

Shs2 trillion locked in unresolved disputes - BoU

BY KHALIL IBRAHIM MANZIL

KAMPALA. More than Shs2 trillion remains tied up in unresolved commercial disputes in Uganda's banking sector, raising concern over its impact on economic growth.

The Bank of Uganda Governor, Dr Michael Atingi-Ego, warned that the backlog of cases is constraining economic activity by locking away capital that would otherwise be invested in productive sectors.

"Currently, about 623 unresolved banking cases are locking up an estimated Shs2 trillion. For the economy, this is dead capital," Dr Atingi-Ego said.

"Every shilling locked in a disputed loan is a shilling that cannot be reinvested into the productive sectors of the economy," he added.

Dr Atingi-Ego made the remarks during the Judicial Officers' Colloquium on Alternative Dispute Resolution (ADR), where he stressed that delays in resolving disputes have far-reaching consequences beyond the justice system.

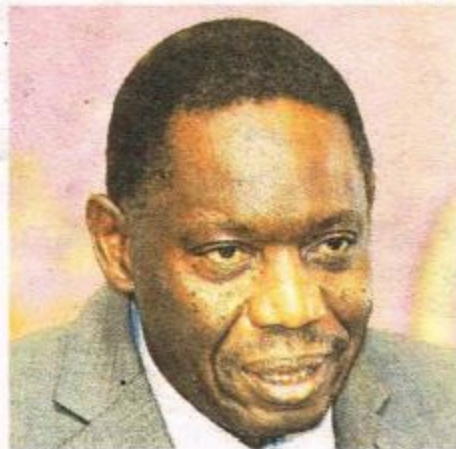
"Every delayed judgment is effectively a cut on investment and a break on the transmission of monetary policy," he said, urging stakeholders to embrace alternative dispute resolution as a complementary tool for handling complex financial disputes.

The colloquium, organised by the Judiciary in partnership with the Judicial Training Institute and the Central Bank, is being held at Serena Kigo under the theme: "From Litigation to Resolution: Unlocking Commercial Disputes through ADR."

Chief Justice Flavian Zeija said the scale of pending cases across courts presents a significant risk to the economy.

"Within the Commercial Division alone, the total value of pending cases is estimated at about Shs3.5 trillion. This is frozen capital that cannot be reinvested or utilised productively," Justice Zeija said.

He emphasised that the Judiciary must shift focus from merely determining cases to resolving disputes in a manner that supports economic stability. "ADR is no longer optional; it is a na-



Dr Michael Atingi-Ego.

tional policy imperative. We must move from a litigation-first approach to one that prioritises resolution," he said.

Justice Zeija added that prolonged disputes, particularly those involving loans, contribute to higher borrowing costs as financial institutions adjust interest rates to hedge against potential losses.

He urged judicial officers to adopt a "mediator mindset" by encouraging

early settlements and practical solutions, including loan restructuring where necessary.

The Executive Director of the Judicial Training Institute, Justice Andrew Khaukha, said the engagement reflects a deliberate shift towards integrating ADR into judicial practice.

"In line with the guidance that courts decide but ADR resolves and brings closure, we have incorporated ADR in all our training programmes," he said.

Justice Khaukha said training has been expanded beyond the Commercial Division to include judicial officers from civil, land, family and industrial courts.

"Commercial disputes go beyond the Commercial Court. They cut across land, family and other sectors where significant assets are involved," he said.

The two-day colloquium has brought together judicial officers, regulators and financial sector players to explore how mechanisms such as how mediation can unlock capital, reduce case backlog and improve efficiency in the justice system.