

			2024	slaughter 1,000 cows per day. The abattoir will also perform other value-added functions such as cooling, specialised fresh cuts, horn processing, manure and biogas, and processing of the meat in accordance with the requirements and product standards of the relevant authorities.			
23.	Gulu City Layibi Central Market	Gulu City	28th November 2023	The project entails construction of medium- to large-scale market comprising lock-up shops for about 100 traders. The construction will include washrooms, ample parking space and provisions for waste collection.	UGX 2 billion	Procurement stage	The procurement of a private party is in progress.
24.	Mukono Eco-Tourism and Apiary Centre Project by Mukono District	Mukono District	28th November 2023	Mukono District is desirous of leveraging their tourism potential as evidenced by existing activities and active tourism sites, e.g., Ngamba Islands for chimpanzee sanctuary and viewing, birding, Sezibwa Falls and several other cultural sites in different parts of the district. It is envisaged that the current project proposal for Kasuulo Forest eco-tourism activities can easily be incorporated into the itinerary of the already existing tourism activities. Its proximity to Kampala and the two mega-cities planned in Wantoni and Mpunge/Mpatta are potential sources of future domestic visitors to the eco-lodge and market for honey and by-	UGX 8.7 billion	Concept stage	Project needs funding for feasibility study.

				products. The proposed development will be in an area estimated to be 40 acres, which includes the construction of an eco-lodge, walking trails, bird watching hides, apiaries and an apiary training centre, among others.			
25.	Buyiga Solar Grid Project	Mpigi District	28th November 2023	Mpigi District would like to set up Buyiga Solar Grid to improve access to reliable and affordable power that will not only improve living standards but also foster economic development and reduce social inequalities in the area. The project will entail the construction and installation of basic technical components of a solar mini-grid, which may include: i) A production system. ii) A distribution system. iii) An end-user system. The production system consists of energy generation technologies, inverters, a management system and sometimes storage (batteries).	UGX 3.3 billion	Concept stage	Project needs funding for feasibility study.
26.	Koome Solar-Powered Grid Project	Mukono District	28th November 2023	Mukono District would like to set up Koome Solar Grid to improve access to reliable and affordable power that will not only improve living standards but also foster economic	UGX 7 billion	Feasibility study	Feasibility study complete.

				development and reduce social inequalities in the area. The project will entail the construction and installation of basic technical components of a solar mini-grid, which may include: i) A production system. ii) A distribution system. iii) An end-user system. The production system consists of energy generation technologies, inverters, a management system and sometimes storage (batteries).			
27.	Goma Grid Solar Project by Mukono Municipality	Mukono Municipality	28th November 2023	The project entails the development of 5 MW solar power station on the land at Goma Division headquarters. This will include the construction of concrete slabs with mountings, followed by the installation solar panels, inverters and other electromechanical equipment. The project will also see the installation of power evacuation facilities such as a switch gear, transformers, transmission lines etc.	UGX 25.5 billion	Concept stage	Project needs funding for feasibility study.
28.	Katikolo Mini-Grid Project by Mukono Municipality	Mukono Municipality	28th November 2023	The project entails the establishment of a 70 kw grid-connected solar power station for electrification of Katikolo Village.	UGX 4.9 billion	Concept stage	Project needs funding for feasibility study.

				This will entail the procurement and installation of the solar equipment, namely, solar panels, batteries, controllers and inverters at the generation facility. Preliminary estimates indicate that the plant would have 350 solar panels, each rated at 200 W. Similarly, the project will see the design of the distribution network within Katikolo Village. This will be followed by the procurement and installation of distribution poles, insulators and conductors. Furthermore, the project will cover capacity-building programmes and awareness creation regarding solar PV systems. It will also include an outreach component focused on the establishment of a waste-to-energy conversion facility at the existing garbage collection point.			
29.	Soroti City Development of Waste Collection and Management Project	Soroti City	28th November 2023	The proposed project shall include the following components as follows: i) Door-to-door waste collection with source sorting. ii) Transportation to a landfill site. iii) A solid waste composting unit and scientific sanitary landfill facility. iv) A compost marketing/sales unit and stores for manure.	UGX 7.5 billion	Concept stage	Project needs funding for feasibility study.

30.	Purongo Cultural Centre by Nwoya District	Nwoya District	28th November 2023	Nwoya District would like to set up Purongo Cultural Centre as a one-stop cultural hub with the hope of promoting cultural tourism which could be a major benefit to the district, Nwoya LG. The proposal aims at preserving and promoting Uganda's traditions and culture and at facilitating and enhancing local and international tourism while at the same time creating jobs, especially for women and the youth. Essentially, the centre will feature Ugandan traditional dishes, cultural dances and performances. The museum section shall be equipped with Acholi traditional tools and is expected to offer Acholi cultural literacy to the tourists and local community. The proposed development is expected to cater to a targeted population of over 1,000 people, including tourists, guests and staff. Out of the total 5-acre project site, it is proposed to develop a hotel/accommodation facility along with a car parking yard on 1 acre, restaurant facilities and swimming pool on 1 acre, a training and cultural centre on 1 acre, a shopping mall with office space on 1 acre and a museum along with a research and education centre on 1 acre.	UGX 5 billion	Concept stage	Project needs funding for feasibility study.

31.	Soroti District Development of Affordable Housing	Soroti District	28th November 2023	This is a bundled project with two accommodation needs for both the district and Soroti University. Soroti District requires approximately 120 units constructed for both low-income earners (to be defined) and the middle class. The university is desirous of providing suitable accommodation for its growing student and staff population along with support amenities. The university management proposes to develop the infrastructure in the following components: •Students hostels with single, double and quadruple occupancy; •Furnished guesthouse for staff with studio apartments, 1-BHK units & 2-BHK units; and • A furnished cafeteria/dining house. The proposed university housing facility shall have well-developed infrastructure networks such as roads, drainage, water supply, sewerage, electrification, rainwater harvesting, street lights, parking, as well as planned circulation and other features.	UGX 51.95 billion	Concept stage	Project needs funding for feasibility study
32.	Development of Lira District Solar	Lira District	28th November	The project entails construction of a solar park of 50 MW capacity to serve	UGX 232.59	Concept stage	Project needs funding for feasibility study.

	PV Station		2023	40,000 households. The proposed project will comprise the following main components: •Solar PV modules with latest technology integration and interconnectivity to the grid. The proposed solution will generate power during daytime and feed to the grid. •Central inverters – The grid-connected inverter range is state-of-the-art equipment with a robust control platform, high efficiency availability, low maintenance and advanced features built with quality components. •String boxes – String boxes minimise the number of DC cables that enter the central inverter in medium- and high-power photovoltaic installations by grouping together different chains of PV panels. • A module mounting structure with sufficient climate resilience and adaptability features and capable of a huge carrying capacity to host numerous modules. •Cable and connectors – These should ideally be extremely robust and resist high mechanical load and abrasion. High temperature	billion		

				resistance and excellent weather-proofing characteristics provide a long service life to the cables used. The connectors with high current capacity and easy mode of assembly are to be used for the connections of the power plant cables.			
33.	Multipurpose Resource Centre in Arua City	Arua City Council	28th November 2023	Construction and operation of a state-of-the-art centre that will serve as a one-stop hub for urban refugees and the broader community, comprising: •A Youth Skilling Centre equipped with modern facilities for vocational and technical training. •A fully stocked modern library, complete with electronic resources. •Commercial space for offices, businesses, and conference facilities. •Banking facilities.	UGX 2 billion	Procurement stage	The procurement of a private party is in progress.
34.	Mbale Stadium Project by Mbale City	Mbale City Council	28th November 2023	Construction and operation of a modern multipurpose sports facility with recreational and storage facilities. The sports facility will be a 25,000-seater stadium – 10,000 seats and 15,000 standing capacity. The stadium will include: i) A National FUFA football pitch standard, a medical room plus visitors' and home team dressing rooms.	UGX 40 billion	Concept stage	Project needs funding for feasibility study.

				ii) 70 lock-up shops, banking hall, 300-seater cinema hall and 3 restaurants. iii) Executive wings for VIP and VVIP, each with 20 seats. iv) Sufficient parking space. v) 4 emergency points.			
35.	Oyam District Solar PV Station	Oyam District	28th November 2023	The proposed project will be comprised of the following main components: •Solar PV modules with latest technology integration and interconnectivity to the grid. The proposed solution will generate power during daytime and feed to the grid. •Central inverters – The grid-connected inverter range is state-of-the-art equipment with a robust control platform, high efficiency availability, low maintenance and advanced features built with quality components. •String boxes – String boxes minimise the number of DC cables that enter the central inverter in medium- and high-power photovoltaic installations by grouping together different chains of PV panels. •Module mounting structure with	UGX 17.89 billion	Concept stage	Project needs funding for feasibility study.

				sufficient climate resilience and adaptability features and capable of a huge carrying capacity to host numerous modules. •Cable and connectors – These should ideally be extremely robust and resist high mechanical load and abrasion. High temperature resistance and excellent weather-proofing characteristics provide a long service life to the cables used. The connectors with high current capacity and easy mode of assembly are to be used for the connections of the power plant cables.			
36.	Get Access Mini Grid Project	Ministry of Energy and Mineral Development	12th June 2024	Construction, operation and maintenance of solar-powered mini-grids, electrifying 139 villages and targeting over 100,000 connections, in the regions of Palorinya, Maaji, Buvuma and Mayuge, Kalangala, Wakiso, and Lake Albert. Total installed generation capacity of 5.3 MW.	USD 29.45 million	Procurement stage	Procurement of a private party is in progress. Shortlist of prequalified bidders was displayed on 19th December 2024.
37.	Soroti University and Staff Accommodation Project	Soroti University	12th June 2024	The project entails the construction of the following: •1,500 housing units for both students and staff; • A guest house; and •1,000 pax. capacity conference facilities.	UGX 142.5 billion	Procurement of Transaction Advisor	The procurement process for a Transaction Advisor to conduct the feasibility study is currently underway, with funding provided through the Project Preparation Facility under the National Planning

							Authority.
38.	Mountains of the Moon Student/Staff Accommodation, Cultural and Tourism Centre	Mountains of the Moon University	17th October 2024	The project entails the construction of the following: • Student halls of residence for 4,000 students; • Apartments for 24 families and 3 three-bedroom villas; • A guesthouse for 60 pax; and • A cultural centre with 2 conference rooms and a staff lounge for teaching and research.	UGX 81.9 billion	Procurement of Transaction Advisor	The procurement process for a Transaction Advisor to conduct the feasibility study is currently underway, with funding provided through the Project Preparation Facility under the National Planning Authority.
39.	Construction of Student Accommodation at Makerere University Business School, Nakawa	Makerere University Business School	17th October 2024	MUBS plans to address the critical shortage of on-campus student accommodation by constructing gender-segregated housing for 20,000 students. The proposed accommodation project will be located on 1.214 hectares of MUBS land at the north-eastern end of the Nakawa Campus	UGX 750 million	Procurement of Transaction Advisor	The procurement process for a Transaction Advisor to conduct the feasibility study is currently underway, with funding provided through the Project Preparation Facility under the National Planning Authority.
40.	Construction of Human Rights Village by Uganda Human Rights Commission on Plot 20, 22 and 24 Buganda Road, Kampala	Uganda Human Rights Commission	17th October 2024	The Human Rights Village Project involves the design and construction of a modern, multi-story building that will serve as the headquarters of the UHRC and its Central Regional Office. Key features include: - dedicated administrative offices designed to accommodate the projected growth in staff; - a human rights museum to educate the public about Uganda's human	UGX 95,151,887, 983 billion	Concept stage	Commission is seeking funds for feasibility study.

				rights history; - a specialised library for essential literature and research materials; and - mixed-use commercial spaces to generate non-tax revenue, thereby reducing reliance on government funding. The total facility space will encompass 14,776 sq. metres, including 5,673 sq. metres for office space, 4,500 sq. metres for commercial activities, and auxiliary areas for support functions. The project aims to enhance the UHRC's effectiveness in promoting and protecting human rights in Uganda while ensuring operational sustainability.			

Table A3. Total SOE-Related Contingent Liabilities, per Sector, FY 2023/24

SOE	Total Contingent Liability to GoU (UGX million)
Education	**18,096**
Fisheries Training Institute	328
Gulu University	0
Law Development Centre	3,581
Lira University	0
Makerere University Kampala	13,153
Mandela National Stadium	1,033
Muni University	0
Energy	**5,613,609**
Atomic Energy Council	673
Electricity Regulatory Authority	23,862
Kilembe Mines Limited	26,583
Uganda Electricity Distribution Company Limited	2,067,543
Uganda Electricity Generation Company Limited	1,808,947
Uganda Electricity Transmission Company Limited	1,672,167
Uganda Energy Credit Capitalisation Company	13,833
Financial	**323,003**
Bank of Uganda	0
Housing Finance Bank	62,518
National Social Security Fund	0
Post Bank Uganda	41,463
Uganda Development Bank	219,022
Uganda Retirement Benefits Regulatory Authority	0

Health	**694,240**
National Medical Stores	694,240
Uganda Trypanosomiasis Control Council	0
ICT	**205,068**
New Vision Printing and Publishing Company Limited	56,165
Uganda Broadcasting Corporation	61,058
Uganda Communications Commission	87,845
Property and Construction	**1,895**
Uganda Property Holdings Limited	1,895
Tourism	**12,503**
Nile Hotel International Limited	6,193
Uganda National Cultural Centre	6,104
Uganda Wildlife Conservation Education Centre	206
Trade	**7,298**
National Enterprise Corporation	4,265
Uganda Development Corporation	3,033
Uganda Export Promotion Board	0
Transport	**1,130,405**
Civil Aviation Authority	909,200
Uganda Air Cargo	6,032
Uganda National Airlines Limited	215,173
Water	**3,113,842**
National Water and Sewerage Corporation	3,113,842
Grand Total	**11,119,959**

Note: Total contingent liabilities stemming from SOEs stand at UGX 11.1 trillion. This includes debt (excluding GoU on-lent loans) and non-debt liabilities, such as conditional grants, lease liabilities etc.

Table A4. Institutions Authorised to Borrow and Their Outstanding Loan Balances

No..	Borrower	Date of Signature	Lender	Purpose	Amount (UGX)	Outstanding (Dec. 2024)	Comments
1	Buckley High School	1/9/2020	Stanbic Bank	Purchase of bus	188,310,000	19,617,921	Payments are done on a termly basis with sums of UGX 22,000,000 million and are scheduled to be completed by March 2025. Repayment on schedule.
2	Kitante Hill School	29/01/2020	Stanbic Bank	Purchase of bus	467,680,000	83,809,861	Payments of UGX 63,000,000 million on schedule per term. Repayment on schedule.
3	Masaba Secondary School	19/12/2018	Stanbic Bank	Purchase of bus	275,000,000	230,000,000	Servicing is on a quarterly basis, payments are not always on time and also sometimes incomplete.
4	Our Lady of Good Counsel SSS Gayaza	10/05/2017 12/03/2019	Centenary Bank	Construction	2,900,000,000	1,891,532,000	Payment was disrupted by Covid-19 but servicing has since resumed as scheduled on a termly basis.
5	St. Mary's College Kisubi	18/10/2018	Centenary Bank	Construction, repairs, rollover	4,000,000,000	1,402,000,000	Repayment is on a termly basis with payments of UGX 166,000,000 million. Repayment on schedule.
6	Mubende Light Secondary School	12/3/2024	Post Bank	Construction	300,000,000	300,000,000	Repayment starting 2025.
7	Makerere College School	3/4/2024	Centenary Bank	Construction	2,000,000,000	2,000,000,000	Repayment on schedule.
8	Kamuli Girls Secondary School	20/08/2024	Stanbic Bank	Construction	120,000,000	120,000,000	Repayment on schedule.
9	Bulo Parents Secondary School	26/07/2024	Stanbic Bank	Construction	300,000,000	300,000,000	Repayment on schedule.

No..	Borrower	Date of Signature	Lender	Purpose	Amount (UGX)	Outstanding (Dec. 2024)	Comments
10	Tororo Girls School	24/07/2024	Housing Finance Bank	Bus	670,000,000	670,000,000	Repayment on schedule.
11	Uganda College of Commerce Aduku	3/12/2019	Stanbic Bank	Purchase of bus	506,000,000	435,282,215	Payment of instalments reduced due to a reduction in the number of students since Covid-19 pandemic.
12	Kisiki College Namutumba	24/05/2024	Post Bank	Bus	680,000,000	680,000,000	Repayment on schedule.
13	Hoima School of Nursing	28/09/2022	KCB	Property purchase	2,470,000,000	1,742,000,000	Repayment on schedule.
14	Tororo Girls School	22/08/2023	Housing Finance Bank	Construction	3,700,000,000	1,633,000,000	Newly acquired loan being disbursed in tranches of UGX 1,800,000,000 billion payment on a termly basis. Repayment on schedule.
15	National Water and Sewerage Corporation	20/12/2019	Equity Bank	Address urgent water challenges	50,000,000,000	18,061,022,000	Repayment on schedule.
16	National Water and Sewerage Corporation	28/01/2022	HFBU/UDB	Priority water intervention projects	95,000,000,000	92,303,360,000	Repayment on schedule.
17	Uganda Electricity Distribution Company Limited	13/02/2023	UDBL	Expansion of Pole plant at Kyampisi	7,045,903,200	-	Undisbursed yet.

No..	Borrower	Date of Signature	Lender	Purpose	Amount (UGX)	Outstanding (Dec. 2024)	Comments
18	Uganda Electricity Generation Company Limited	30/03/2023	Stanbic Bank	Operations for Nalubaale at end of concession	10,000,000,000	-	Undisbursed yet.

Annex 2: Risk Assessment of the Most Fiscally Exposed SOEs

UETCL		
Risk Factor	**Key Insights**	**Implications for Government**
Contingent Liability to GoU	UGX 3.88 trillion in FY 2023/24, highest among SOEs	15 percent of total SOE contingent liabilities, increasing fiscal risk
Debt Sustainability	Debt-to-equity ratio 1.88, debt-to-assets 65 percent	Heavy reliance on borrowing could strain financial stability
Revenue vs. Costs	Revenues at UGX 1.61 trillion, but operating income collapsed from UGX 1.5 trillion to UGX 252 billion	Rising costs or lower margins threaten debt servicing ability
Liquidity Position	Strong current ratio (2.24), cash reserves UGX 744 billion	Can meet short-term obligations, but long-term debt remains a concern
Government Exposure	No direct government grants/subsidies, fully reliant on revenue	High fiscal risk—any distress may require intervention
Sector Dependencies	Linked to distribution (UEDCL) & generation (UEGCL) SOEs, both highly indebted	Risks in other SOEs could spill over to UETCL
Key Risks to Watch	- Rising debt vs. revenue growth - Declining operational margins - Sectoral financial health	Requires close monitoring of debt servicing, revenue trends, and operational efficiency

UEDCL		
Risk Factor	**Key Insights**	**Implications for Government**
Contingent Liability to GoU	UGX 2.07 trillion in FY 2023/24, second highest in energy sector	Significant fiscal risk, requiring close monitoring due to growing liabilities
Debt Sustainability	Debt-to-equity ratio 14.08, debt-to-assets 93 percent—extremely high leverage	Extremely high leverage raises solvency concerns and potential need for government intervention
Revenue vs. Costs	Revenues at UGX 111 billion, but net losses of UGX 10.9 billion indicate financial distress	Sustained losses could affect ability to service debt, requiring tariff adjustments or financial restructuring

Liquidity Position	Current ratio dropped sharply to 5.03 from 12.49, signalling weakening liquidity	Declining liquidity suggests possible short-term financing constraints
Government Exposure	No direct government grants/subsidies, but high fiscal exposure (UGX 2.07 trillion)	Implicit contingent liabilities could emerge if UEDCL struggles to repay obligations
Sector Dependencies	Heavily dependent on electricity transmission (UETCL) and financial sustainability of tariff structures	Financial distress in UEDCL could affect electricity distribution and impact sector-wide stability
Key Risks to Watch	- Increasing losses threaten solvency - High debt burden with no clear revenue growth - Sector-wide risks could amplify financial strain	Close oversight needed—potential restructuring or financial support may be required to avoid cascading fiscal risks

UEGCL

Risk Factor	Key Insights	Implications for Government
Contingent Liability to GoU	UGX 1.81 trillion in FY 2023/24, third highest in energy sector	Significant fiscal risk due to growing contingent liabilities
Debt Sustainability	Debt-to-equity ratio 7.86, debt-to-assets 89 percent—high leverage	High leverage raises concerns over long-term financial sustainability
Revenue vs. Costs	Revenues at UGX 350 billion, but high operating expenses (UGX 250 billion) limit profit growth	Revenue growth is stable, but high costs limit financial flexibility
Liquidity Position	Current ratio at 0.35—indicating potential liquidity concerns despite stable revenue	Potential need for liquidity support or refinancing if cash flow issues arise
Government Exposure	No direct government grants/subsidies, but significant fiscal exposure (UGX 7.46 trillion total contingent liability)	Implicit contingent liabilities could emerge if debt servicing challenges increase
Sector Dependencies	Heavily dependent on power purchase agreements and hydroelectric project financing	Sector-wide financial health is critical—any disruptions in electricity sales could impact UEGCL's stability
Key Risks to Watch	- Rising debt vs. profitability gap - Liquidity risks due to high short-term liabilities - Long-term debt burden requires careful monitoring	Close monitoring needed—policymakers should assess debt repayment strategy and cost efficiency measures

NWSC		
Risk Factor	**Key Insights**	**Implications for Government**
Contingent Liability to GoU	UGX 3.11 trillion in FY 2023/24, highest in the water sector	Large fiscal exposure due to growing contingent liabilities in the water sector
Debt Sustainability	Debt-to-equity ratio 2.07, debt-to-assets 67 percent—moderate leverage but rising	Moderate leverage is manageable, but further debt accumulation should be controlled
Revenue vs. Costs	Revenues at UGX 622 billion, with stable profitability (net profit margin: 10%)	Stable revenues and profitability reduce immediate risk, but reliance on borrowing could become unsustainable
Liquidity Position	Current ratio at 1.83—strong liquidity, but slightly declining from 2.08 in previous year	Liquidity remains strong, reducing short-term fiscal intervention risks
Government Exposure	No direct government grants/subsidies, but significant fiscal exposure (UGX 3.11 trillion total contingent liability)	If revenue growth slows or expenses rise, government may need to support debt refinancing
Sector Dependencies	Relies on stable water service revenue, but infrastructure maintenance and expansion require continued borrowing	Water infrastructure investment must be aligned with financial sustainability strategies
Key Risks to Watch	- Rising debt requires monitoring - Liquidity remains healthy but should not deteriorate further - Cost efficiency and tariff stability crucial for financial sustainability	Policymakers should focus on debt management, tariff adjustments, and cost optimization to ensure financial stability

CAA		
Risk Factor	**Key Insights**	**Implications for Government**
Contingent Liability to GoU	UGX 1.63 trillion in FY 2023/24, highest in transport sector	Moderate fiscal exposure due to growing contingent liabilities in aviation sector
Debt Sustainability	Debt-to-equity ratio 0.62, debt-to-assets 38 percent—moderate leverage	Leverage remains manageable, but debt growth should be contained
Revenue vs. Costs	Revenues at UGX 326 billion, with declining profitability (net profit margin: 10%)	Revenue stability reduces immediate risk, but declining margins require efficiency improvements
Liquidity Position	Current ratio at 3.14—healthy liquidity, but declining from 4.47 in previous year	Liquidity remains strong, reducing short-term fiscal intervention risks
Government Exposure	No direct government grants/subsidies, but contingent liability exposure of UGX 1.63 trillion	If revenue growth slows, government may need to support debt refinancing
Sector Dependencies	Relies on aviation fees and infrastructure investment, which are sensitive to economic cycles	Aviation sector is vulnerable to economic downturns, requiring robust financial planning
Key Risks to Watch	- Rising debt requires monitoring - Profitability decline suggests cost pressures - Liquidity remains strong but should be sustained to avoid refinancing risks	Policymakers should focus on cost control, debt management, and revenue diversification to maintain stability

Annex 3. List of Local Governments

1.Alebtong
2.Abim
3.Adjumani
4.Agago
5.Amolatar
6.Amudat
7.Amuria
8.Amuru
9.Apac
10.Arua
11.Budaka
12.Bududa

13.Bugiri
14.Bugweri
15.Buhweju
16.Buikwe
17.Bukedea
18.Bukomansimbi
19.Bukwo
20.Bulambuli
21.Buliisa
22.Bundibugyo
23.Bunyangabu
24.Bushenyi

25.Busia
26.Butaleja
27.Butambala
28.Butebo
29.Buvuma
30.Buyende
31.Dokolo
32.Gomba
33.Gulu
34.Hoima
35.Ibanda
36.Iganga

37.Isingiro
38. Jinja
39.Kaabong
40.Kabale
41.Kabarole
42.Kaberamaido
43.Kagadi
44.Kakumiro
45.Kalaki
46.Kalangala
47.Kaliro
48.Kalungu

49.Kamuli
50.Kamwenge
51.Kanungu
52.Kapchorwa
53.Kapelebyong
54.Karenga
55.Kasese
56.Katakwi
58.Kayunga
59.Kazo
60.Kibaale
61.Kiboga
62.Kibuku
63.Kikube
64.Kiruhura
65.Kiryandongo
66.Kisoro
67.Kitagwenda
68.Kitgum

69.Koboko
70.Kole
71.Kotido
72.Kumi
73.Kwania
74.Kween
75.Kyankwanzi
76.Kyegegwa
77.Kyenjojo
78.Kyotera
79.Lamwo
80.Lira
81.Luuka
82.Luwero
83.Lwengo
84.Madi Okollo
85.Manafwa
86.Maracha
87.Masaka

88.Masindi
89.Mayuge
90.Mbale
91.Mbarara
92.Mitooma
93.Mityana
94.Moroto
95.Moyo
96.Mpigi
97.Mubende
98.Mukono
99.Nabilatuk
101.Nakapiripirit
102.Nakaseke
103.Nakasongola
104.Namayingo
105.Namisindwa
106.Namutumba
107.Napak

108.Nebbi
109.Ngora
111.Ntoroko
112.Ntungamo
113.Nwoya
114.Obongi
115.Omoro
116.Otuke
117.Oyam
118.Pader
119.Pakwach
120.Pallisa
121.Rakai
122.Rubanda
123.Rubirizi
124.Rukiga
125.Rukungiri
126.Rwampara
127.Sembabule

128.Serere	130.Sironko	132.Tororo	134.Yumbe
129.Sheema	131.Soroti	133.Wakiso	135.Zomb