

PANIC AS 4,800 NGOS COLLAPSE

THE IMPACT

The reduced number of NGOs has significantly slowed the economy, with many rural, community-based projects being the first to close, reversing previous social improvements, writes John Ricks Kayizzil.

The wave of closures among non-governmental organisations (NGOs) in Uganda has raised concern within the civil society sector, with regulators attributing the trend to declining funding, compliance challenges and growing regulatory scrutiny.

For many civil society actors, this state of affairs has been a wake-up call about the fragility of donor-dependent development models in Uganda's evolving regulatory and economic landscape.

The sector has undergone major structural and operational changes following the rationalisation of government agencies in 2024.

Officials at the NGO Bureau say that although the sector continues to attract new organisations, a total of 4,882 NGOs have quietly shut down operations over the past seven years due to a combination of global and domestic factors affecting their sustainability.

Dr Stephen Okello, the secretary of the NGO Bureau under the Ministry of Internal Affairs, says the collapse of NGOs has largely been driven by external pressures, particularly shrinking funding from international donors.

"A lot has happened in recent years," he noted, adding that there was the closure of the Democratic Governance Facility (DGF), then COVID-19 disrupted global economies and even global wars have affected funding flows." He said this during the 2026 NGO Compliance Forum organised by the Institute of Certified Public Accountants of Uganda (ICPAU).

Held at Mestil Hotel recently, the forum featured discussions on how the new International Non-Profit Accounting Standards will shape financial reporting in the NGO sector, and was held under the theme: *Advancing Transparency and Compliance*.

Okello said whenever there is

a major global crisis, donor funding reduces, and that directly affects NGOs.

CONSEQUENCES

Experts have said the closure of thousands of NGOs in Uganda has significantly impacted the economy by reducing foreign investment, losing jobs, and reducing consumer spending.

"The reduced number of NGOs has significantly slowed the economy, with many rural, community-based projects being the first to close, reversing previous social improvements," Charles Ocici, the director general, Enterprise Uganda, said.

He further noted that the hospitality and service sectors have also suffered, losing major clients for workshops and conferences, adding that massive layoffs of local staff and contractors have increased unemployment and weakened local purchasing power.

LACK OF COMPLIANCE

Lack of compliance with financial reporting regulations has been cited as one of the major reasons behind the collapse of thousands of non-governmental organisations in Uganda.

"Confusion in financial reporting standards has made it difficult for regulators and donors to properly evaluate the performance and accountability of many NGOs," Derick Nkajja, the ICPAU chief executive officer said during the symposium.

"The new International Non-Profit Accounting Standards that we have unveiled will shape financial reporting in the NGO sector and clear the confusion within the sector," Nkajja said.

He explained that the NGO sector has historically operated under multiple reporting frameworks because organisations receive funding from different donors with different

FINANCIAL IMPACT

Stephen Okello said previously, Uganda was estimated to receive about sh4.5 trillion annually through NGOs, but noted that the amount has since significantly declined, with funding reducing each year. He, however, cautioned that verifying the figures reported by NGOs remains a challenge.

A finance ministry official who spoke on condition of anonymity, said the closure of NGOs has drastically reduced direct foreign funding inflows into Uganda's economy, decreasing the circulation of capital, particularly in service-related sectors.

"Project closures mean immediate staff lay-offs and reduced business for local contractors (transportation, printing and catering), who supported the implementation of NGO activities," he said, adding that the closure of donor-funded projects in remote areas has led to reduced household income and a decline in local commercial activity. A member of the civil society, also speaking on anonymity grounds, estimated that an NGO employs about 15 people on average, implying that over 73,000 jobs have been lost.

Henry Kizito, a Kampala-based civil rights advocate and investor in the education sector, said the cessation of programmes including HIV/AIDS treatment and maternal health, shifts the burden back onto the already strained government health system.

Despite the closures, the overall number of NGOs in Uganda has continued to grow, though at a slower rate.

"Currently we have about 7,000 NGOs registered in Uganda," Okello said. "The numbers are still going up because new organisations continue to register even as others close."

He explained that this simultaneous growth and decline explains why the sector still appears large, despite the thousands of closures recorded in recent years.

Okello said the bureau is now working on producing a comprehensive State of NGOs Report that will give a clearer picture of the sector. However, Dr Okello said the report will only be released once the digital system is operational.

requirements.

ONLINE REGISTRATION

Government has moved to digitalise the registration of NGOs to aid online registration as a way of curtailing corruption and bureaucracy.

"Government has since allocated sh5b in the 2026/2027 financial year to begin digitising the NGO regulatory system. The automation will help NGOs register and file returns online," Okello explained.

He added that at the moment, the cost of compliance is high because many processes are manual.



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FATE OF SUSPENDED NGOS

The NGO Bureau boss explained that recent enforcement actions have increasingly focused on security concerns.

"For instance,

we recently suspended several organisations including the African Centre for Media Excellence (ACME) pending investigations," Dr Okello explained.

"But these suspensions are temporary until investigations are completed. Once the final report comes in, we shall invite the organisations to hear their side and determine the next step."

He added that NGOs operating in Uganda must remain non-partisan as required by the law, adding that they can engage in civic education or election monitoring, but they are not allowed to campaign for political candidates or raise funds for political parties.

WHAT THE LAW SAYS

Under the Non-Governmental Organisations (NGO) Act 2016, the NGO Bureau has broad legal authority to suspend or revoke permits and order the immediate cessation of operations for non-compliant organisations.

WHAT OTHERS SAY

Dr Jane Nalunga, executive director of the Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), warned that the closures are likely to increase unemployment and reduce economic contributions, as many affected individuals lose their jobs and income sources.

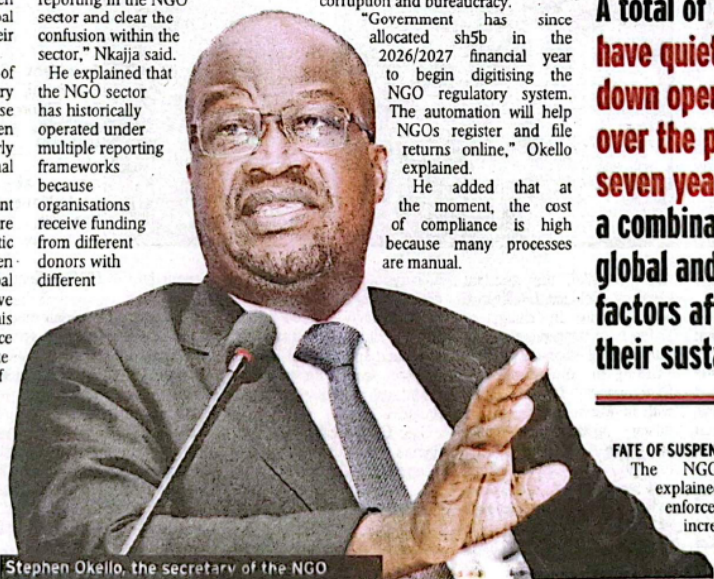
She added that, beyond funding challenges, some organisations have also struggled with internal operational issues that have made it difficult to sustain their activities.

"There are external factors, such as declining funding. For instance, support from the US has reduced and programmes like DGF have closed. There are also internal challenges within organisations, and in some cases, government pressure driven by political considerations."

Marlon Agaba, the executive director of the Anti-Corruption Coalition Uganda, attributed some of the closures to what he described as heavy-handed government actions.

Agaba noted that NGOs are instrumental in supporting vulnerable communities while also contributing to the economy through taxes paid by their employees.

Julius Mukunda, the Executive Director of the Civil Society Budget Advocacy Group (CSBAG), said that NGOs contribute significantly to domestic consumption. He noted that an international NGO could employ up to 100 people. At his organisation, he explained, there were 41 employees two years ago, but that the number has now dropped to 21. He urged the government not to close all NGOs, but rather to identify the ones violating regulations and deal with them appropriately.



Stephen Okello, the secretary of the NGO