



MACROECONOMIC & FISCAL PERFORMANCE REPORT FINANCIAL YEAR 2024/25

**MINISTRY OF FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT**

October 2025

Foreword

In line with Section 18 of the Public Finance Management Act (PFMA), 2015, the Minister of Finance, Planning, and Economic Development is mandated to present a bi-annual Macroeconomic and Fiscal Performance Report to Parliament by the end of February and October each year. This annual report provides an in-depth assessment of Uganda's economic performance and outlook as of 30th June 2025.

The fiscal year 2024/25 marked the conclusion of the Third National Development Plan (NDPIII) and a year of renewed economic momentum. Uganda's economy grew by 6.3 percent, up from 6.1 percent in FY 2023/24, reflecting strong recovery and resilience amidst heightened regional and global geopolitical tensions. In nominal terms, the economy expanded to US\$ 227.9 trillion (US\$ 61.9 billion) from US\$ 203.7 trillion (US\$ 53.6 billion) in the previous year, supported by broad-based growth in agriculture, industry, and services. This expansion was underpinned by rising domestic demand, stronger investment, and an upturn in exports.

Government-led initiatives such as the Parish Development Model (PDM), Generating Growth Opportunities and Productivity for Women Enterprises (GROW), providing specialized skills and financial support to groups of citizens engaged in similar enterprises (EMYOOGA), the Small Business Recovery Fund, and capitalization of the Uganda Development Bank continued to empower households and micro-enterprises, enhance production and productivity, and stimulate private-sector-led growth. Together, these interventions continue to advance the transition from subsistence to commercial production, deepening financial inclusion and promoting inclusive prosperity.

Macroeconomic stability was maintained through well-coordinated fiscal and monetary policy. Headline inflation averaged 3.5 percent, well below the Bank of Uganda's 5 percent inflation target, while the Ugandan shilling appreciated by 2.6 percent against the US dollar, reflecting strong foreign exchange inflows, prudent macroeconomic policy management and global weakening of the dollar. The financial sector remained sound, with private sector credit expanding by 9.1 percent and non-

performing loans declining, signs of growing business confidence and effective policy support.

Looking ahead, Uganda's growth outlook remains robust. Real GDP is projected to expand by 7 percent in FY 2025/26 and accelerate to 10.4 percent in FY 2026/27 with the commencement of oil production, expected to generate broad spillover effects across manufacturing, construction, transport, tourism, financial services, and agriculture. Continued investments in infrastructure, roads, railways, industrial parks, and energy, alongside export growth, affordable credit, and vibrant tourism activity, will further reinforce this trajectory.

The government remains steadfast in implementing its ten-fold growth strategy, anchored on agro-industrialization, tourism development, mineral development including oil and gas, and science, technology and innovation. These sectors, chosen for their high multiplier effects, will drive productivity and value addition, propelling Uganda towards its vision of expanding the economy to US\$ 500 billion within the next 15 years. With continued fiscal discipline, targeted public investment, and a vibrant private sector, Uganda stands poised to achieve sustainable and inclusive prosperity for all.

A handwritten signature in dark ink, appearing to be 'Matia Kasaija', with a stylized flourish at the end.

Matia Kasaija (M.P)

HON. MINISTER OF FINANCE, PLANNING, AND ECONOMIC DEVELOPMENT

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List of Acronyms and Abbreviations

AIA	Appropriations in Aid
B.Franc	Burundian Franc
BOP	Balance of Payments
BOU	Bank of Uganda
BTI	Business Tendency Index
CBR	Central Bank Rate
CFR	Charter for Fiscal Responsibility
CIEA	Composite Index of Economic Activity
COVID-19	Coronavirus Disease 2019
DSA	Debt Sustainability Analysis
EAC	East African Community
EFU	Energy, Fuel and Utilities
FDI	Foreign Direct Investments
FOB	Free on Board
FY	Financial Year
GDP	Gross Domestic Product
H1	First Half of the Financial Year
H2	Second Half of the Financial Year
IMF	International Monetary Fund
KShs	Kenyan Shillings
MDA	Ministries, Departments and Agencies
MOFPED	Ministry of Finance, Planning and Economic Development
NTR	Non-Tax Revenue
OPEC	Oil Producing and Exporting Countries
PAYE	Pay as You Earn
PMI	Purchasing Managers Index
R.Franc	Rwandan Franc
SBRF	Small Business Recovery Fund
TShs	Tanzanian Shillings
Shs	Ugandan Shilling
UNOC	Uganda National Oil Company
UNRA	Uganda National Roads Authority
USD	United States Dollars
VAT	Value Added Tax

Executive Summary

Uganda's economy posted another year of robust expansion in FY 2024/25, demonstrating resilience amid continued global volatility. The size of the economy increased to US\$ 227,875 billion from US\$ 203,708 billion the previous year, driven by strong domestic demand, investment momentum, and strong performance across all major sectors. As a result, real GDP growth accelerated to 6.3 percent from 6.1 percent, maintaining Uganda's position as one of the fastest growing economies in Sub-Saharan Africa.

Government programmes continued to stimulate structural transformation. Implementation of the Parish Development Model (PDM), Generating Growth Opportunities and Productivity for Women Enterprises (GROW), providing specialized skills and financial support to groups of citizens engaged in similar enterprises (EMYOOGA), the Small Business Recovery Fund, and capitalization of the Uganda Development Bank strengthened production capacity, formalized economic activities, and empowered micro and small enterprises. The 2024 Population and Housing Census shows a milestone shift: 66.9 percent of households (7.2 million) now participate in the money economy, while those engaged predominantly in subsistence have reduced to 33.1 percent from 69 percent. Poverty also reduced to 16.9 percent from 20.3 percent in 2020. This highlights tangible progress toward broad based prosperity and income generation.

Macroeconomic stability was maintained. The Bank of Uganda in October 2024 eased and maintained the Central Bank Rate at 9.75 percent, down from 10.25 percent in July 2024, sustaining a supportive financing environment while safeguarding stability. Inflation averaged 3.5 percent, remaining below the 5 percent target. Financial sector conditions strengthened: private sector credit grew by 9.1 percent, and non-performing loans decreased, reflecting improving business activity and banking sector health.

Uganda's external sector strengthened significantly in the FY 2024/25. Export earnings from goods and services rose sharply by 31.6 percent to over US\$ 13.2 billion

led by significant increases in earnings from minerals, coffee, tourism and transport services. Tourism receipts climbed by 13.5 percent to US\$ 1.572 billion, remittances rose by 11.8 percent to US\$ 1.569 billion, and foreign direct investment reached US\$ 3.57 billion. These improvements helped narrow the total trade deficit by 3.6 percent and improved the current account deficit by 10 percent, supporting the 2.6 percent appreciation of the Ugandan shilling against the US dollar, a signal of strengthened competitiveness and investor confidence. The East African Community was Uganda's largest merchandise trade partner, followed by Asia. On the other hand, imports of goods and services increased by 20.1 percent, with Asia and EAC countries being the main source of merchandise imports.

Fiscal operations in FY 2024/25 maintained a focus on inclusive growth, macroeconomic stability, and debt sustainability. Total revenues amounted to US\$ 33,434.61 billion, while expenditures amounted to US\$ 39,335.63 billion, resulting in a fiscal deficit of 5.8 percent of GDP. This deficit was financed through a prudent mix of domestic and external borrowing. As a result, public debt increased to US\$ 32.3 billion, representing 51.0 percent of GDP, slightly below the target in the Charter for Fiscal Responsibility of 51.2 percent. Despite the increase in public debt, it remains sustainable over the medium to long term, underpinned by projected stronger GDP growth, increased domestic revenue mobilization, tighter expenditure control, and expected oil revenues.

Looking ahead, the medium-term economic outlook remains highly positive. Uganda is projected to sustain real GDP growth of 7–8 percent on average, accelerating to 10.4 percent with the commencement of oil production in FY 2026/27. This growth trajectory will be driven by continued infrastructure development, expansion of agro-industrialization, increased export growth, strengthened tourism performance, and mineral development, including oil and gas. These priority sectors, together with science and technology, form the core of the government's 10-Fold Growth Strategy, selected for their high productivity and strong multiplier effects across the economy.

Nonetheless, downside risks remain, including volatile commodity prices, tightening global financial conditions, geopolitical tensions, climate-related shocks, and regional

instability. Government is mitigating these risks through strengthened macroeconomic policy coordination and greater investment in climate resilience and social protection, alongside targeted support to businesses and households to safeguard livelihoods and maintain growth momentum.

In summary, Uganda's FY 2024/25 performance reflects resilient economic fundamentals, strong sectoral expansion, strategic government interventions, and strong export performance. Continued fiscal discipline and private-sector-led growth momentum position Uganda to deliver on its transformation agenda and unlock

MACRO-ECONOMIC DEVELOPMENTS

Chapter I: Macro-Economic Developments

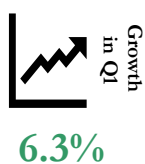
Economic Growth

The size of the economy for FY 2024/25 increased to US\$ 227,875 billion (US\$ 61.9 billion), representing a significant rise from US\$ 203,708 billion (US\$ 53.6 billion) recorded in FY 2023/24. In real terms, GDP growth accelerated to 6.3 percent in FY 2024/25, up from 6.1 percent in FY 2023/24. This notable acceleration was primarily driven by increased aggregate demand, investments, and export growth reflected across the agriculture, industry, and services sectors.

The sustained economic momentum has been driven by strategic government interventions aimed at enhancing production, productivity, and private sector growth, supported by favourable weather conditions, increased exports, oil and gas developments, and a stable macroeconomic environment. Key initiatives including the provision of affordable investment funds through the Parish Development Model (PDM), with US\$ 1,064 billion disbursed in FY 2024/25 and US\$ 1,058 billion in FY 2023/24, EMYOOGA, which provided US\$ 100 billion to small enterprises in FY 2024/25 and capitalization of the Uganda Development Bank with US\$ 80.6 billion to expand affordable credit for manufacturing. These efforts are complemented by the Agricultural Credit Facility, Agriculture Insurance Scheme, and the Small Business Recovery Fund. Collectively, these interventions have cultivated a favourable environment for increased production, strengthened rural incomes, and accelerated the transition to a more dynamic private sector-led economy.

On the global front, Uganda's economy continues to demonstrate resilience despite a challenging external environment. Global growth moderated from 3.5 percent in 2023 to 3.3 percent in 2024 and is projected to slow down to 3.2 percent in 2025 and 3.1 percent in 2026. This deceleration reflects the effects of emerging geopolitical tensions, disruptions in global commodity supply chains, extreme weather events across major food- and energy-producing regions, and renewed

Economic

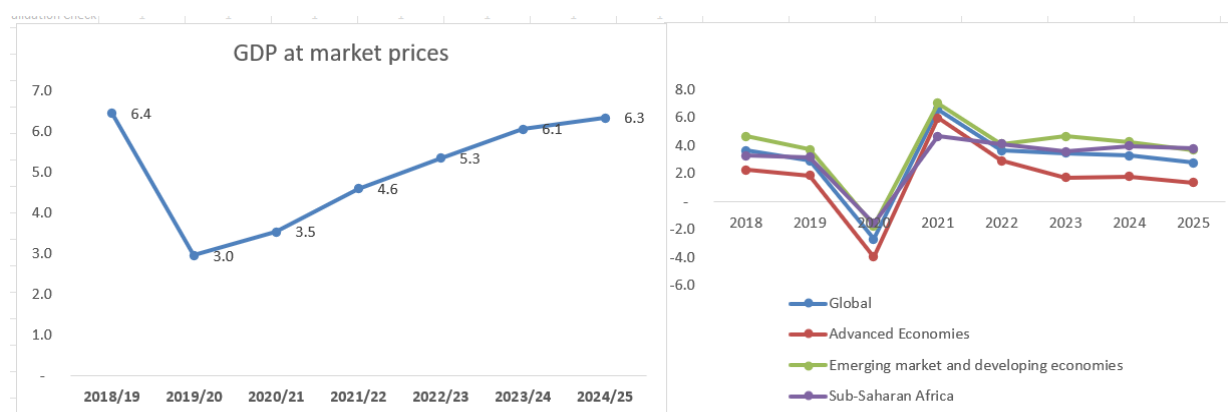


protectionist measures such as tariff hikes by the United States, which have weighed particularly on advanced economies in Europe and emerging Asia.

In contrast, Sub-Saharan Africa is expected to experience a gradual pickup in growth, rising to 4.4 percent in 2026 from a modest 4.1 percent in both 2024 and 2025. This improvement is supported by strengthening intra-regional trade, infrastructure development, and improved investment conditions. For Uganda, these regional dynamics create opportunities to expand market access, particularly within the East African Community, reinforcing the country's export growth, industrialisation agenda, and overall economic prospects. However, sustained gains will depend on competitiveness improvements, easing non-tariff barriers, and maintaining strong macroeconomic fundamentals to remain attractive to investors and regional markets.

Figure 1 shows real GDP Growth rates.

Figure 1 : Real GDP Growth Rate (Percent change - %)



Source: Uganda Bureau of Statistics; International Monetary Fund

Domestically, GDP estimates by expenditure point to strong demand-side growth, with aggregate demand expanding by 10.5 percent in FY 2024/25, up from 2.5 percent the previous year. Investment activity strengthened as well, rising by 7.2 percent compared to 6.5 percent in FY 2023/24. In addition, export receipts grew by 36 percent, outpacing the increase in imports and thereby supporting an improvement in net external demand.

GDP estimates by production similarly show broad-based growth across the agriculture, industry, and services sectors in FY 2024/25, reflecting the strong pickup in both domestic economic activity and external trade.

Table 1 shows breakdown of Uganda's Economic Performance by sector.

Table 1 : Breakdown of Economic Performance by Sector (% change)

% Growth rates	2020/21	2021/22	2022/23	2023/24	2024/25
GDP at market prices	3.5	4.6	5.3	6.1	6.3
Agriculture, forestry and fishing	4.3	4.2	4.5	5.6	6.8
Cash crops	12.5	5.7	0.7	12.3	11.3
Food crops	4.1	3.5	4.7	5.1	4.8
Livestock	7.8	8.3	8.8	7.9	8.8
Agriculture Support Services	2.1	4.5	2.2	7.1	5.4
Forestry	2.9	3.2	3.1	3.1	3.3
Fishing	- 8.8	0.3	3.4	- 2.2	18.0
Industry	3.5	5.1	4.0	5.5	6.9
Mining & quarrying	6.9	18.3	5.0	3.2	3.4
Manufacturing	2.2	3.8	3.1	4.7	5.6
Electricity	11.6	3.1	8.4	8.9	11.9
Water	4.8	6.3	4.2	5.3	2.6
Construction	3.6	5.2	4.9	7.3	11.2
Services	2.8	4.0	5.9	6.4	5.4
Trade and Repairs	- 0.6	3.4	3.8	9.3	9.0
Transportation and Storage	- 0.3	- 3.8	- 5.4	10.4	12.2
Accommodation and Food Service Activities	- 0.6	- 2.5	12.4	13.5	4.1
Information and Communication	11.8	7.4	10.3	5.9	6.7
Financial and Insurance Activities	8.0	4.5	0.6	1.9	4.9
Real Estate Activities	3.9	9.0	7.4	7.4	4.9
Professional, Scientific and Technical Activities	2.1	3.1	28.6	3.6	1.5
Administrative and Support Service Activities	2.3	3.5	17.8	3.5	4.6
Public Administration	12.6	3.5	1.1	6.8	3.9
Education	- 4.2	1.5	3.4	4.3	5.3
Human Health and Social Work Activities	7.1	9.6	4.4	2.4	1.9
Arts, Entertainment and Recreation	- 13.7	- 2.2	4.1	8.0	1.6
Other Service Activities	2.9	4.8	2.4	2.6	1.0
Activities of Households as Employers	2.7	2.8	2.7	2.8	2.7
Taxes on products	6.2	7.5	9.2	7.8	8.3

Source: Uganda Bureau of Statistics

Sectoral growth was broad-based, with industry leading overall economic performance. The industry sector grew by 6.9 percent in FY 2024/25, up from 5.5 percent in the previous year, reflecting strong momentum in both manufacturing and construction. Manufacturing output expanded by 5.6 percent, driven by increased

production of cement, soft drinks and bottled water, fabricated metals, and agro-processed products, particularly coffee. The construction subsector continued to strengthen, recording growth of 11.2 percent, supported by heightened private investment and ongoing public infrastructure projects. Growth in industrial usage of electricity also improved, with the electricity subsector rising from 8.9 percent to 11.9 percent, a sign of expanding industrial capacity and power demand.

Agriculture, forestry, and fishing also registered strong growth of 6.8 percent, up from 5.6 percent in FY 2023/24. Cash crop production increased by 11.3 percent, supported by higher yields in coffee, cocoa, sugarcane, and cotton, while food crop output benefited from improved harvests of bananas, sweet potatoes, simsim, millet, groundnuts, sorghum and fruits. The fishing subsector rebounded strongly, growing by 18 percent compared to a contraction of 2.2 percent the previous year, supported by ongoing enforcement of regulated fishing. Overall agricultural performance was supported by favourable weather conditions, improved access to high-quality seedlings, and enhanced availability of irrigation water.

The services sector expanded by 5.4 percent, moderating from 6.4 percent in FY 2023/24, yet remaining a key contributor to economic activity. Growth was driven by increased wholesale and retail trade for manufactured goods, as well as stronger performance in transport and storage services. Other subsectors, including ICT, finance and insurance, and education, also registered increased activity, reflecting ongoing demand for digital and financial services and continued recovery in social sectors.

Employment

Demographic trends continue to shape Uganda's growth prospects. The Uganda National Population and Housing Census 2024 estimates the working-age population (15–64 years) at 25.5 million people, representing 57.4 percent of the total population. Of this group, the labour force comprises 11 million, with 9.7 million currently employed. This demographic structure highlights a large and growing pool of potential workers, positioning Uganda to benefit from a demographic dividend,

provided that there is continued investment in human capital development and employment creation keeps pace with labour force expansion.

Agriculture remains the backbone of livelihoods. Census results show that 62.3 percent of the country's 10.7 million households are engaged in agriculture, underscoring the sector's continued role in employment and rural income. While this demonstrates agriculture's centrality to Uganda's socio-economic fabric, it also emphasises the importance of boosting productivity, value addition, and resilience to climate change to ensure that the sector becomes a stronger engine of inclusive growth.

Government programmes such as the Parish Development Model (PDM), Emyooga, GROW, and the Small Business Recovery Fund are pivotal in accelerating the transition from subsistence to commercial activity. These interventions are expanding access to finance, improving market linkages, supporting agro-processing, and nurturing entrepreneurship at the community level, particularly for women and youth.

Reflecting these efforts, households participating in the money economy have increased to 7.2 million (66.9 percent), while those largely dependent on subsistence activity have fallen to 33.1 percent from 69 percent, as a result, poverty also reduced to 16.9 percent from 20.3 percent in 2020. This shift signals meaningful progress in Uganda's economic transformation agenda: more households are generating market-based incomes, contributing to tax revenues, and integrating into value chains. To sustain this momentum, continued investment in rural finance, extension services, post-harvest handling, and digital access will be critical to unlocking higher productivity and ensuring that the benefits of growth are widely shared.

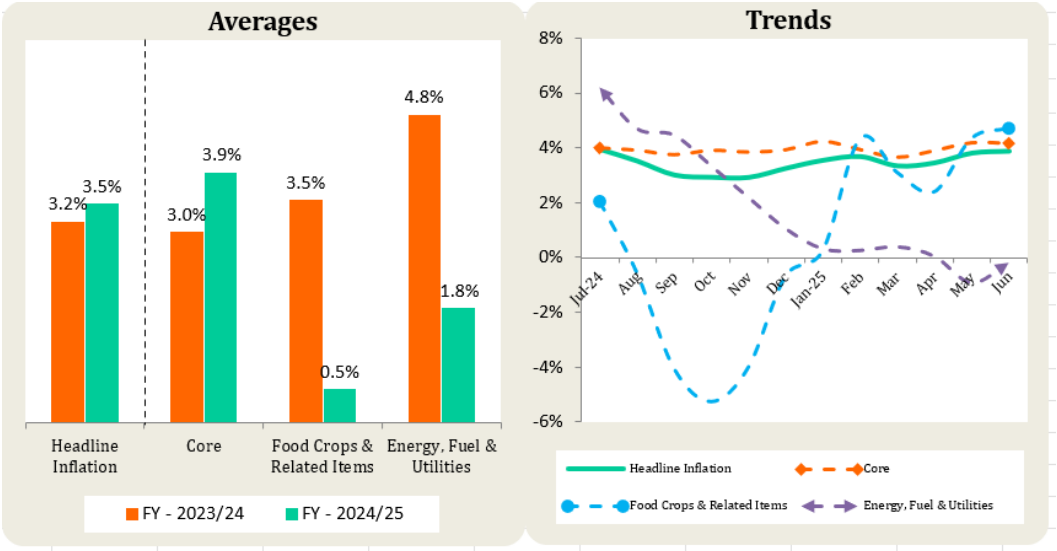
Inflation

Headline

Inflation
Increased
to **3.5%**

Headline inflation for FY 2024/25 remained well within the Central Bank’s core target of 5 percent, recording an annual average of 3.5 percent compared to 3.2 percent in FY 2023/24. This low and stable inflation was mainly underpinned by prudent monetary and fiscal policy, a stable exchange rate, and favourable food prices. Except for core inflation, all the other components of headline inflation declined. (See Fig. 2).

Figure 2: Annual Inflation broken down by Sub-Components



Source: Uganda Bureau of Statistics

Sub-components of headline inflation.

Annual core inflation slightly increased to an average of 3.94 percent in FY 2024/25 from 3.01 percent the previous financial year. This was mainly due to an increase in services inflation to 4.3 percent in FY 2024/25 from 4.0 percent in the previous financial year, driven by higher costs of financial services in commercial banks and health services, particularly medicines, preventive care services, and outpatient dental services, as well as diagnostic imaging services and medical laboratory services.

Food crop and related item inflation declined to a 0.5 percent average in FY 2024/25 from 3.5 percent in the previous financial year. This was as a

result of the good weather conditions throughout the year and government interventions such as the Parish Development Model, investment in water for production, and extension services, among others, which supported an increase in food crop production.

Price declines were recorded on average for food crops such as bogoya bananas (-2.7% vs 1.7%), cabbage (-1.2% from 1.2%), green peppers (-4.7% from -0.4%), carrots (-7.3% from 5.2%), cassava (-13.6% from -10.8%), and peas (-6.3 % from 13.3%). A slow price increase was recorded for other food crops such as ndizi bananas (3.0% from 10.3%), watermelons (1.5% from 4.5%), fresh leaf vegetables (2.1% from 4.1%), tomatoes (1.1% from 5.2%), eggplants and bitter tomatoes (0.2% from 4.6%), fresh beans (3.4% from 15.7%), garlic (5.9% from 9.4%), yams (1.9% from 9.4%) and onions (23.9% from 83.0%),.

Annual Energy, Fuels, and Utilities (EFU) inflation also declined to a 12-month average of 1.8 percent in FY 2024/25 from 4.8 percent recorded in the previous financial year. This was mainly attributed to a decline in prices of liquid fuels (petrol and diesel) as well as a slowdown in price increase for charcoal and firewood.

Notably, pump prices of petrol and diesel in June 2025 reduced on average to US\$ 5,094 and US\$ 4,709 down from US\$ 5,456 and US\$ 4,986 in June 2024, respectively. This was partly supported by a decline in international oil prices.

Inflation across the East African Community

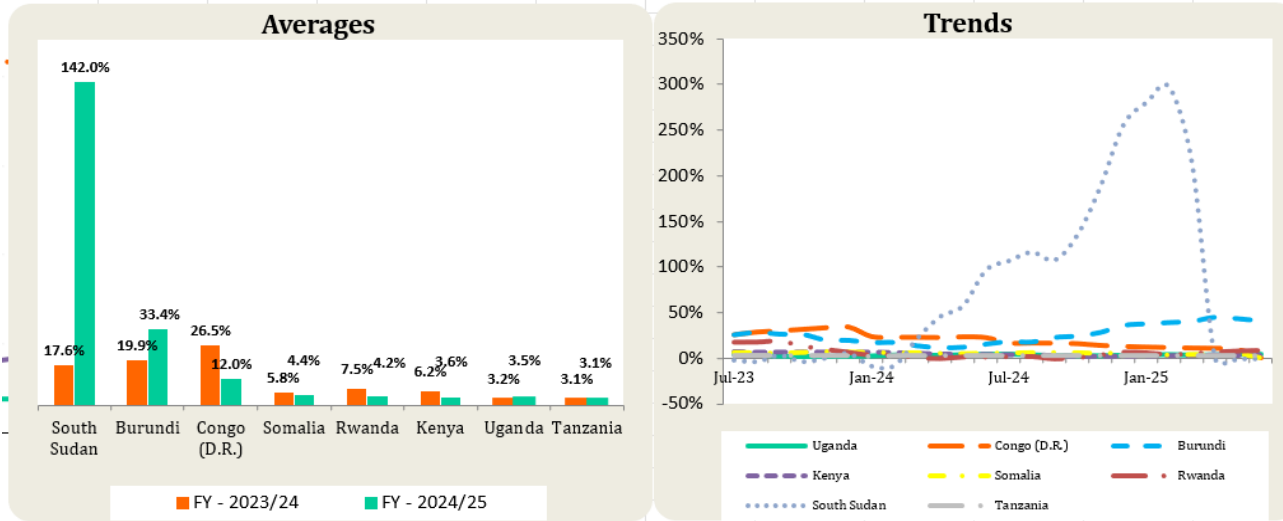
Compared to FY 2023/24, inflation in FY 2024/25 differed across EAC partner states. Annual headline Inflation increased in Uganda, Burundi, and South Sudan to 3.5 percent, 33.4 percent, and 142 percent, compared to 3.2 percent, 19.9 percent, and 17.6 percent, respectively. However, inflation remained unchanged in Tanzania at 3.1 percent but declined in Kenya, Rwanda, the Democratic Republic of Congo, and Somalia to 3.6 percent, 4.2 percent, 12.0 percent, and 4.4 percent, compared to 6.2 percent, 7.5 percent, 26.5 percent, and 5.8 percent, respectively.

Overall, food and fuel price shocks, fluctuations in exchange rates, and supply chain disruptions were the major factors influencing regional inflation.

Inflation was highest in South Sudan, Burundi, and the Democratic Republic of Congo, with all three countries registering rates higher than the 8 percent threshold set by the East African Monetary Union (EAMU) convergence criterion.

High inflation in the DRC was due to the ongoing conflict in the eastern Kivu region that displaced farmers and disrupted agricultural production, resulting in high food prices. Burundi is currently grappling with a shortage in foreign currency, and this led to scarcity in fuel and other imported commodities during FY 2024/25, leading to high imported inflation. Figure 3 shows headline inflation among EAC Partner States

Figure 3 : Headline Inflation among EAC Partner States



Source: Respective National Bureaux of Statistics

Global Commodity Price Trends

International Oil Prices

Brent crude oil prices averaged US\$ 70.85 per barrel in FY 2024/25, down from US\$ 79.79 per barrel in FY 2023/24. This decline reflects a softer global demand outlook driven by heightened trade frictions, particularly between the United States and China, increased macroeconomic uncertainty, and slower growth in major oil-consuming economies such as China. On the supply side, increased output from non-OPEC producers, especially in North and South America, added downward price pressures. Likewise, the accelerated unwinding of OPEC+ production cuts contributed to additional supply on the global market. Transition dynamics, including stronger policies supporting clean energy adoption and fuel efficiency improvements, especially in advanced economies, further weighed on crude demand.

For Uganda, these global market conditions present both opportunities and risks as the country advances toward first oil. Moderating crude prices could influence the competitiveness of Uganda's projected oil exports, affecting revenue projections and fiscal planning if lower prices persist. However, the overall price level remains above the estimated breakeven cost for Uganda's upstream developments, meaning production remains commercially viable. Uganda can also benefit from higher export volumes once production ramps up, which would partially offset price fluctuations.

Continued progress on the East African Crude Oil Pipeline (EACOP) and associated infrastructure will be vital to ensure timely project delivery and maximize benefits over the medium term. Strengthening fiscal buffers, improving local content participation, and accelerating value-addition opportunities, particularly in petrochemicals and refined products, will further enhance resilience against global oil price volatility.

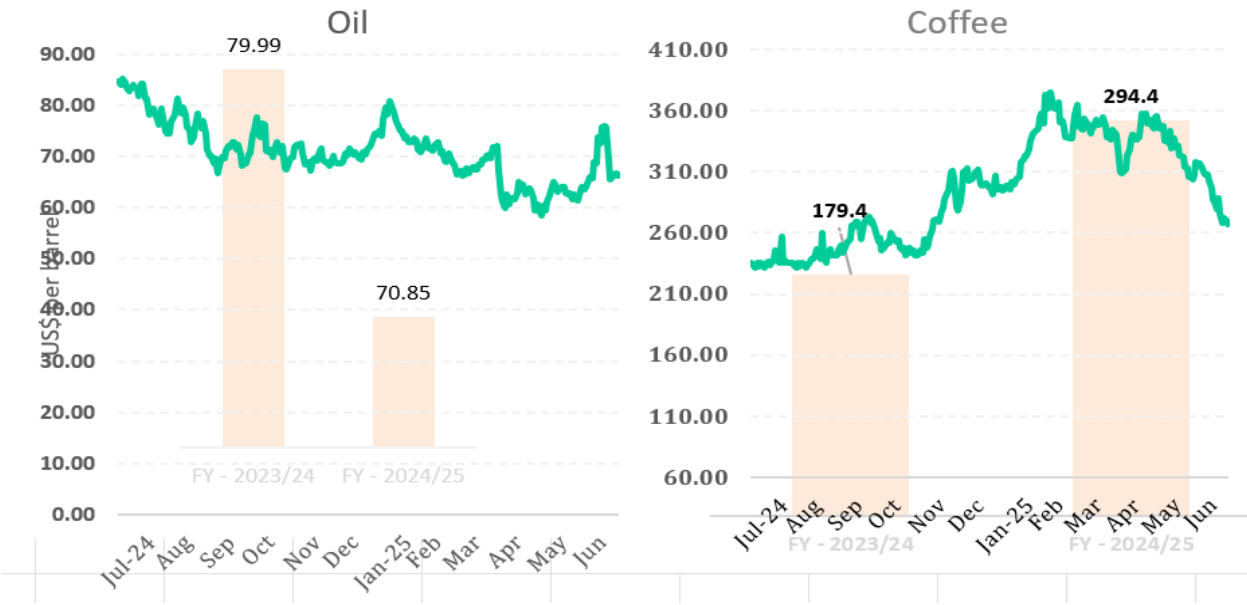
International Coffee Prices

In FY 2024/25, the International Coffee Organization's composite price indicator rose significantly to an average of 294.31, up from 179.35 in FY 2023/24, reflecting an increase in international coffee prices from US\$ 3.11 to US\$ 4.75 per kg. This increase

was largely driven by adverse weather conditions and climate disruptions in major coffee-producing countries such as Brazil and Vietnam, as well as ongoing geopolitical tensions in the Middle East that continue to disrupt global supply chains.

These global supply constraints have strengthened Uganda’s position as a reliable and competitive coffee supplier. To sustain and scale this advantage, continued investment in climate-resilient farming, expanded irrigation, improved post-harvest handling, and adoption of high-yielding varieties will be essential. Elevated international prices, combined with rising domestic production, present significant opportunities for boosting rural incomes, increasing foreign exchange earnings, and advancing agro-industrialisation through value addition. With sustained policy support, Uganda can deepen its integration into global coffee markets and accelerate the transition from subsistence to commercially oriented farming, driving inclusive economic transformation.

Figure 4 : Movements in the International Oil Prices and Coffee Composite Price Indicator, FY 2023/24 vs FY 2024/25



Source: US Energy Information Administration; International Coffee Organisation (ICO)

Financial Sector Developments

In FY 2024/25, the Bank of Uganda adopted a monetary policy stance geared towards preserving price and exchange rate stability while supporting robust economic growth.

The Monetary Policy Committee (MPC) gradually eased the Central Bank Rate (CBR), reducing it to 10.0 percent in August 2024 (from 10.25 percent in July 2024) and further to 9.75 percent in October 2024, where it was maintained up to June 2025. Correspondingly, the rediscount rate and bank rate for commercial banks were also lowered by 25 basis points both in August 2024 and October 2024, aligning with an accommodative monetary policy stance. This policy easing was underpinned by a favourable macroeconomic environment, characterized by moderate inflation, supported by stable global commodity prices and a relatively steady exchange rate.

Lending Rates (weighted average)

Weighted average lending rates on shilling-denominated loans trended upwards in FY 2024/25, averaging 18.16 percent compared to 17.89 percent in the previous financial year. The increase was partly driven by higher demand for credit, particularly in the trade and personal & household loans sectors. In addition, higher yields on government securities partly exerted upward pressure on lending rates.

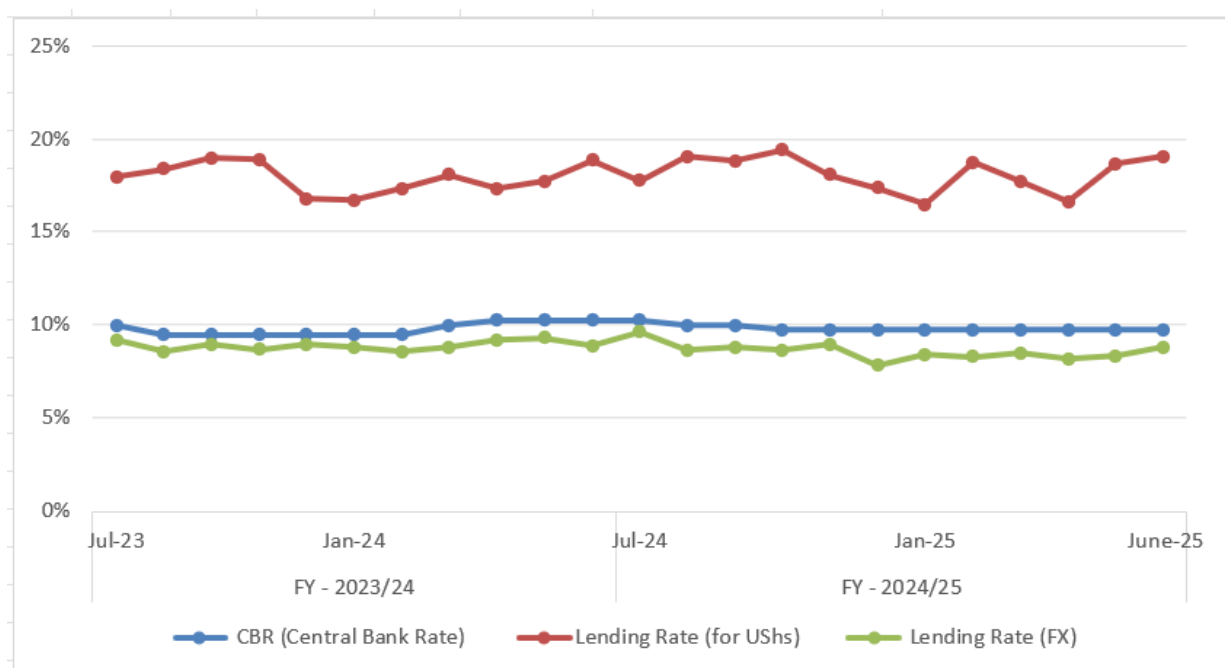
Nonetheless, lending rates eased slightly in the second half of FY 2024/25, averaging 17.89 percent compared to 18.42 percent in the first half. This moderation reflected the lagged impact of the Central Bank's monetary policy easing, following successive reductions in the Central Bank Rate (CBR).

The average weighted lending rates for foreign-denominated credit declined slightly to 8.59 percent in FY 2024/25, down from 8.94 percent in FY 2023/24. This decline was partly influenced by the easing of global monetary policy, particularly by the Federal Reserve, which lowered interest rates in response to slowing global inflation during the financial year. (see fig 5)



average
Commercial
bank
lending
rate of
18.16%

Figure 5 : Central Bank Rate and Commercial Bank Lending Rates Movements

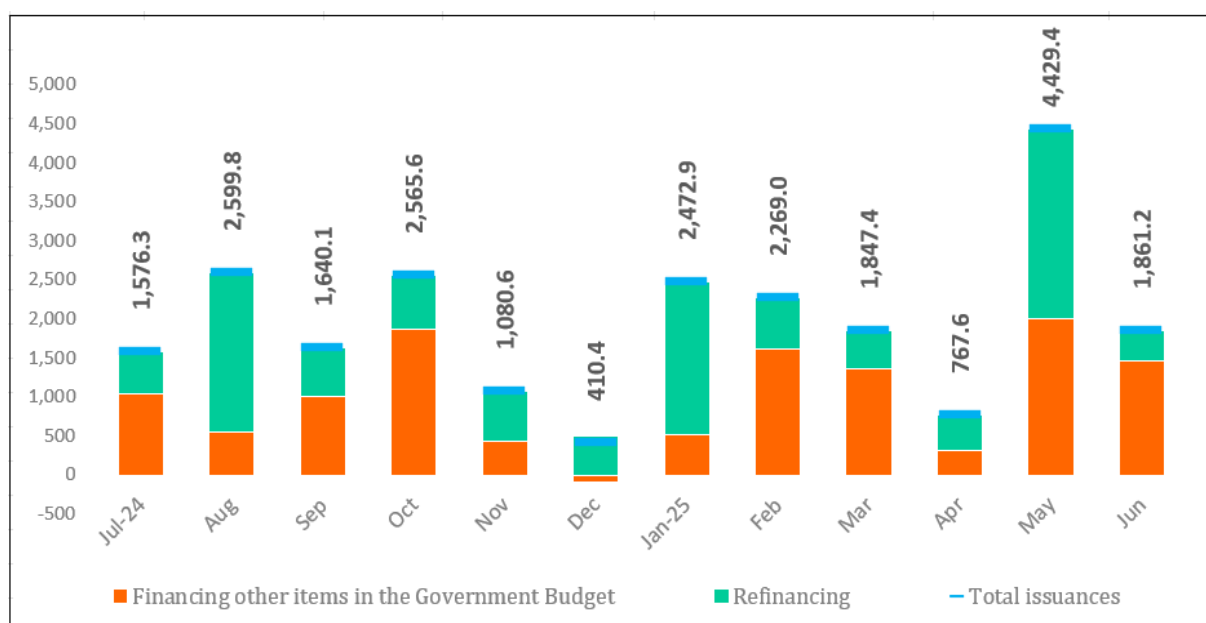


Source: Bank of Uganda

Government Securities

The government raised a total of US\$ 23,520.3 billion in FY 2024/25 from the domestic market through the issuance of government securities. Of this, US\$ 11,403.3 billion was used to refinance maturing securities, while US\$ 12,117.0 billion was used to finance other items in the budget, as shown by Figure 6. Of the total amount, US\$ 8,452.38 billion (36 percent) was raised through Treasury Bills and US\$ 15,067.91 billion (64 percent) through Treasury Bonds, reinforcing the government's commitment to lengthen the maturity profile by issuing longer-dated instruments. (see fig 6)

Figure 6 : Breakdown of utilisation of resources from Government Securities in Billion US\$



Source: Ministry of Finance, Planning and Economic Development

Yields (interest rates) on Treasury Bills

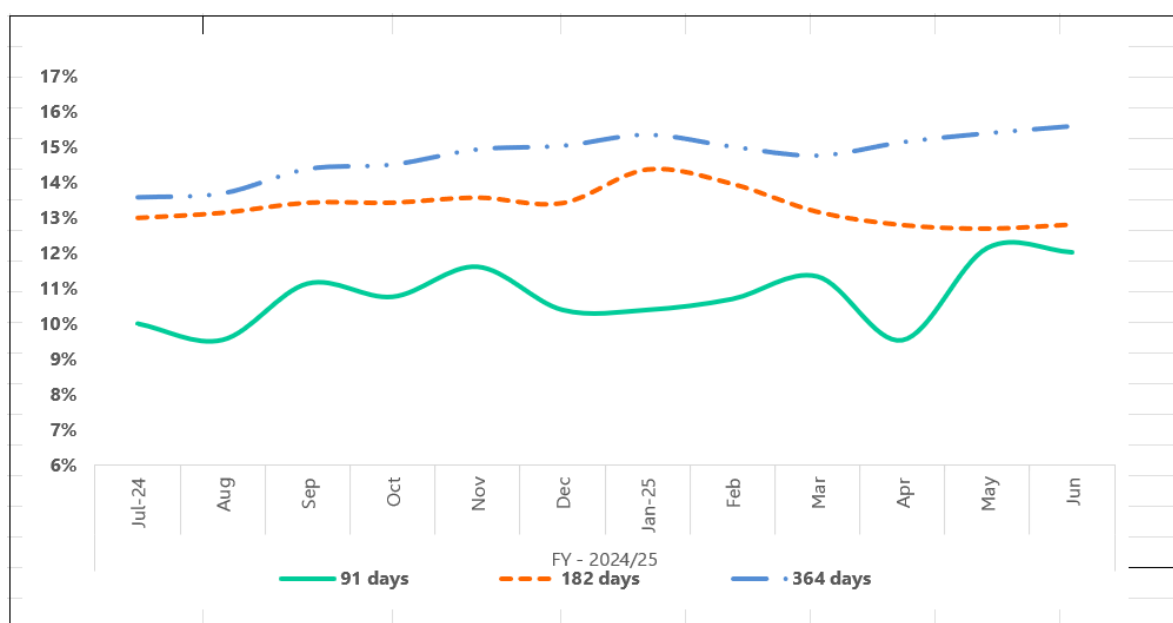
Yields (interest rates) on Treasury Bills trended upwards across all tenors in FY 2024/25 compared to FY 2023/24, with the 91-day T-bill increasing to 10.8 percent from 9.8 percent, the 182-day T-bill rising to 13.3 percent from 12.3 percent, and the 364-day T-bill rising to 14.8 percent from 13.0 percent (see table 2). This upward movement was mainly driven by higher domestic borrowing during FY 2024/25. Nonetheless, improved investor sentiment, reflected by the increased demand for government securities from both domestic and offshore investors, was observed during the financial year. (see table 2)

Table 2 : Average Annualised Yields on Treasury Bills (%)

	2020/21	2021/22	2022/23	2023/24	2024/25
91 Days	7.8	7.0	10.4	9.8	10.8
182 Days	10.2	8.6	11.4	12.3	13.3
364 Days	12.1	9.9	13.2	13.0	14.8

Source: Bank of Uganda

Figure 7 : Movement of Treasury Bill Yields (interest rates)



Source: Bank of Uganda

Yields (interest rates) on Treasury Bonds

Yields (interest rates) on longer dated instruments (Treasury Bonds) trended upwards across all tenors in FY 2024/25 compared to FY 2023/24. Specifically, yields on the 2, 3, 5, 10, 15, and 20-year bonds rose to 15.7 percent, 16.0 percent, 16.3 percent, 16.8 percent, 17.0 percent, and 17.5 percent, respectively, in FY 2024/25, up from 13.4 percent, 14.0 percent, 14.9 percent, 15.4 percent, 16.1 percent, and 16.1 percent in FY 2023/24 (see Table 3). The general rise in yields for T-Bonds reflects investors' demand for higher returns on longer maturities, amid Government's shift towards issuing longer dated instruments.

Table 3 : Average Annualised Yields on Treasury Bonds (%)

Tenors	FY 2023/24	FY 2024/25
2 years	13.4	15.7
3 years	14.0	16.0
5 years	14.9	16.3
10 years	15.4	16.8
15 years	16.1	17.0
20 years	16.1	17.5

Source: MoFPED-Debt Statistical Bulletin (%)

Lending to the Private Sector

Private Sector Credit

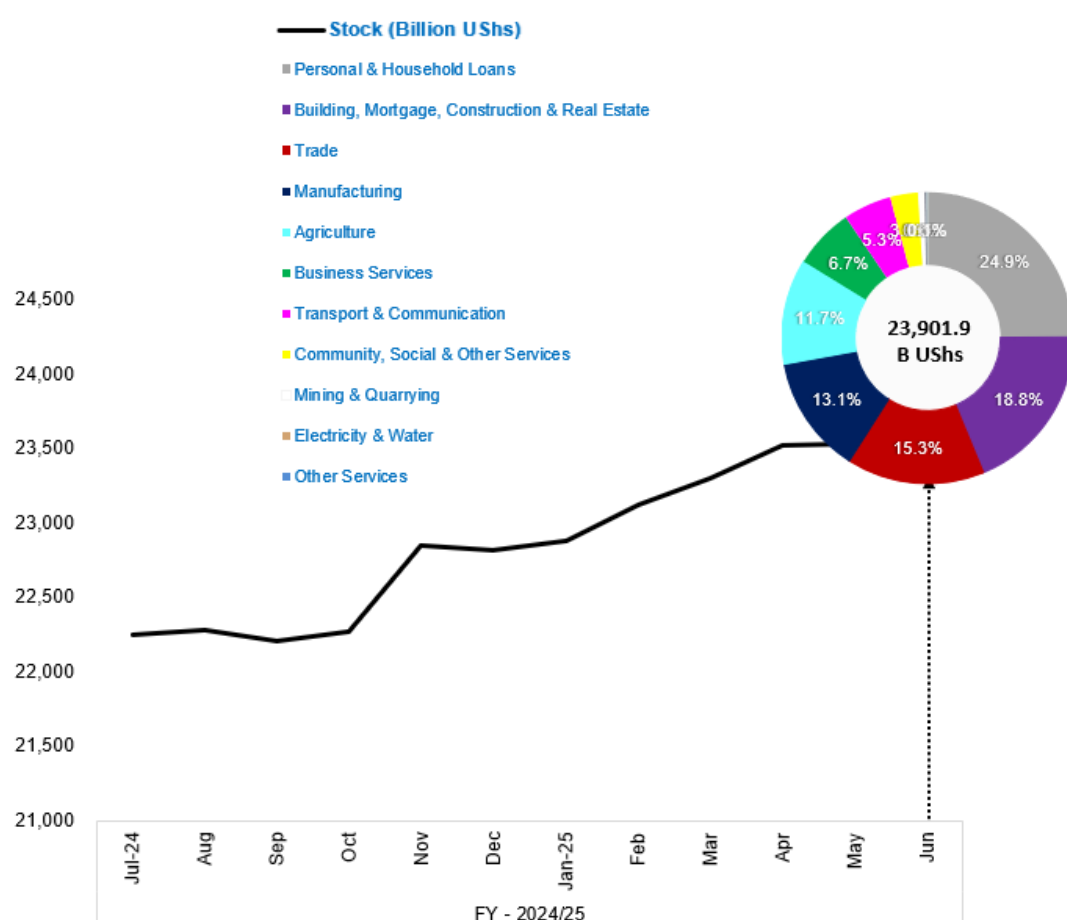


grew by
9.1%

The stock of outstanding private sector credit continued to grow favorably in FY 2024/25 in tandem with continued pickup in economic activity. Total stock of private sector credit increased by 9.1 percent to US\$ 23,901.94 billion in June 2025 from US\$ 21,905.82 billion recorded at the end of June 2024. This growth outpaced the 7.3 percent registered over the same period in the previous financial year. The increment was supported by growth in both shilling-denominated credit, which rose by 9.5 percent, and foreign currency-denominated credit, which expanded by 8.2 percent between June 2024 and June 2025. Credit disbursements during the period were largely towards personal and household loans, building, mortgage, construction and real estate as well as the trade and manufacturing sectors.

In addition, several government-led initiatives provided further impetus to private sector growth. Programs such as Emyooga, the Parish Development Model (PDM), and the Agricultural Credit Facility (ACF) continued to enhance credit accessibility to the private sector, especially for small-scale enterprises, farmers, and community-based groups. Figure 8 shows the breakdown of the stock of private sector credit.

Figure 8 : Stock of Private Sector Credit

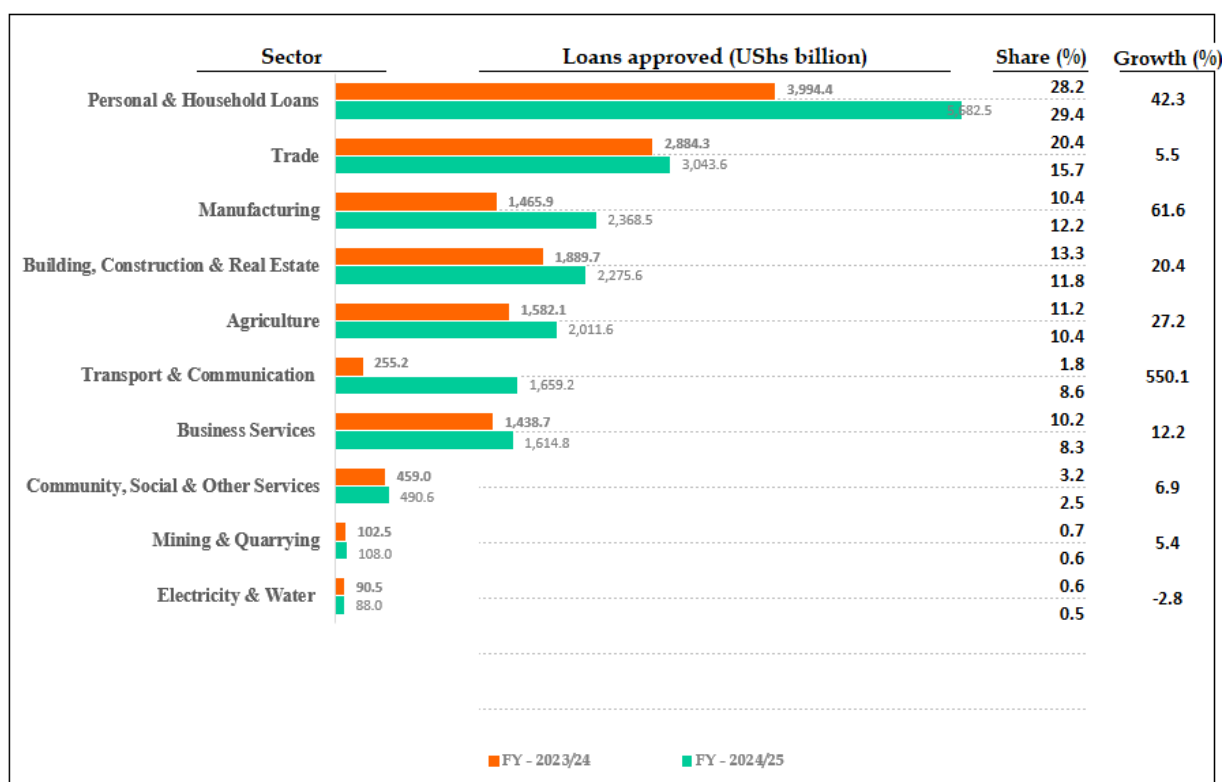


Source: Bank of Uganda

Credit Extension (credit applications and approvals)

Applications for credit in FY 2024/25 totaled US\$ 29,300.5 billion, with approved loans amounting to US\$ 19,343.0 billion, resulting in an approval rate of 66.0 percent. This rate is slightly higher than the 63.8 percent recorded in FY 2023/24. Consistent with the previous fiscal year, personal and household loans continued to receive the largest share of credit, accounting for 29.4 percent of total credit. Other sectors that received significant credit allocations included Trade (15.7 percent), Manufacturing (12.2 percent), Building, Construction, and Real Estate (11.8 percent), Business Services (8.3 percent), and Agriculture (10.4 percent).

Figure 9 : Value of New Loans Approved by Sector



Source: Bank of Uganda

Non-Performing Loans (NPLs)

The average ratio of non-performing loans (NPLs) to total gross loans declined to 3.68 percent in June 2025, from 4.95 percent in June 2024. This notable improvement reflects the positive effects of stronger economic activity, which enhanced the capacity of businesses and households to meet their debt obligations. The decline was particularly evident in sectors benefiting from the recovery in trade, manufacturing, construction, and agriculture, supported by affordable credit schemes such as the Parish Development Model, Emyooga, and capitalization of the Uganda Development Bank. In addition, strengthened credit risk management by financial institutions and continued loan restructuring measures helped improve asset quality. The return of tourism and increased export earnings also improved cash flow for many firms, contributing to better loan servicing. Overall, the declining NPL trend signals a healthier and more resilient banking sector, capable of extending more credit to support private-sector-led growth.

Exchange Rate

Shilling
appreciated



by **2.6%** per
USD to
3,677.6

The Uganda shilling appreciated by 2.6 percent in FY 2024/25, strengthening to an average mid-rate of US\$ 3,677.6 per US dollar from US\$ 3,776.6 in FY 2023/24. This performance was underpinned by strong foreign exchange inflows, notably rising Foreign Direct Investment linked to oil and gas development, higher tourism receipts, increased remittances, NGO inflows, and a significant boost in export earnings, particularly from coffee.

Improved investor sentiment, supported by prudent monetary and fiscal policies, further enhanced confidence in the domestic currency. At the same time, the global weakening of the US dollar in the second half of the fiscal year, amid easing inflation in advanced economies, reinforced appreciation pressures. The combination of strong foreign exchange inflows and stable macroeconomic management helped build up the stock of foreign exchange reserves while maintaining market stability. (see fig 10)

Figure 10 : Official Exchange Rate Movement of US\$ against US\$



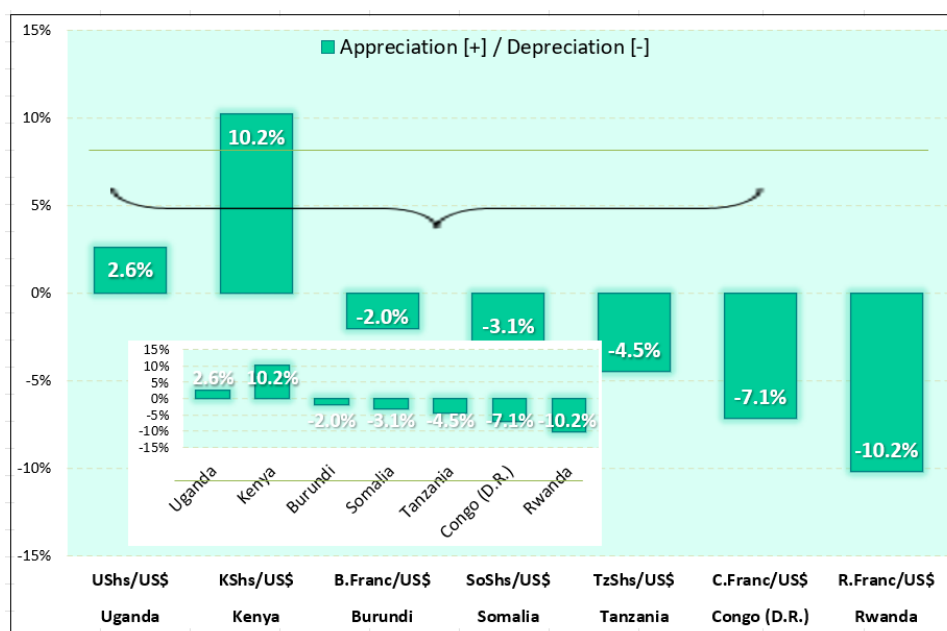
Source: Bank of Uganda

Exchange Rates within the EAC

Regional currency performance varied across the East African Community (EAC) in FY 2024/25. While the Uganda shilling and Kenyan shilling appreciated against the US dollar by 2.6 percent and 10.2 percent, respectively, other partner states experienced depreciation. The Tanzanian shilling weakened by 4.5 percent, the Burundian franc by 2.0 percent, the Somali shilling by 3.1 percent, and the Rwandan franc by 10.2 percent, reflecting divergent macroeconomic fundamentals and external positions across the region.

Kenya's strong appreciation was driven by improved foreign exchange reserves supported by higher remittances, strengthened investor confidence following fiscal reforms, and easing inflation. In contrast, depreciation in Rwanda was largely attributed to pressures on the current account, lower export earnings relative to imports, and increased demand for foreign currency to finance infrastructure investments. Tanzania and Burundi similarly experienced widening trade deficits, contributing to weaker currency positions, see figure 11 below.

Figure 11 : Change in Exchange Rates (Period Average) in EAC for 2023/24 Vs 2024/25



Source: Respective Central Banks

Note: South Sudan data was extracted from IMF International Financial Statistics database

External Sector

Trade of Goods and Services

Uganda's trade deficit with the rest of the world narrowed by 3.6 percent in FY 2024/25, improving to US\$ 4,672.36 million from US\$ 4,847.18 million in FY 2023/24. This improvement was driven by a rise in export earnings, which more than offset the increase in the import bill. Export of goods and services rose by US\$ 3,164.93 million, while imports increased by US\$ 2,990.12 million.

Export earnings from goods and services grew significantly by 31.6 percent in FY 2024/25, increasing from US\$ 10,025.62 million to a record US\$ 13,190.55 million. This strong performance was largely attributed to higher merchandise exports, which increased from US\$ 7,818.86 million in FY 2023/24 to US\$ 10,635.47 million in FY 2024/25, mainly due to higher exports of coffee and gold. Similarly, services exports grew by 15.8 percent, rising from US\$ 2,206.76 million to US\$ 2,555.08 million, supported by higher earnings from tourism, government goods and services¹, other business services and transport services, among others.

Similarly, Uganda's imports of goods and services increased by 20.1 percent in FY 2024/25 to US\$ 17,862.91 million, from US\$ 14,872.79 million in FY 2023/24, reflecting growth in both merchandise and services imports. Merchandise imports rose by 22.1 percent, from US\$ 10,822.40 million in FY 2023/24 to US\$ 13,208.74 million in FY 2024/25, while services imports rose from US\$ 4,050.40 million to US\$ 4,654.18 million, over the same period. The increase in services imports was mainly driven by higher expenditure on transport services, other business services, construction services, financial services and tourism, among others.

¹ Expenditure by employees of foreign embassies located in Uganda on services within the domestic economy.

Merchandise Trade Balance

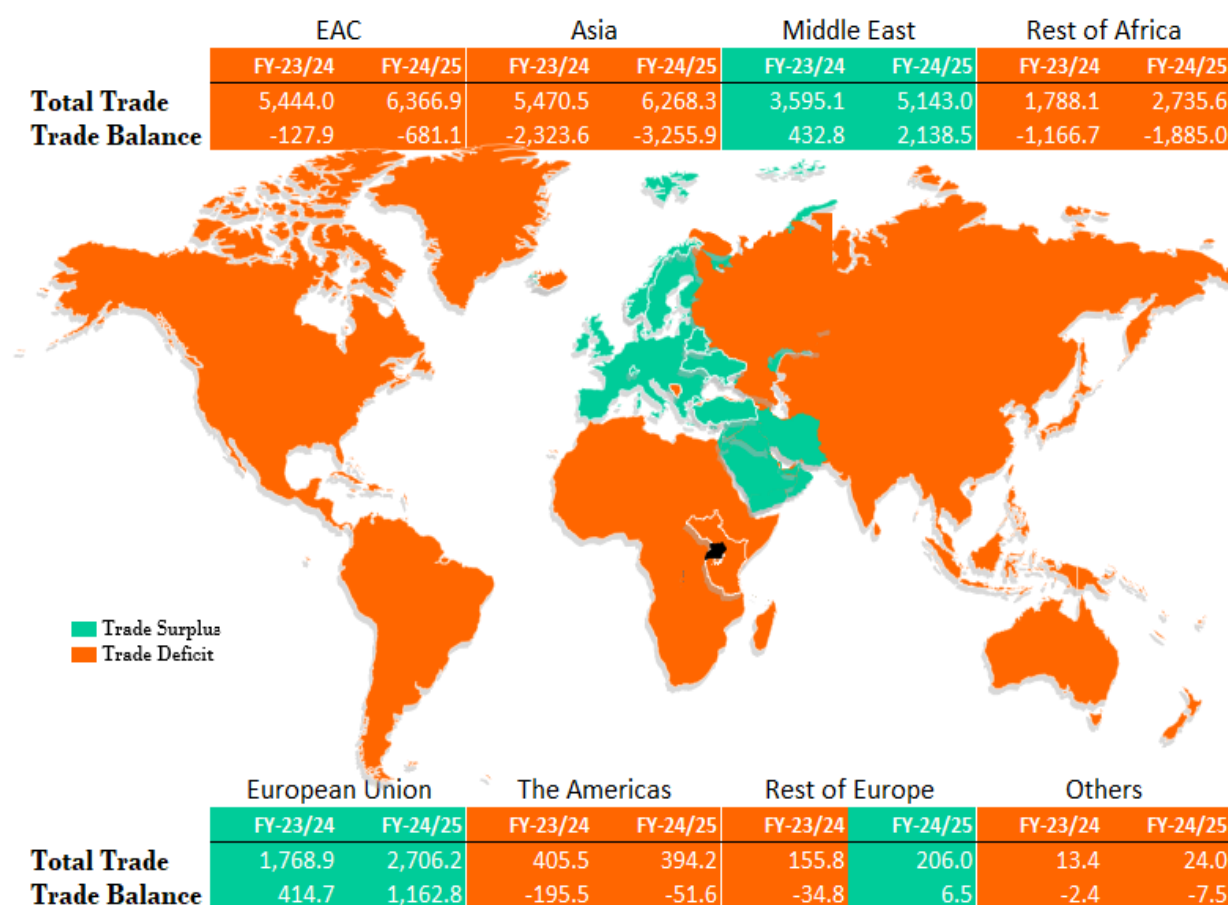
Uganda's merchandise trade deficit narrowed by 14.3 percent in FY 2024/25, improving to US\$ 2,573.27 million from US\$ 3,003.54 million in FY 2023/24. This improvement was driven by a significant surge in export earnings, which more than offset the increase in the import bill. Export receipts rose by US\$ 2,816.61 million to reach a record US\$ 10,635.47 million, while imports increased by US\$ 2,386 million, largely due to higher demand for intermediate and capital goods associated with production and infrastructure activity.

The regional structure of Uganda's trade also shifted, favouring regional trade. The East African Community (EAC) overtook Asia to become Uganda's largest trading partner, with total trade rising to US\$ 6,366.91 million, up from US\$ 5,444.04 million in FY 2023/24. Asia ranked second at US\$ 6,268.30 million. Other major partners included the Middle East, the Rest of Africa, the European Union, and the Rest of Europe. Uganda recorded trade surpluses with the Middle East, the European Union, and the Rest of Europe, reflecting improved performance in gold, coffee, fish, and other manufactured exports, while trade deficits persisted with the EAC, Asia, and the Rest of Africa due to continued reliance on imported inputs and consumer goods.

Export growth continues to be supported by government's establishment of key trade facilitation infrastructure such as One Stop Boarder Posts, Electronic Single Window and regional testing laboratories. This combined with continued investment in a multi-model transport system, industrial parks, free zones and provision of affordable financing through Uganda Development Bank have boosted competitiveness and exports. In addition, diversification across key sectors of agro-industrial products (coffee, dairy, sugar, fish, cocoa, and edible oils), minerals and extractives (oil and gas, gold, copper, iron ore, phosphates), expanded manufacturing (textiles, cement, steel), and tourism are strengthening external resilience, and laying a foundation for further growth in non-traditional exports over the medium term.

Figure 12 shows Uganda's Trade Balance across Regional Blocs in FY 2024/25

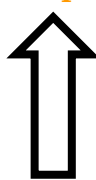
Figure 12 : Uganda's Trade Balance across Regional Blocs in FY 2024/25 (US\$ Million)



Source: MOFPED calculations based on data from BOU

Note: Total Trade is equal to merchandise exports plus merchandise imports, and Trade Balance is equal to merchandise exports minus merchandise imports

Merchandise Exports

Exports

 Increased
 By **36.0%**

Uganda's export receipts rose sharply by 36.0 percent in FY 2024/25, increasing from US\$ 7,818.86 million to a record US\$ 10,635.47 million. This performance was driven primarily by coffee and gold, which together accounted for the largest share of the export surge.

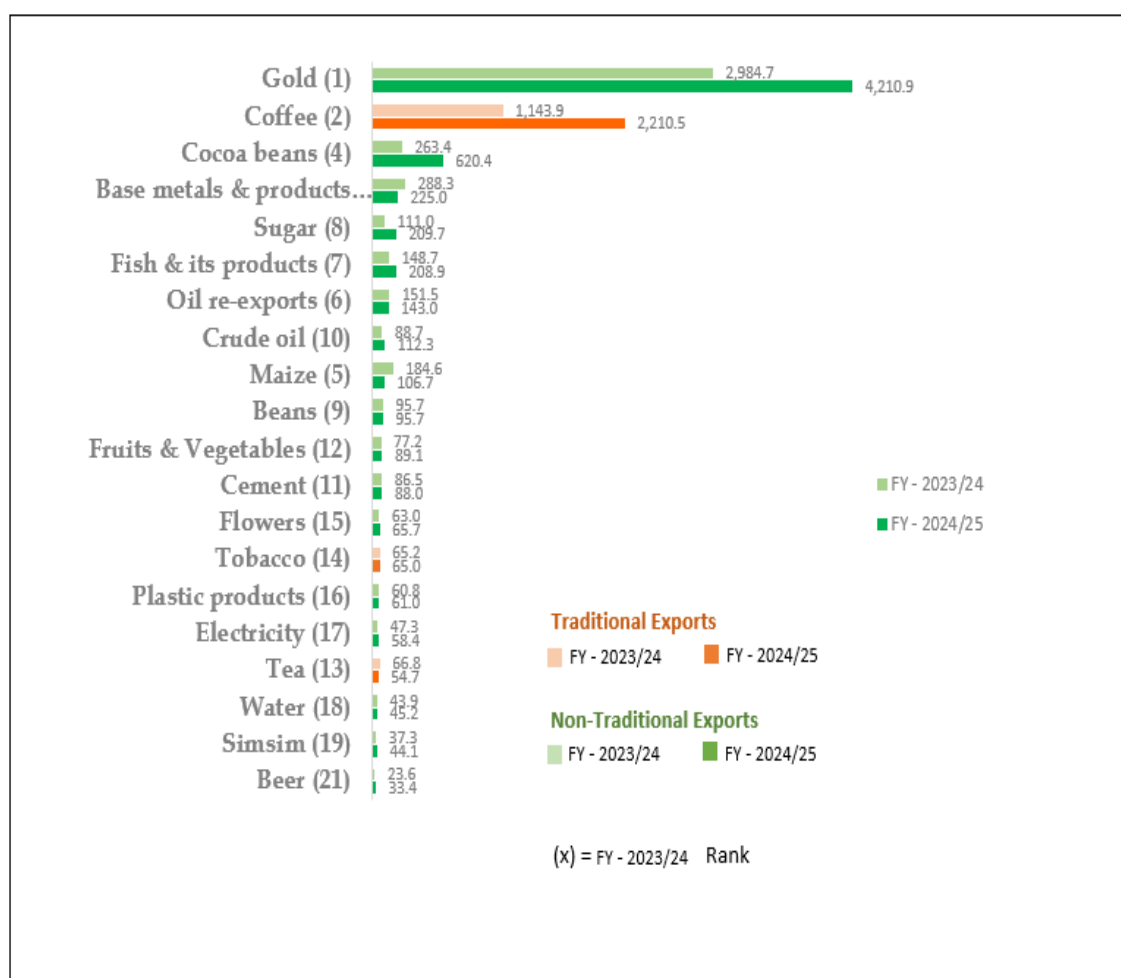
Gold exports increased by 41.1 percent, from US\$ 2,984.66 million to US\$ 4,210.93 million, reflecting expanded domestic refining capacity and higher global gold prices, which rose from an average

of US\$ 80,000/kg to US\$ 103,000/kg. The strengthening of local value-addition processes continues to position Uganda as a competitive regional exporter of refined gold.

Coffee export earnings nearly doubled, rising by 93.2 percent from US\$ 1,143.93 million to US\$ 2,210.53 million. Remarkably, while Uganda took more than a century to reach US\$ 1 billion in annual coffee export earnings, it has taken just one year to double that milestone. This was supported by higher international prices, which increased from US\$ 3.11 to US\$ 4.75 per kg, and increased export volumes, rising from 6.12 million to 7.75 million 60-kg bags. Strong harvests, particularly in Greater Masaka and Southwestern Uganda, alongside improved agronomic practices and post-harvest handling, bolstered production. Elevated global prices were influenced by severe weather-related supply constraints in Brazil and Vietnam, the world's largest producers of Arabica and Robusta coffee, respectively.

Beyond these two commodities, export earnings also grew across cocoa beans, sugar, fish and fish products, vegetable oils (from simsim, palm oil, and sunflower), fruits and vegetables, and a range of other agricultural and industrial goods. This reflects continued progress toward export diversification, value addition, and market expansion

Figure 13 : Top 20 Commodity Exports of Uganda in FY2024/25(US\$ Million)



Source: MOFPED calculations based on data from BOU

Note: X – denotes the rank of the commodity in the previous Financial Year

Traditional Exports are listed according to the Uganda Trade Policy

Destination of Exports

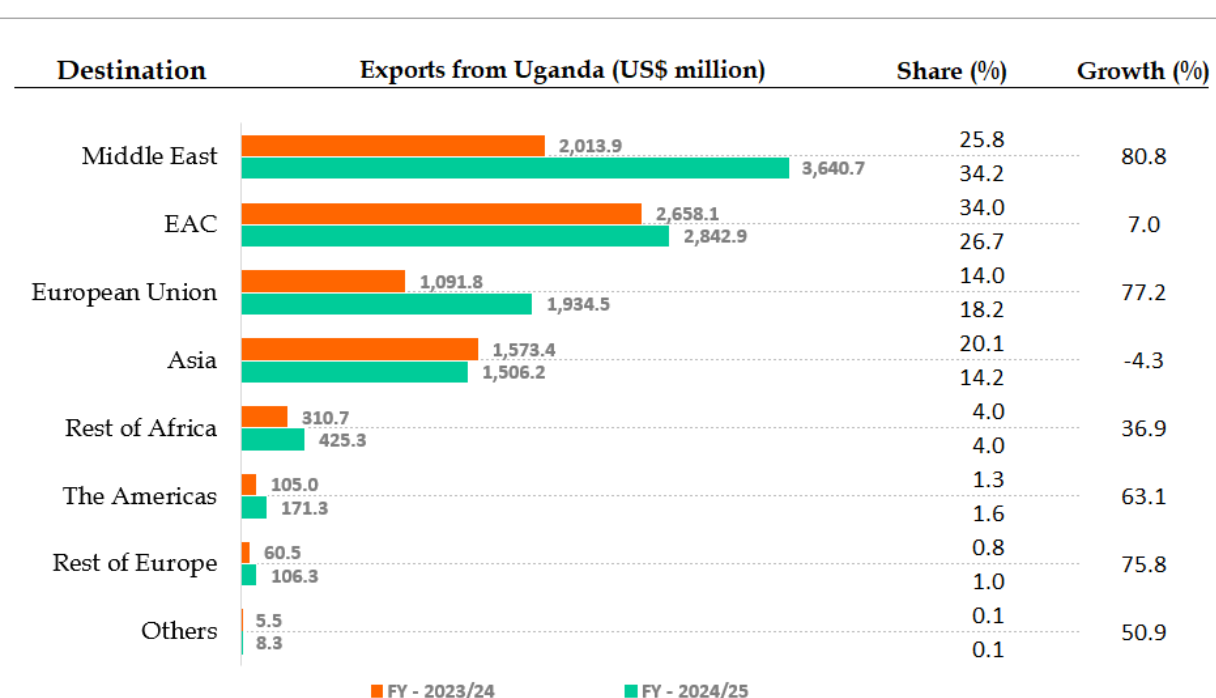
In FY 2024/25, the Middle East emerged as the leading destination for Uganda's exports, followed by the EAC, the European Union, and Asia. Export receipts to the Middle East nearly doubled, rising from US\$ 2,013.94 million in FY 2023/24 to US\$ 3,640.75 million in FY 2024/25, accounting for 34.2 percent of total export earnings. This strong performance was driven predominantly by the continued expansion of Uganda's refined gold exports to this market.

Exports to the East African Community also recorded solid growth, increasing by 7.0 percent from US\$ 2,658.08 million to US\$ 2,842.93 million, and contributed 26.7

percent of total export earnings, highlighting the importance of regional integration and growing market access for Ugandan manufactured and agro-processed goods. Meanwhile, exports to the European Union accounted for 18.2 percent, supported by strong performance in coffee and fish products, while Asia contributed 14.2 percent of export earnings, reflecting stable demand for both agricultural and mineral commodities.

The continued diversification of export destinations, from regional markets to Europe, Asia, and the Middle East, reinforces Uganda's resilience against external shocks and strengthens the country's competitiveness in global value chains. See Figure 14 below.

Figure 14 : Destination of Uganda's Exports to different Regional Blocs



Source: MOFPED calculations based on data from BOU

Imports

↑
Increased
by
22%

Merchandise Imports

Imports grew strongly during FY 2024/25, reflecting rising domestic investment and demand for production inputs. Total import values increased by 22.0 percent, from US\$ 10,822.40 million in FY 2023/24 to US\$ 13,208.74 million in FY 2024/25. Growth was primarily driven by increased imports of mineral products, base metals and their products, machinery and equipment, vehicles and accessories, as well as vegetable, animal, beverage, fats & oils, and chemical & related products, consistent with expanding consumer demand, industrial activity, and infrastructure developments.

Table 4 shows the performance of imports in US\$ million.

Table 4: Performance of Imports in US\$ million

	FY 2023/24	FY 2024/25	Difference (value)	Growth Rate
Total Imports (f.o.b)	10,822.4	13,208.7	2,386.3	22.0%
Government Imports	190.2	294.3	104.1	54.7%
Project	167.8	254.3	86.5	51.5%
Non-Project	22.4	40.0	17.6	78.5%
Formal Private Sector Imports	10,516.2	12,794.3	2,278.1	21.7%
Oil imports	1,748.2	1,630.6	-117.6	-6.7%
Non-oil imports	8,768.0	11,163.7	2,395.7	27.3%
Estimated Private Sector Imports	116.0	120.2	4.2	3.6%
Total Private Sector Imports	10,632.2	12,914.5	2,282.3	21.5%

Source: Bank of Uganda

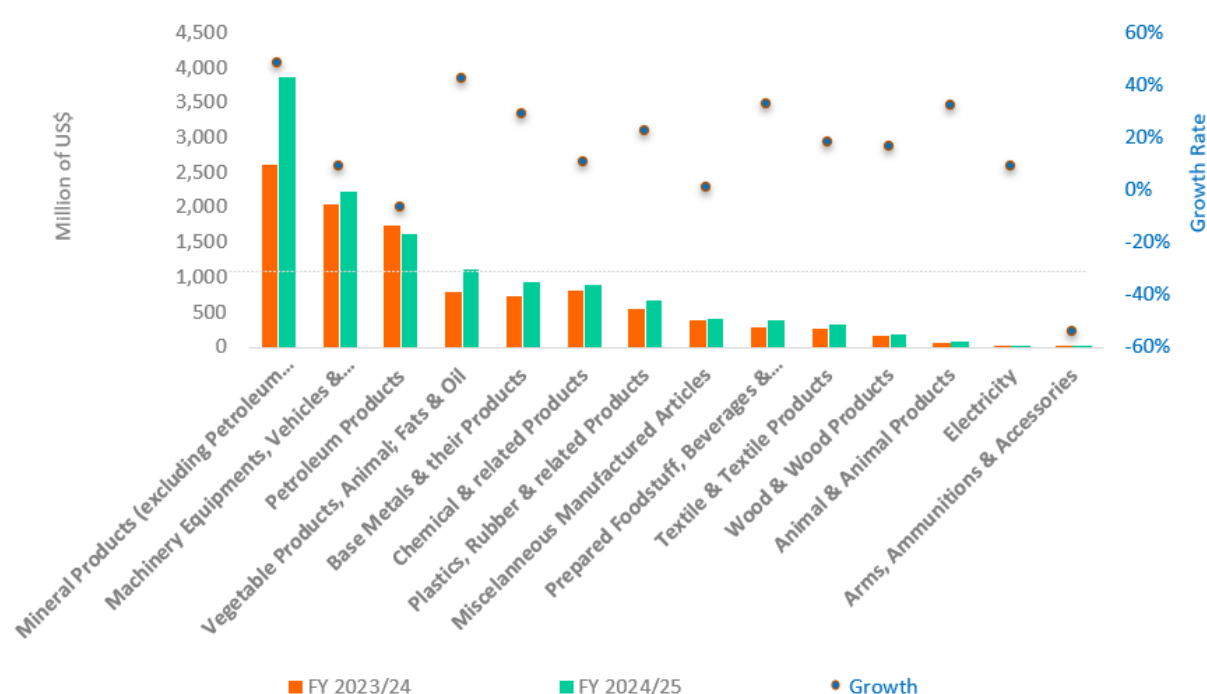
Government imports rose to US\$ 294.26 million from US\$ 190.19 million the previous year, largely due to higher project-related imports in the final stages of oil and gas investments, alongside increases in non-project imports. Formal private-sector imports also grew by 21.7 percent, supported particularly by rising machinery and equipment purchases as firms expanded production capacity.

However, oil-related imports declined from US\$ 1,748.20 million to US\$ 1,630.61 million, despite an increase in import volumes from

522.99 to 554.17 units (index). This decrease in oil import values was largely due to lower international oil prices, as reflected by the Bank of Uganda's oil price index, which fell from 159.11 to 140.06. The drop in global prices more than offset increased volumes, resulting in a decline in the oil import value index from 832.12 to 776.15.

Overall, higher non-oil imports reflect increased investment and consumer demand, while the fall in the oil import bill helped contain import costs despite the strong rise in total imports.

Table 5 : Composition of Formal Private Sector Imports by Category



Source: Bank of Uganda

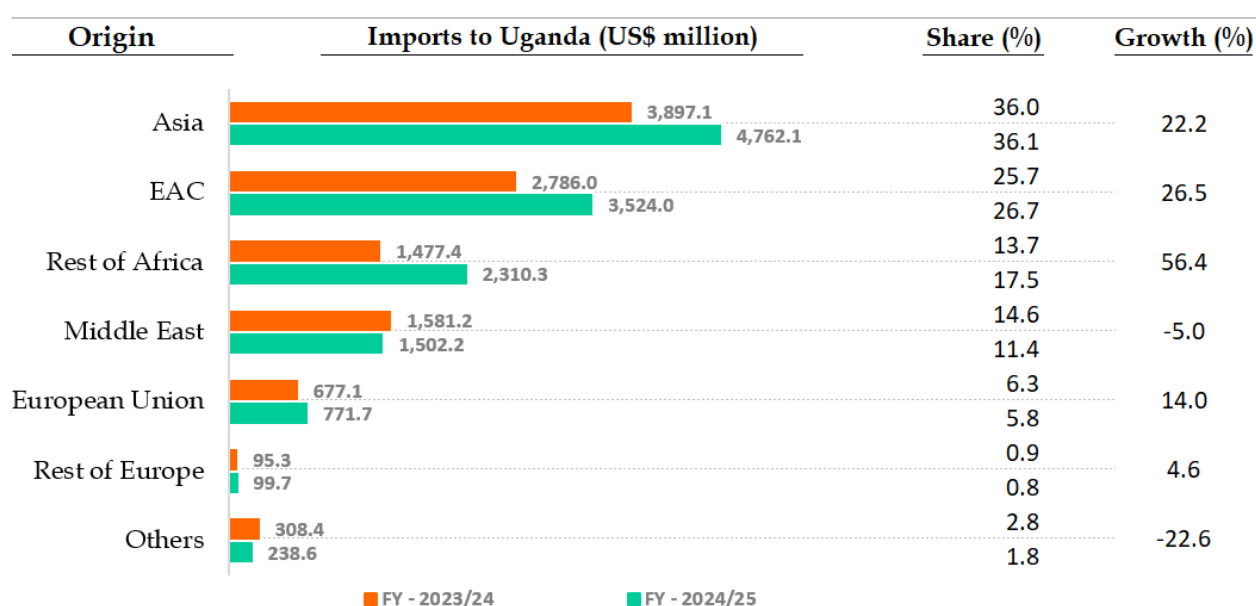
Note: Commodity category is according to the Harmonised Coding System

Origin of Imports

Asia remained the largest source of Uganda's merchandise imports in FY 2024/25, accounting for 36.1 percent of total imports, followed by the East African Community (26.7%), the Rest of Africa (17.5%), and the Middle East (11.4%). Notably, imports from Asia have increased from US\$ 3,897.60 million in FY 2023/24 to US\$ 4,762.12 million in FY 2024/25.

74.8 percent of imports from Asia were sourced from China and India and mainly comprised of machinery and transport equipment, medical and pharmaceutical products, electronics, and plastics, among others. Within the EAC, Tanzania accounted for the largest share of imports, contributing 62.8 percent, while the United Arab Emirates accounted for 63.8 percent of total imports from the Middle East in the same period. The main imports from the United Arab Emirates were petroleum fuels, lubricants, and related materials. (see fig. 16)

Figure 15 : Origin of Uganda's Imports from different Regional Blocs



Source: MOFPED calculations based on data from BOU

Trade with the EAC

During FY 2024/25, Uganda recorded a merchandise trade deficit of US\$ 681.06 million with the EAC, significantly widening from US\$ 127.88 million in FY 2023/24, equivalent to an increase of about 433 percent. This deterioration was mainly due to faster growth in imports relative to exports.

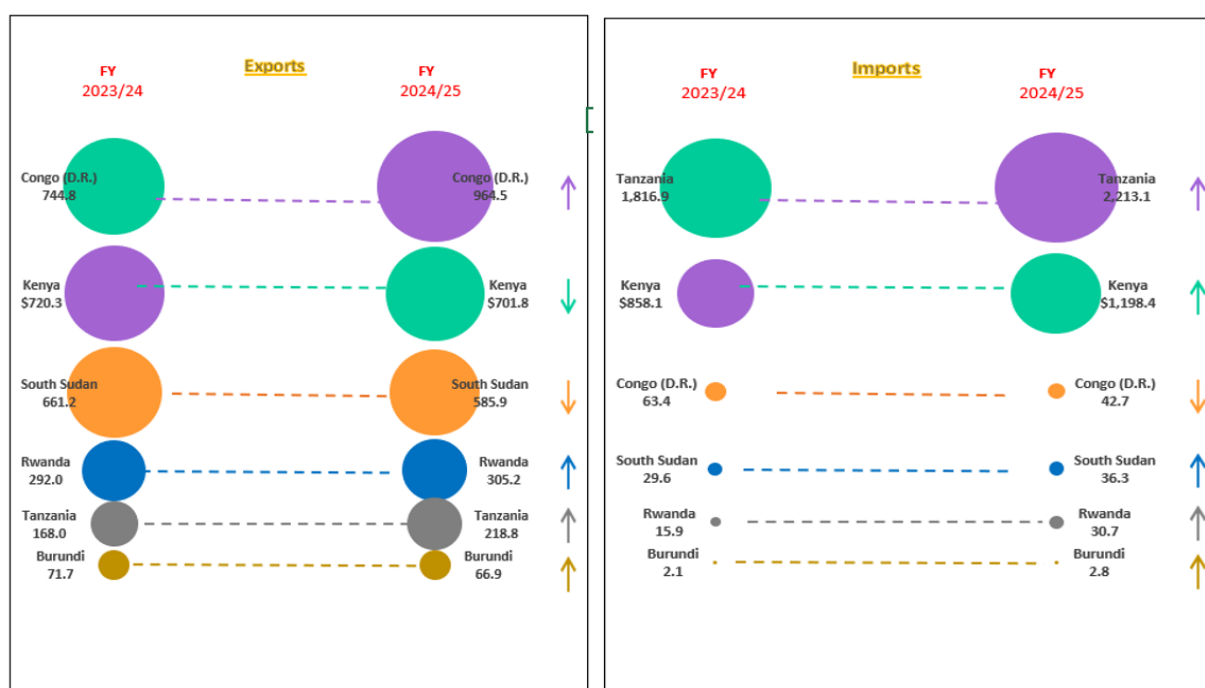
Exports to the EAC grew by 7.0 percent, increasing from US\$ 2,658.08 million to US\$ 2,842.93 million. The Democratic Republic of Congo, Kenya, and South Sudan remained the main destinations, taking 33.9 percent, 24.7 percent, and 20.6 percent of Uganda's exports to the region, respectively. Export earnings rose strongly to

Tanzania (+30.1%), DRC (+29.5%), and Rwanda (+4.5%). In contrast, exports to South Sudan (-11.4%), Burundi (-6.8%), and Kenya (-2.6%) fell, mainly due to non-tariff barriers.

A recent bilateral ministerial meeting between Uganda and Kenya resulted in the lifting of key non-tariff barriers and renewed commitment to enforce the EAC Treaty provisions on free movement of goods. These efforts are expected to boost Uganda's export performance to Kenya and ease congestion along major border points going forward.

Imports from the EAC increased by 26.5 percent, mainly due to a surge in imports from Tanzania and Kenya. Imports from Tanzania rose sharply by 62.8 percent, from US\$ 1,816.88 million to US\$ 2,213.06 million, driven largely by higher purchases of mineral products. Uganda's growing reliance on regional supply chains underscores the need to strengthen competitiveness as well as productive and value-added capacity to rebalance trade within the EAC.

Figure 16 : Uganda's Trade with EAC Partner States (US\$ Million)



Source: Bank of Uganda

Other Balance of Payments (BOP) transactions

Overall, Balance of Payment:

Uganda's external sector position strengthened significantly in FY 2024/25. The country recorded an overall Balance of Payments (BoP) surplus of US\$ 1,029.47 million, a major turnaround from the US\$ 995 million deficit registered in FY 2023/24. This improvement reflects strong investor confidence, robust export growth, increased tourism receipts, and consistent capital and financial inflows. A positive BoP signals that Uganda is earning more foreign exchange than it is spending, which supports currency stability and enhances the country's global financial standing.

International reserves

International reserves also improved, rising to US\$ 4,297.82 million by June 2025, equivalent to 3.4 months of import cover, compared to 3.1 months a year earlier. Stronger reserves provide a critical buffer against external shocks, help maintain macroeconomic stability, and strengthen Uganda's ability to meet external debt obligations without putting pressure on the exchange rate.

Tourism/Travel

Tourism inflows in FY 2024/25 increased by 13.5 percent to US\$ 1,571.96 million, from US\$ 1,384.99 million in FY 2023/24. Uganda's earnings from tourism reached a record high, surpassing pre-covid levels. The improvement in tourism earnings is mainly on account of strategic marketing efforts, improved partnerships, and continued investments in tourism infrastructure and conservation. Tourism continues to be a key driver of economic growth by generating substantial foreign exchange earnings, creating jobs especially for youth and women, stimulating demand across sectors such as agriculture, transport, and hospitality, and supporting rural development and conservation efforts around protected areas.

Remittances

The level of remittance flows increased in FY 2024/25 by 11.8 percent to reach US\$ 1,568.91 million, up from US\$ 1,403.11 million in FY 2023/24. This increase has been aided by the developments in the digital space that have increased convenience and efficiency. Remittances directly support household consumption, finance small business investments, and contribute to community development. In addition, the Ugandan diaspora presents a growing opportunity for mobilizing investment funds for critical public infrastructure and strategic national projects.

Foreign Direct Investment

Foreign Direct Investment (FDI) inflows rose to US\$ 3,565.51 million in FY 2024/25, up from US\$ 3,000.26 million the previous year, and more than double the FY 2020/21 level (US\$ 1,419.86 million). This surge is largely attributed to ongoing investments in the oil and gas sector and infrastructure development, creating jobs, stimulating demand for local goods and services, and enhancing the country's future export capacity, as well as a good macroeconomic environment.

FISCAL SECTOR PERFORMANCE

Chapter II: Fiscal Sector Performance

Overview

Uganda's fiscal strategy for FY 2024/25 was anchored on promoting inclusive economic growth while safeguarding macroeconomic stability and debt sustainability. The strategy was also focused on enhancing domestic revenue mobilisation, guided by the Domestic Revenue Mobilisation Strategy (DRMS), which targets an annual increase in the revenue-to-GDP ratio of 0.5 percentage points, and strengthening the efficiency and impact of public spending.

In FY 2024/25 therefore, Government projected to receive total revenue amounting to US\$ 34,866.84 billion during FY 2024/25. On the other hand, expenditure, excluding debt refinancing and expenditure related to local government revenue, was planned to amount to US\$ 47,590.73 billion. This would translate into a planned fiscal deficit (net borrowing) of US\$ 12,723.89 billion (5.7% of GDP).

Fiscal Outturns

During FY 2024/25, the government's fiscal operations resulted in a fiscal deficit (net borrowing) of US\$ 13,301.19 billion, equivalent to 5.8 percent of GDP. This outcome was slightly higher than the deficit projected at the start of the financial year, mainly due to higher-than-planned expenditures and lower-than-anticipated grant receipts.

Total expenses amounted to US\$ 39,335.63 billion, which represents a 3.1 percent increase above the approved budget of US\$ 38,157.71 billion, driven largely by supplementary budget requirements during the year. When combined with spending on the acquisition of non-financial assets, amounting to US\$ 7,400.16 billion, total government expenditure (excluding debt refinancing and Appropriation in Aid) reached US\$ 46,735.80 billion.

On the revenue side, total revenues (tax, non-tax, and grants) amounted to US\$ 33,434.61 billion, slightly below the target of US\$ 34,866.84 billion. Domestic revenues performed strongly, reaching US\$ 32,078.62 billion, exceeding the target by US\$ 96.69 billion, reflecting continued improvements in revenue administration and

compliance. However, grant receipts underperformed significantly at US\$ 1,356.00 billion, compared to a target of US\$ 2,884.92 billion, a performance rate of just 47 percent, which contributed to the wider fiscal deficit.

Table 6 : Fiscal Operations in FY 2024/25 (Billion shillings)

FY2024/25	Budget	Outturn	Performance	Deviation	%age of GDP
Revenue (Including Grants)	34,866.84	33,434.61	95.9%	- 1,432.23	14.7%
Domestic Revenues	31,981.92	32,078.62	100.3%	96.69	14.1%
Taxes	29,365.79	29,870.77	101.7%	504.98	13.1%
Other revenue	2,616.14	2,207.85	84.4%	- 408.29	1.0%
Grants	2,884.92	1,356.00	47.0%	- 1,528.92	0.6%
Budget support	39.49	117.34	297.2%	77.85	0.1%
Project grants	2,845.43	1,238.66	43.5%	- 1,606.77	0.5%
Expense	38,157.71	39,335.63	103.1%	1,177.92	17.3%
Compensation of employees	5,220.72	5,232.80	100.2%	12.08	2.3%
Wages and salaries	3,506.37	3,555.12	101.4%	48.75	1.6%
Allowances	873.52	883.66	101.2%	10.15	0.4%
Other employee Costs	840.84	794.02	94.4%	- 46.82	0.3%
Purchase of goods and services	7,575.38	8,971.84	118.4%	1,396.46	3.9%
Interest	9,606.00	8,393.78	87.4%	- 1,212.22	3.7%
o/w: domestic	7,992.55	7,060.77	88.3%	- 931.78	3.1%
o/w: foreign	1,613.45	1,333.00	82.6%	- 280.44	0.6%
Grants	11,345.75	13,509.08	119.1%	2,163.33	5.9%
Social benefits	569.01	570.45	100.3%	1.44	0.3%
Other expense	3,640.86	2,436.21	66.9%	- 1,204.65	1.1%
Clearance of Arrears	200.00	221.48			
Gross operating balance	- 3,290.87	- 5,901.02	179.3%	- 2,610.15	-2.6%
Net operating balance	- 3,290.87	- 5,901.02	179.3%	- 2,610.15	-2.6%
TRANSACTIONS IN NONFINANCIAL ASSETS:					
Net Acquisition of Nonfinancial Assets	9,433.01	7,400.16	78.4%	- 2,032.85	3.2%
Fixed assets	9,054.77	7,301.21	80.6%	- 1,753.55	3.2%
Nonproduced assets	378.25	98.95	26.2%	- 279.30	0.0%
Net lending / borrowing	- 12,723.89	- 13,301.19	104.5%	- 577.30	-5.8%
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
Domestic	- 7,740.14	- 11,951.96	154.4%	- 4,211.82	-5.2%
Bank financing	- 12,518.88	- 2,856.53	22.8%	9,662.36	-1.3%
Bank of Uganda	- 29,015.59	- 1,021.00	3.5%	27,994.59	-0.4%
Net change in financial assets	- 19,915.59	2,157.28	-10.8%	22,072.87	0.9%
Net change in Liabilities	9,100.00	3,178.28	34.9%	- 5,921.72	1.4%
Commercial Banks	16,496.71	- 1,835.52	-11.1%	- 18,332.24	-0.8%
Net change in financial assets	-	580.75		580.75	0.3%
Net change in Liabilities	- 16,496.71	2,416.27	-14.6%	18,912.98	1.1%
Non Bank Financing	4,492.95	- 9,512.87	-211.7%	- 14,005.82	-4.2%
Net Change other Financial Assets	-	-		-	0.0%
Net change in Financial liabilities	- 4,492.95	9,512.87	-211.7%	14,005.82	4.2%
Other Financing (Onlending e.g Karuma)	285.80	417.44	146.1%	131.64	0.2%
Net change in financial assets	285.80	417.44	146.1%	131.64	0.2%
Net change in Liabilities	-	-		-	0.0%
Foreign	4,983.75	1,213.86	24.4%	- 3,769.89	0.5%
Net change in financial assets	-	-		-	0.0%
Net change in Liabilities	- 4,983.75	- 1,213.86	24.4%	3,769.89	-0.5%
Disbursement	- 8,092.25	- 4,264.93	52.7%	3,827.32	-1.9%
Project loans	- 6,738.08	- 3,613.35	53.6%	3,124.72	-1.6%
Budget Support loans	- 1,354.18	- 651.58	48.1%	702.60	-0.3%
Amortization (-)	3,108.50	3,051.06	98.2%	- 57.44	1.3%
Errors and Omissions	0.00	- 135.37		- 135.37	-0.1%

Source: MoFPED

Total Revenues (Including Grants)

Total revenues received by the government during FY 2024/25 amounted to US\$ 33,434.61 billion against a target of US\$ 34,866.84 billion, implying an underperformance of 4.1 percent mainly on account of grants since domestic revenues registered a surplus.

Of the total amount of revenue received in FY2024/25, US\$ 29,870.77 billion was tax revenue, US\$ 2,207.85 billion was non-tax revenue, and US\$ 1,356.00 billion was grants from development partners.

Tax Revenues

In FY 2024/25 taxes amounted to US\$ 29,870.77 billion against a target of US\$ 29,365.79 billion, translating into a surplus of US\$ 504.98 billion (1.7 percent above the target). This performance represents a 16.1 percent annual growth in tax revenue and an improvement in the tax revenue to GDP ratio from 12.7 percent in FY 2023/24 to 13.1 percent in FY 2024/25. This shows a 0.4 percentage point increase close to the policy target of growing tax revenue by 0.5 percentage points of GDP annually.

The good performance in tax revenue collections was mainly on account of income taxes (direct domestic taxes) owing to increased profitability of firms as well as improvements in compliance. Taxes on international trade transactions also performed relatively well, posting a modest surplus, while consumption taxes registered a shortfall compared to their target for the year.

Taxes on international trade

Taxes on international trade registered a surplus of US\$ 50.55 billion above the target of US\$ 11,054.71 billion. Within this tax category, import duty recorded a surplus of US\$ 256.99 billion, and the export levy registered a surplus of US\$ 29.78 billion, while the other tax heads registered shortfalls. This included petroleum duty, withholding tax, temporary road licenses, excise duty on imports, and value-added tax on imports. Petroleum duty was affected by the lower than targeted growth in fuel import volumes. Despite the growth in fuel import volumes by 9.52 percent (255.62 million litres) in FY 2024/25, the petrol volumes fell short of the target by 1.53 percent

(22.55 million litres). In addition, the import of kerosene declined by 8.90 million litres in FY2024/25 from the 50.59 million litres reported in FY2023/24, mainly attributed to the rise in the use of solar energy.

Indirect Domestic Taxes

Taxes on consumption of goods and services amounted to US\$ 7,477.15 billion, registering a shortfall of US\$ 153.49 billion against a target of US\$ 7,630.64 billion. Value Added Tax contributed US\$ 84.93 billion to the shortfall, while the remainder (US\$ 68.56 billion) was from excise duty.

The shortfalls registered under VAT were on account of higher than anticipated growth registered in exempt local sales as well as zero-rated sales (exports), which affected goods such as spirits/waragi, cement, sugar, and insurance services. High input VAT costs also affected net VAT payable, especially from cement, beer, and soft drinks, while declines in sugar prices resulted in a decline in the value of sales, thus affecting VAT collections on sugar during the financial year.

The shortfalls in excise duty collections were mainly recorded under phone talk time as more users switched to using data; soft drinks due to a reduction in ad valorem rate on fruit juice, vegetable juice, and non-alcoholic beverages from 12 percent to 10 percent; and spirits/waragi, which was affected by continuous unrestricted manufacture, distribution, and sale of illicit spirits that frequently avoid taxes and do not adhere to legal requirements. Table 5 gives a summary of domestic revenue performance in FY 2024/25.

Direct Domestic Taxes

Income taxes amounted to US\$ 11,885.21 billion against a target of US\$ 11,344.43 billion, implying a surplus of US\$ 540.78 billion. Corporate taxes registered the highest surplus, amounting to US\$ 827.95 billion on account of improved business performance and increased profitability among key taxpayers in the manufacturing, financial, trade, and ICT sectors. Additionally, strengthened administrative and compliance measures, such as audits and Tax Investigations Department (TID) assessments, among others.

The performance of corporate tax more than offset shortfalls registered from other tax heads under income tax, such as Pay as You Earn, which registered a shortfall of US\$ 125.63 billion. The shortfall in PAYE was attributed to reduced staff numbers in some top tax-paying private sector institutions and a decline in donor-funded NGO activity, especially due to the USAID aid freeze. In addition, the decline in remittances to the NGO sector and commencement of rationalization of agencies (RAPEX) also affected PAYE collections.

Table 7 : Details of Domestic Revenue in US\$ Billion

	TARGET	OUTTURN	DEVIATION	PERFORMANCE	GROWTH
Total Domestic Revenues	31,981.92	32,078.62	96.69	100.08%	▲15.20%
Non Tax Revenue	2,616.14	2,207.85	(408.29)	81.64%	▲3.54%
Tax Revenue	29,365.79	29,870.77	504.98	101.72%	▲16.14%
DIRECT DOMESTIC	11,344.43	11,885.21	540.78	104.77%	▲17.94%
PAYE	5,511.19	5,385.56	(125.63)	97.72%	▲8.59%
Corp tax	2,428.80	3,256.76	827.95	134.09%	▲44.92%
Presumptive Tax	21.42	22.42	1.00	104.68%	▲26.47%
Other non-PAYE	106.17	115.62	9.45	108.90%	▲34.69%
WHT	1,844.37	1,741.51	(102.86)	94.42%	▲11.16%
Rental Income	351.15	331.39	(19.76)	94.37%	▲20.21%
Tax on bank interest	211.44	184.86	(26.58)	87.43%	▲6.22%
Treasury bills	749.98	702.96	(47.02)	93.73%	▲7.78%
Casino & Lottery	119.93	144.14	24.22	120.19%	▲46.62%
INDIRECT DOMESTIC	7,630.64	7,477.15	(153.49)	97.99%	▲13.21%
Excise	2,498.26	2,429.71	(68.56)	97.26%	▲11.91%
O/w Beer	471.24	469.01	(2.23)	99.53%	▲10.75%
Phone Talk time	383.74	340.46	(43.28)	88.72%	▲4.67%
Soft Drinks	305.82	273.85	(31.97)	89.55%	▲6.30%
Spirits/Waragi	266.67	263.21	(3.46)	98.70%	▲22.62%
Levy on Cash Withdrawals	246.49	242.25	(4.24)	98.28%	▲13.24%
Money transfer	217.37	234.32	16.95	107.80%	▲19.48%
Internet Data	152.75	179.52	26.77	117.52%	▲24.11%
Bank charges	149.85	134.69	(15.16)	89.88%	▲6.07%
Value Added Tax (VAT)	5,132.37	5,047.44	(84.93)	98.35%	▲13.85%
O/w Manufacturing	2,955.28	2,716.68	(238.60)	91.93%	▲5.36%
Services	904.06	1,055.31	151.26	116.73%	▲35.17%
Insurance services	127.13	110.81	(16.31)	87.17%	▲1.83%
Other financial services	94.23	102.58	8.35	108.86%	▲19.79%
Agriculture	25.86	105.35	79.49	407.35%	▲425.48%
Construction	170.89	179.36	8.47	104.96%	▲22.21%
Wholesale & retail trade; repairs	560.93	524.35	(36.58)	93.48%	▲6.97%
Hotels & restaurants	143.04	133.19	(9.85)	93.12%	▲9.73%
Transport & communications	63.52	133.85	70.33	210.71%	▲145.47%
Real estate activities	257.89	246.01	(11.89)	95.39%	▲18.48%
INTERNATIONAL TRADE	11,054.71	11,105.26	50.55	100.46%	▲16.24%
Petroleum	3,816.73	3,800.99	(15.74)	99.59%	▲18.59%
Import Duty	2,244.86	2,501.85	256.99	111.45%	▲27.56%
Excise Duty	272.37	263.71	(8.66)	96.82%	▲9.29%
VAT	3,873.31	3,731.22	(142.08)	96.33%	▲9.31%
WHT	241.84	197.58	(44.26)	81.70%	▼4.09%
Surcharge	315.23	303.25	(11.98)	96.20%	▲11.42%
Temporary road license	133.18	119.89	(13.29)	90.02%	▲3.01%
Infrastructure levy	137.48	137.28	(0.20)	99.85%	▲14.14%
Export levy on Fish, Hides & skins levy & tobacco, minerals	19.71	49.49	29.78	251.06%	▲180.28%
Stamp Duty & embossing	140.76	126.59	(14.17)	89.94%	▲4.61%
Tax Refunds	(804.75)	(723.44)	81.31	89.90%	▲13.52%

Source: Ministry of Finance, Planning and Economic Development, URA

Non-Tax Revenue

The government projected to collect US\$ 2,616.14 billion in the form of non-tax revenue in FY 2024/25. However, by the end of the financial year, only US\$ 2,207.85 billion had been realized, implying a shortfall of US\$ 408.29 billion and a performance of 84.4 percent. This performance was partly due to delayed disbursement of funds intended to enhance the capacity of some MDAs in collecting Non-Tax Revenue.

Additionally, there was less than anticipated Non-Tax Revenue from driving permits and motor vehicle fees and penalties, among others.

Grants

The total grants disbursed during FY 2024/25 amounted to US\$ 1,356.00 billion against a projection of US\$ 2,884.92 billion, implying a performance of 47.0 percent. The underperformance was solely recorded under project support grants where only US\$ 1,238.66 billion out of the expected US\$ 2,845.43 billion was realized. These disbursements were primarily impacted by delays in the execution for certain projects, despite their inclusion in the budget.

On a positive note, budget support grants disbursement amounted to US\$ 117.34 billion which was almost three times higher than the US\$ 39.49 billion that had been programmed for the financial year. This followed USAID disbursing more funds than had initially been expected during the financial year to referral hospitals, including Jinja, Mbarara, Lira, Moroto, Gulu, and Mbale hospitals. Additionally, there was a disbursement that had not been programmed for FY2024/25 from the World Bank towards the Uganda Intergovernmental Fiscal Transfer (UGIFT) Programme.

Expenditure

Expenses

During FY 2024/25, total government expenses amounted to US\$ 39,335.63 billion, which was 3.1 percent higher than the budget of US\$ 38,157.71 billion. The higher than budgeted expenses were explained by the supplementary budgets issued during the financial year to cater for the emerging needs that had not been foreseen at the

time of budget approval. As such, all the categories of expenses were above their respective budgets except for interest payments, other expenses and other employee costs.

Compensation of employees of the central government amounted to US\$ 5,232.80 billion against a budget of US\$ 5,220.72 billion. Of the total expenses under this category, US\$ 3,555.12 billion was wages and salaries, which were 1.4 percent above its budget

The government spent US\$ 8,971.84 billion on the purchase of goods and services in FY 2024/25. This is 4.0 percent higher than initially budgeted on account of inadequate budgeting for operational activities in various MDAs, necessitating supplementary budgets to be issued.

Similarly, grants to local governments, tertiary institutions, missions abroad, and hospitals were 6.0 percent above budget, having totalled US\$ 13,509.08 billion against a budget of US\$ 11,345.75 billion. Of the total grants sent out, US\$ 4,641.47 billion was wages and salaries for employees in local governments, missions abroad, hospitals, and tertiary institutions.

On the other hand, interest payments were 12.6 percent lower than in the approved budget. This was on account of lower interest rates during the financial year than what had been projected at the start of the year, thereby requiring fewer interest payments on domestic debt. Additionally, external debt interest payments were lower than initially planned due to the strengthening of the shilling against the US dollar, implying that fewer shillings were required to service external debt in FY 2024/25.

Acquisition of non-financial assets

During FY 2024/25, the government spent US\$ 7,400.16 billion on the acquisition of non-financial assets. This translates into a performance of 78.4 percent against the budget of US\$ 9,433.01 billion. The lower than budgeted performance was solely on account of externally financed development projects since spending on domestically financed projects exceeded what was initially in the approved budget.

Externally funded projects were impacted by some of the projects failing to secure all the necessary approvals in time to ensure disbursements and spending despite being included in the budget. Additionally, changes of project scope from approved plans and delays in acquisition of right of way for infrastructure projects also continued to influence the overall performance of projects.

Financing

The government's operations in FY 2024/25 resulted in a fiscal deficit (net borrowing) of US\$ 13,301.19 billion. This deficit was financed through borrowing from the domestic financial markets as well as from external financiers. During the financial year, net domestic financing (incorporating changes in both liabilities and financial assets across various market segments) amounted to US\$ 11,951.96 billion, to finance activities in the budget.

From the external market, an equivalent of US\$ 4,264.93 billion was disbursed, of which US\$ 3,613.35 billion was towards specific development projects while US\$ 651.58 billion was for general budget support. However, the government amortized the equivalent of US\$ 3,051.06 billion out of the outstanding external debt. As a result, the net borrowing from external sources during the financial year was US\$ 1,213.86 billion.

Compliance with the Charter for Fiscal Responsibility

The Charter for Fiscal Responsibility aims at providing the government's fiscal policy objectives. FY 2024/25 was the fourth year of implementation of Uganda's second Charter for Fiscal Responsibility (CFR) for the period FY 2021/22–FY 2025/26, aimed at ensuring sustainable delivery of the country's goal of socioeconomic transformation.

The Charter has two main goals, which include

- i. Total public debt in nominal terms be reduced to below 50 percent of GDP by financial year 2025/26.
- ii. The overall fiscal deficit is reduced to a deficit not exceeding 3.0 percent of non-oil GDP by financial year 2025/26.

To achieve these goals, the Charter set out fiscal targets against which the progress is measured annually.

In FY 2024/25, the nominal debt-to-GDP ratio is estimated to be 51.0 percent of GDP, well within the charter target of 51.2 percent. Public debt is projected to be below the 50 percent threshold by the end of the Charter period, hence meeting the measurable objective on public debt.

On the other hand, the fiscal deficit was 5.8 percent of GDP, higher than the Charter target of 4.2 percent of GDP. This was mainly due to higher expenditure needs, driven by supplementary budgets issued during the financial year to cater for the emerging needs like unforeseen climate change outcomes, the UMEME buyout, and other emerging sector priorities.

Status of the Petroleum Fund

At the start of FY 2024/25, the opening balance on the petroleum fund was US\$ 145.98 billion. During the financial year, there were deposits made into the fund from tax and non-tax revenues of US\$ 261.48 billion and US\$ 3.68 billion respectively making a total revenue of US\$ 265.16 billion. Additionally, a total of US\$ 281.87 billion was withdrawn and transferred to the Consolidated Fund to support the Budget.

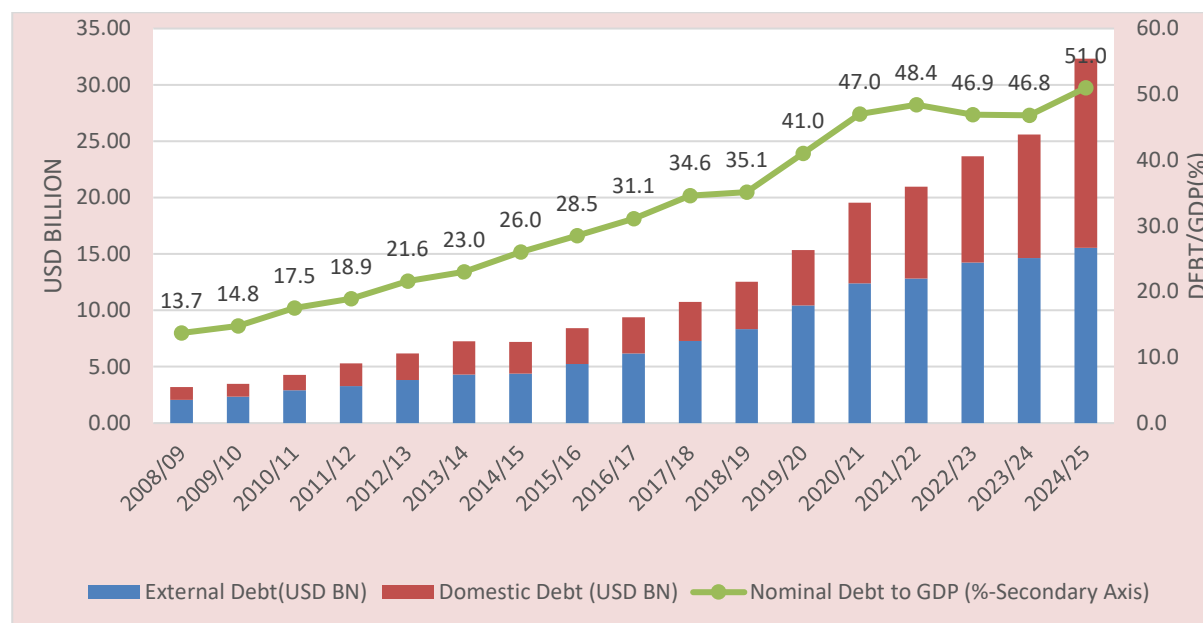
Ultimately, taking into consideration the foreign exchange losses and gains, the closing balance on the petroleum fund as at end FY 2024/25 was US\$ 128.23 billion.

Debt Sustainability Analysis

As of end June 2025, Uganda's total public debt stock stood at US\$ 32.3 billion (US\$ 116.2 trillion). This is an increase from US\$ 25.6 billion (US\$ 94.7 trillion) a year earlier, translating into a debt-to-GDP ratio of 51.0 percent. Of this, domestic borrowing makes up 52 percent and external debt 48 percent. The increase has mainly come from borrowing taken to finance major infrastructure such as energy projects, roads, industrial parks, and the expansion of Entebbe International Airport, among others.

Public debt remains manageable with moderate risk of distress as we expect sustainability to strengthen over the medium to long term. This will be driven by faster GDP growth under the Tenfold Growth Strategy, increased domestic revenue mobilisation, tighter control of spending, and expected oil revenues.

Figure 17 : Evolution of Uganda's Debt



Source: MoFPED

Contingency Fund

The Contingency Fund was allocated US\$ 169 billion by Parliament for the FY 2024/25 in line with Section 18 (1) (d) of the Public Finance Management (PFM) Act 2015. By the end of June 2025, only US\$ 75 billion had been transferred to the fund.

Of the amount transferred to the fund, US\$ 69.57 billion was spent by the end of the financial year, mainly on the response to the waste slide disaster at Kiteezi which covered 51 houses, causing the death of 35 people and destroying property. The fund was also used to support 3,182 households and 2,725 people who were affected by floods in the different regions, for example, in Ntoroko district.

Some of the agencies that spent money out of the contingency fund include the following, among others:

- i. US\$ 58.44 billion by the Office of the Prime Minister.

- ii. UShs 4.92 billion by Kampala Capital City Authority
- iii. UShs 4.20 billion by Ministry of Tourism, Wildlife and Antiquities, etc.

Virement Report

Detailed report in the Annual Budget Performance Report FY 2024/25, attached as Annex A1.6 to that report.

Donations By Vote

Detailed report in the Annual Budget Performance Report FY 2024/25.

OUTLOOK ON THE ECONOMY

Chapter III: Outlook on the Economy

Economic Growth

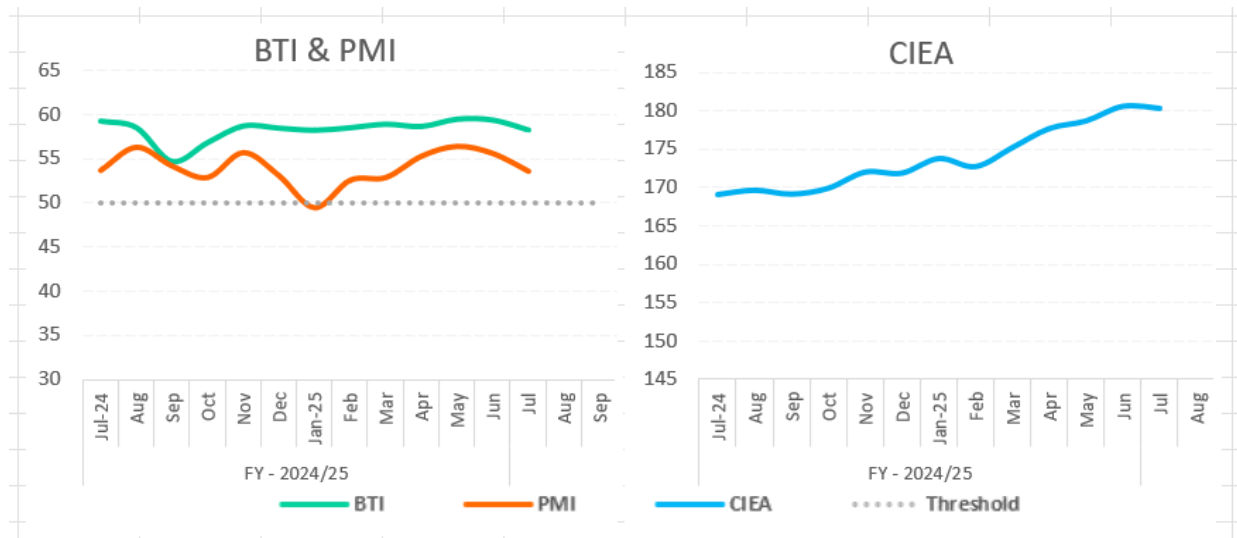
In financial year 2025/26 and 2026/27, Real GDP growth is expected to reach 7 percent and accelerate further to 10.4 percent with oil production. Key drivers of this growth include.

- i. Expansion in oil and gas sector activities, with first oil production expected in FY 2026/27, creating significant linkages with manufacturing, construction, transport, real estate, tourism, financial services, and agriculture sectors.
- ii. Continued investment in infrastructure development including roads, railways, highways, bridges, industrial parks, and affordable electricity, facilitating increased industrial and manufacturing activity.
- iii. Strengthened agricultural and agro-processing output, underpinned by the ongoing Parish Development Model, increased access to irrigation equipment, machinery and extension services among others. Government is also working to expand access to well established markets within the region and around the globe.
- iv. Growth in the services sector through increased investment in tourism infrastructure, development of tourist sites, and attraction of international meetings, conferences, and sporting events like the AFCON tournament and others.
- v. Growth in exports supported by deepening of regional economic integration through joining additional African trade blocs and implementing the export promotion strategy. This is aimed at diversifying Uganda's export base and broadening market access.
- vi. Enhanced investments driven by sustained inflows of foreign direct investment (FDI) and remittances.

High-frequency economic indicators continue to signal strong momentum. In the first quarter of FY 2025/26, Purchasing Managers' Index (PMI) averaged 53.6, while the Business Tendency Indicator (BTI) stood at 58.4. The Composite Indicator of Economic

Activity (CIEA) has also demonstrated an upward trajectory remaining stable at an average of 179.4, reflecting increased economic performance.

Figure 18 : High frequency indicators of economic activity



Source; Bank of Uganda, Stanbic Bank Uganda

Looking ahead, Government is focused on implementing the 10-fold growth strategy that is expected to drive production and productivity across agro-industrialization, tourism, mineral sectors including oil and gas, as well as science and technology sectors, that have been identified to have high multiplier effects across the economy. This is expected to drive medium term growth to more than 7 percent annually.

Nonetheless, Government remains cognizant of potential risks that could slowdown growth. These risks include unpredictable weather patterns affecting agricultural yields and infrastructure, disruptions to supply chains linked to regional and global geopolitical tensions, tightening global financial markets raising borrowing costs and debt servicing challenges, and fluctuations in global commodity prices. Additionally, new tariffs instituted by the United States of America continue to pose challenges to global trade, impacting advanced economies and emerging markets, and adding uncertainty to Uganda's export landscape.

To address these risks and foster resilient growth, Government is implementing several measures

- i. Supporting small and medium enterprises (SMEs) and boosting household incomes through initiatives like the Parish Development Model, which promotes agricultural productivity, rural industrialization, and financial inclusion; EMYOOGA; small business recovery fund and the GROW project among others.
- ii. Strengthening fiscal discipline and prioritizing development through enhanced revenue mobilization under the Domestic Revenue Mobilization Strategy (DRMS) and rationalized public expenditure to safeguard debt sustainability.
- iii. Advancing investments in critical infrastructure, including transport networks, industrial parks, and reliable electricity supply, to sustain economic activities.
- iv. Government is focussed on improving preparedness for unpredictable weather patterns through investing in early warning systems and other climate mitigation and adaptation measures.

Financial Sector

Private Sector Credit is expected to continue growing, driven by accommodative monetary policy, rising economic activity, and government programs aimed at boosting access to finance. These interventions, alongside increased foreign direct investment in sectors such as oil and mining, are anticipated to expand opportunities for private sector activity and credit demand. With inflation expected to remain within the central bank target of 5 percent over the medium term, monetary policy is expected to remain supportive of growth.

Nonetheless, risks to inflation remain tilted to the upside, with potential upward pressures stemming from stronger domestic demand, adverse weather, and external shocks such as geopolitical tensions and global supply disruptions. However, Bank of Uganda remains committed to managing these risks proactively so as to safeguard price stability and support a sound financial system in Uganda's socio-economic transformation.

External Sector

Uganda's external sector remains broadly resilient, with export receipts (especially from coffee, minerals, and agro processed goods) rising and FDI inflows particularly

in oil and energy providing key support. The Uganda shilling is expected to remain stable against other major currencies in the short to medium term which should gradually support accumulation of foreign exchange reserves.

While merchandise imports are more than the exports, the trade deficit is expected to be largely financed by services inflows, remittances, and capital inflows, keeping the current account stable. Overall, the external outlook is strengthened by capital and export diversification, but vulnerable to delays in oil production, global commodity downturns, and tighter global financial conditions.

Fiscal Operations

Domestic revenues are projected to increase to US\$ 37,227.2 billion in FY 2025/26, equivalent to 14.6 percent of GDP. This will be supported by continued growth in economic activity and implementation of the Domestic Revenue Mobilisation Strategy.

Government expenditure is projected to amount to US\$ 56,541.2 billion in FY 2025/26, equivalent to 22.2 percentage of GDP. Spending during the financial year shall remain focused on supporting the 10-fold growth strategy with emphasis placed on the key economic growth drivers of agro-industrialization, tourism, mineral Development as well as science and technology. As a result, fiscal deficit is expected to increase to 6.5 percent of GDP in FY 2025/26. However, government is committed to reducing the deficit to below 3 percent of GDP by the end of the medium term, in line with the East African Community's Macroeconomic Convergence Criteria. Refer to Table 7 below.

Table 8 : Medium Term Fiscal Framework

	Budget	proj.	proj.	proj.	proj.
	2025/26	2026/27	2027/28	2028/29	2029/30
Total revenue and grants	39,974	48,068	56,630	65,339	75,290
Domestic Revenue	37,227.2	46,559	55,331	64,218	74,343
Tax revenue	33,943	39,443	45,846	53,202	61,309
Non-tax revenue	3,284	3,436	3,701	4,101	4,504
Oil revenues	0	3,679	5,784	6,915	8,530
Grants	2,747	1,509	1,299	1,122	947
Budget support	27	0	0	0	0
Project grants	2,720	1,509	1,299	1,122	947
Expenditures and net	56,541	64,182	71,447	78,700	87,085
Recurrent expenditures	36,902	41,405	47,616	52,821	58,326
Wages and salaries	8,568	9,927	11,470	12,916	14,428
Non-wage	17,001	18,473	22,429	25,428	28,711
Interest payments	11,333	13,004	13,717	14,477	15,188
o/w: domestic	9,479	10,935	11,537	12,269	13,045
o/w: foreign	1,854	2,069	2,180	2,208	2,143
Development	18,239	21,882	23,432	25,310	28,358
External	11,327	13,705	13,958	14,327	15,840
Domestic	6,912	8,176	9,475	10,983	12,519
Net lending and	0	696	199	369	201
Others	1,401	200	200	200	200
Overall balance	-16,567	-16,114	-14,817	-13,361	-11,795
Excluding grants	-19,314	-17,623	-16,116	-14,483	-12,742
Financing	16,567	16,114	14,817	13,361	11,795
External financing (net)	5,679	7,582	7,880	7,329	7,346
Disbursement	10,665	12,535	12,658	13,372	14,893
Budget support	2,057	339	0	0	0
Concessional project	4,376	4,717	6,273	6,139	11,901
Non-concessional	4,231	7,479	6,385	7,233	2,992
Amortisation (-)	-4,986	-4,954	-4,778	-6,044	-7,547
Domestic financing (net)	10,888	8,532	6,937	6,032	4,449
Memo items:					
Fiscal deficit (% of GDP)					
Including grants and	-6.5%	-5.5%	-4.5%	-3.6%	-2.8%
Excluding grants	-7.6%	-6.0%	-4.9%	-3.9%	-3.1%
Expenditure (% of GDP)	22.2%	21.8%	21.5%	21.2%	20.9%
Donor grants and loans	3.6%	2.2%	2.3%	2.0%	3.1%

Source: Ministry of Finance, Planning and Economic Development