



**Uganda Budget Highlights 2026/27**  
Harnessing Opportunities, Navigating Challenges



# Message

from the Managing Partner



**Paul Ssali**  
Managing Partner

Our theme for the 2026/27 Budget year — "Harnessing Opportunities, Navigating Challenges" — is deliberately chosen to reflect the pivot required as Uganda enters a period of significant change.

The Budget arrives at a time when recent geopolitical shifts are reverberating through the economy at both micro and macro levels, and it sets out fiscal and policy priorities intended to position the country for resilient and inclusive growth.

FY 2026/27 presents both potential for meaningful domestic transformation and substantial regional opportunities. Following the National elections in February, a new Government and Cabinet have been mandated to lead the country over the next five years.

This transition offers a clear window to convert policy intent into practical implementation, strengthen public-private collaboration and align national priorities with the operational realities and investment needs of business.

In his Budget speech, the Minister of Finance, Planning & Economic Development, noted that the services industry now accounts for 50.5% of total employment, up from 47% a year ago. This is a notable development: the services sector is driving private-sector growth, digital transformation and technology-enabled innovation.

It also highlights the need for targeted policies to support skills development, job quality and inclusive access to new economic opportunities.

The challenges remain complex. Global shifts continue to create ripple effects at the household level, affecting inflation, supply chains, and fiscal space. Significantly, Uganda has demonstrated strong adaptive capacity - from entrepreneurship and digital adoption to resilience in key sectors such as agriculture and energy. The choices made in this Budget — on revenue mobilisation and resource allocation to the ATMS — will determine how effectively the country converts risk into opportunity.

Deloitte remains a key partner in delivering impactful solutions to our clients and communities. I look forward to a year of remarkable growth and invite you to engage with our team for tailored insights and practical guidance specific to your sector and operations.

# The Foreword



**Patronella  
Namubiru**

Tax & Legal |  
Partner

In his first appearance as the Minister of Finance, Planning and Economic Development, the Hon. Henry Musasizi delivered the National Budget for Financial Year 2026/2027, which was the second National budget to be implemented under the National Development Plan IV (NDP). Allocations for the budget are anchored on the four thematic strategic focus areas of Agro-industrialisation and agricultural development, Tourism Development, Mineral-Based Industrial Development including oil and gas and Science, Technology, Innovation including ICT and Digitalisation (“ATMS) and their enablers. Uganda’s FY2026/27 National budget valued at approximately UGX 84.3 trillion marks a historic inflection point as the country prepares to transition into an oil-producing economy.

At its core, this budget is not only about expenditure priorities; it is a strategic fiscal framework for managing the onset of oil revenues, ensuring macroeconomic stability, and navigating a rapidly evolving global and energy landscape. A defining feature of the FY2026/27 budget is the expectation of first oil within the first half of the financial year, signaling Uganda’s shift from an oil-investing to an oil-producing country.

The budget has also placed emphasis on: **Accountability in public expenditure**, ensuring value for money in large infrastructure projects, and enhancing transparency in oil revenue management.

Government projects double-digit GDP growth of about 10.2%, driven largely by oil sector activity. The inclusion of UGX 1.44 trillion in projected oil revenues marks the first time that petroleum receipts have been embedded in the national budget framework. This signals a structural break in Uganda’s fiscal model, with oil revenues beginning to complement domestic taxation.

Funding for the budget is still expected to come largely from domestic resource mobilization being the backbone of fiscal sustainability :

- Domestic revenue projected at UGX 44.18 trillion (over 52% of the budget)
- Uganda Revenue Authority (URA) expected to collect approximately UGX 40 trillion in taxes.

**Oil revenues are meant to supplement domestic revenue, not to be a substitute.** This approach aligns with economic principles emphasised in policy that taxation should **expand the base without distorting production or investment incentives. As such**, petroleum revenues (UGX 1.44 trillion) represent only about **1.7% of total revenue**. This demonstrates that the government is not positioning oil as a short-term fiscal solution, but rather as a **complementary revenue stream within a diversified tax system**.

The budget highlights a critical fiscal constraint: **debt servicing is projected at ~UGX 33.4 trillion**, nearly **40% of total expenditure**. This underscores why improved revenue mobilisation is essential and oil revenues must be managed prudently. Without strong fiscal discipline, oil income risks being absorbed by debt obligations rather than development spending.

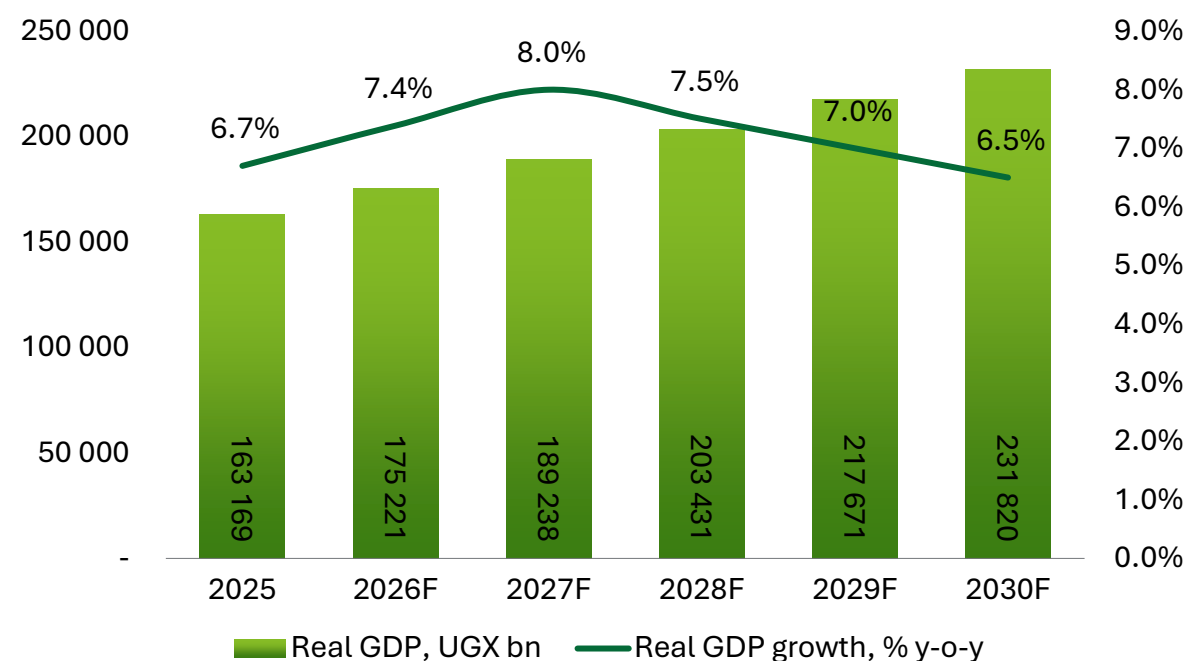
The FY2026/27 budget marks the first real test of these systems as **actual revenues begin to flow**. To determine whether oil becomes a catalyst for inclusive growth or a missed opportunity, the real test lies with Uganda’s ability to sustain domestic revenue growth, manage oil taxation effectively, maintain fiscal discipline and ensure transparency and accountability.

# Economic Outlook



# Economy at a Glance

## Real GDP and growth rates, 2025-2030f

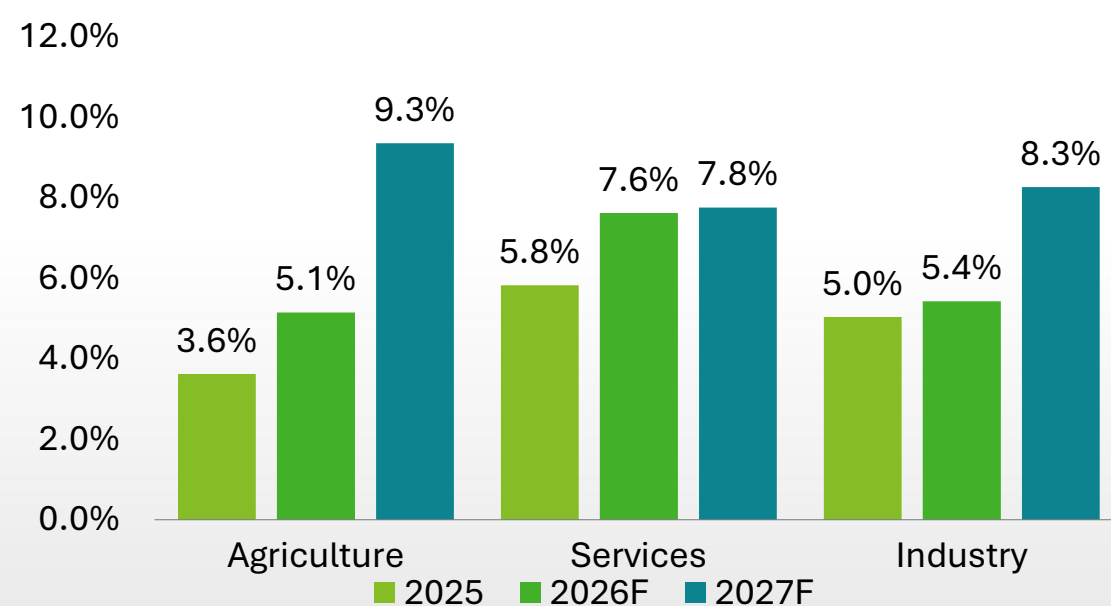


SOURCE: EIU, Deloitte Analysis

## GDP Growth

- Uganda's real GDP grew by 6.4% in 2025/26, primarily driven by private consumption, which contributed 4.5% points to growth, and fixed investments, which contributed 2.5% points. From the production side, the agriculture sector accounted for a higher percentage of growth, largely due to growth in cash crop growing activities and the services industry, largely due to expansion in the trade segment.
- Real GDP growth is projected to average 7.3% per annum between 2026 and 2030. In 2026, growth is expected to be primarily supported by fixed investment, reflecting the completion of the EACOP pipeline and refinery. From 2027 to 2030, economic expansion will be largely driven by oil exports, following the operationalisation of the pipeline and refinery in 2027. The agricultural sector is expected to drive growth from the production side during the period.

## Sectoral Growth



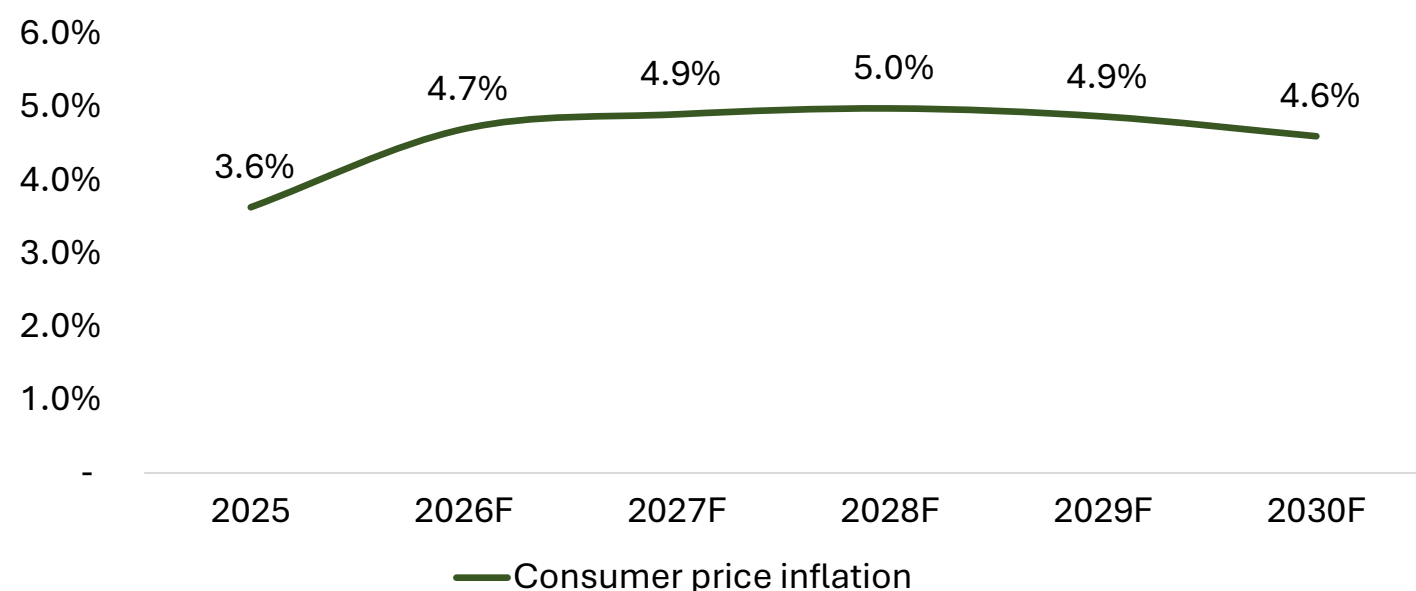
SOURCE: EIU

## Sectoral Growth Rate

- Agriculture:** Growth in the agriculture sector is expected to rise from 3.6% in 2025 to 5.1% in 2026 and then surge to 9.3% in 2027. The ramp-up in agricultural output will be supported by increased investment and government initiatives aimed at boosting productivity and recovery from previous supply disruptions.
- Services:** The sector's growth is projected to grow to 5.6% in 2026 from 5.8% in 2025. The rise reflects ongoing expansion in tourism, financial services, and telecommunications, as well as increased demand for business and technical services linked to major infrastructure and oil projects.
- Industry:** Growth is expected to rise to 5.4% in 2026 from 5.0% in 2025, before jumping to 8.3% in 2027. The modest gains in the earlier years are likely tied to ongoing construction and manufacturing activity, while the sharp rise in 2027 is driven by the start of oil production, completion of large infrastructure projects, and increased investment in manufacturing and logistics.

# Economy at a Glance

Consumer price inflation (%), 2025 – 2030f

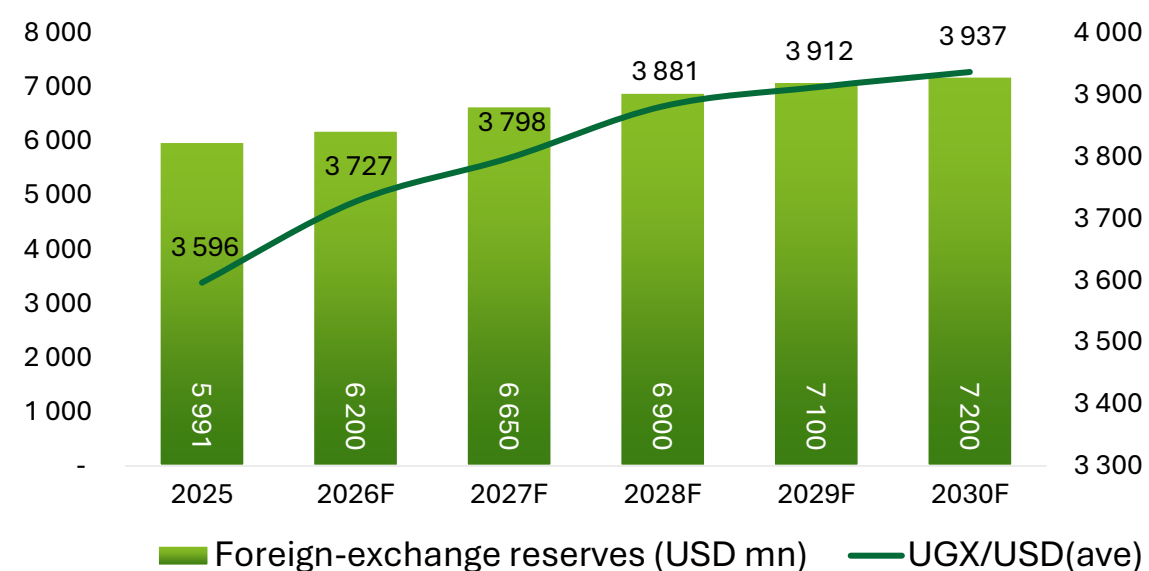


Source: EIU, Deloitte Analysis

## Inflation

- Uganda's headline inflation increased moderately from 3.3% in 2024 to 3.8% in 2025, primarily driven by higher non-core inflation resulting from rising commodity prices. In 2026, headline inflation is projected to reach 4.7%, mainly attributable to energy inflation. This increase is expected to stem from external supply pressures, particularly higher global oil prices linked to geopolitical tensions between the US and Iran.
- Headline inflation in 2027 is projected to rise marginally to 4.9%, largely due to imported inflation driven by strong demand for capital goods for oil sector development. This is expected to place pressure on the exchange rate, resulting in currency depreciation and higher import costs.
- Headline inflation is projected to rise to 5.0% in 2028, mainly due to demand-side pressures from economic growth. However, a stable exchange rate, tight monetary policy, and easing global oil and food prices are expected to partially offset further inflationary pressures.
- Headline inflation is projected to decrease from 2029 largely due to a decrease in global and food prices.

Forex reserves/rates, 2025 – 2030f



Source: EIU, Deloitte Analysis

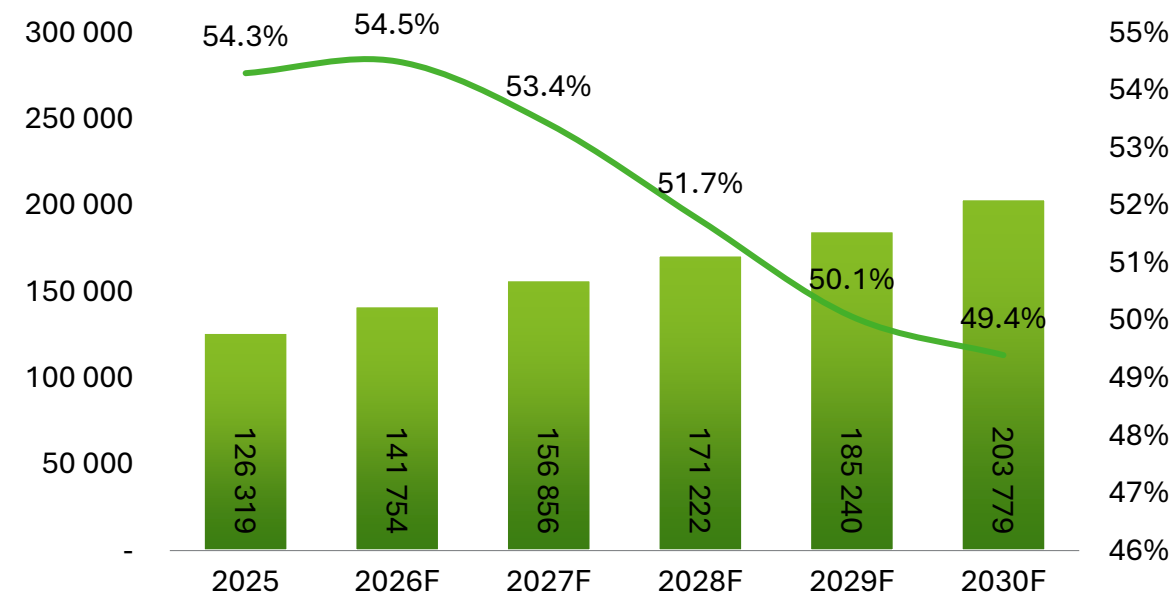
## Exchange rates

- The exchange rate appreciated to UGX 3,596/USD in 2025, supported by higher gold and coffee export earnings, increased foreign direct investment, and improved investor confidence in the shilling. However, the shilling is projected to depreciate to UGX 3,727/USD in 2026, reflecting weaker investor sentiment in emerging markets and a widening trade deficit, driven by rising global oil and fertiliser prices as a result of the US-Iran conflict.
- Between 2027 and 2030, the Shilling is expected to continue depreciating gradually, reaching UGX 3,937/USD by the end of 2030. This trajectory will be shaped by effective exchange-rate movements, central bank interventions, and import pressures, potentially impacting competitiveness in non-mining exports and foreign reserve levels. The appreciation typically associated with increased oil production is anticipated to alleviate some pressure on the Shilling.



# Economy at a Glance

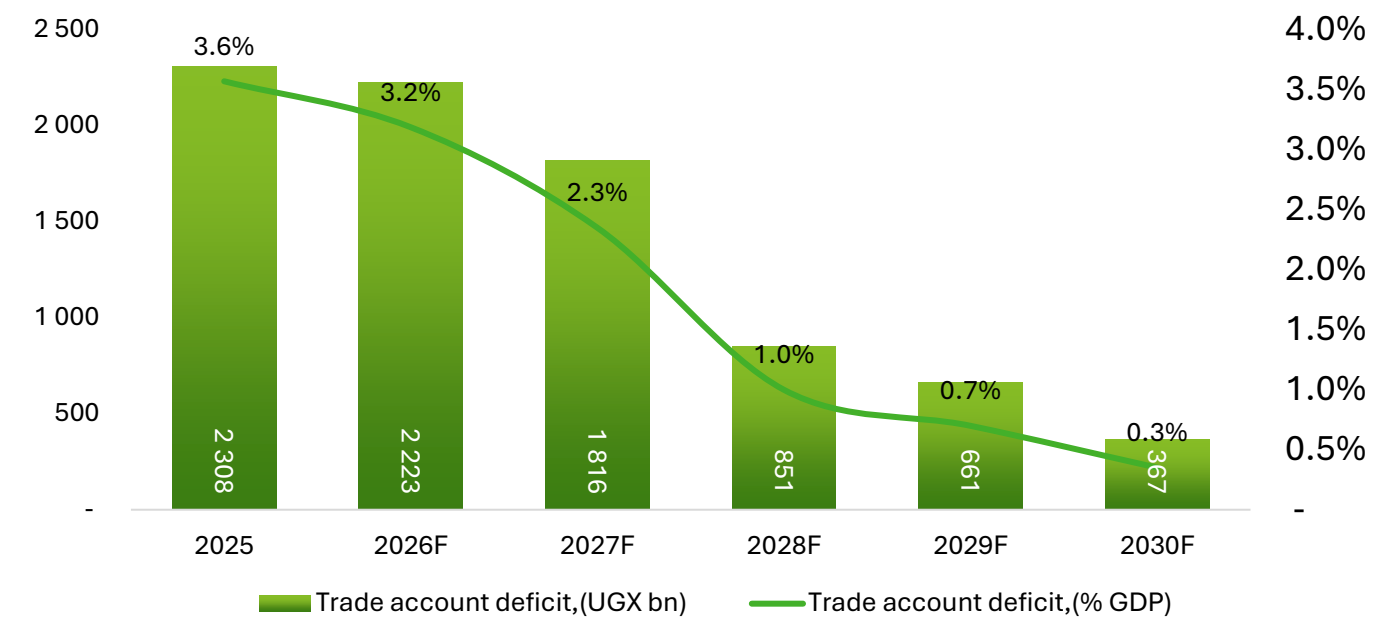
Public debt, 2025 – 2030f



Source: EIU

Public debt, (UGX bn) As a % of GDP

Trade account deficit, 2025 – 2029f



Source: EIU

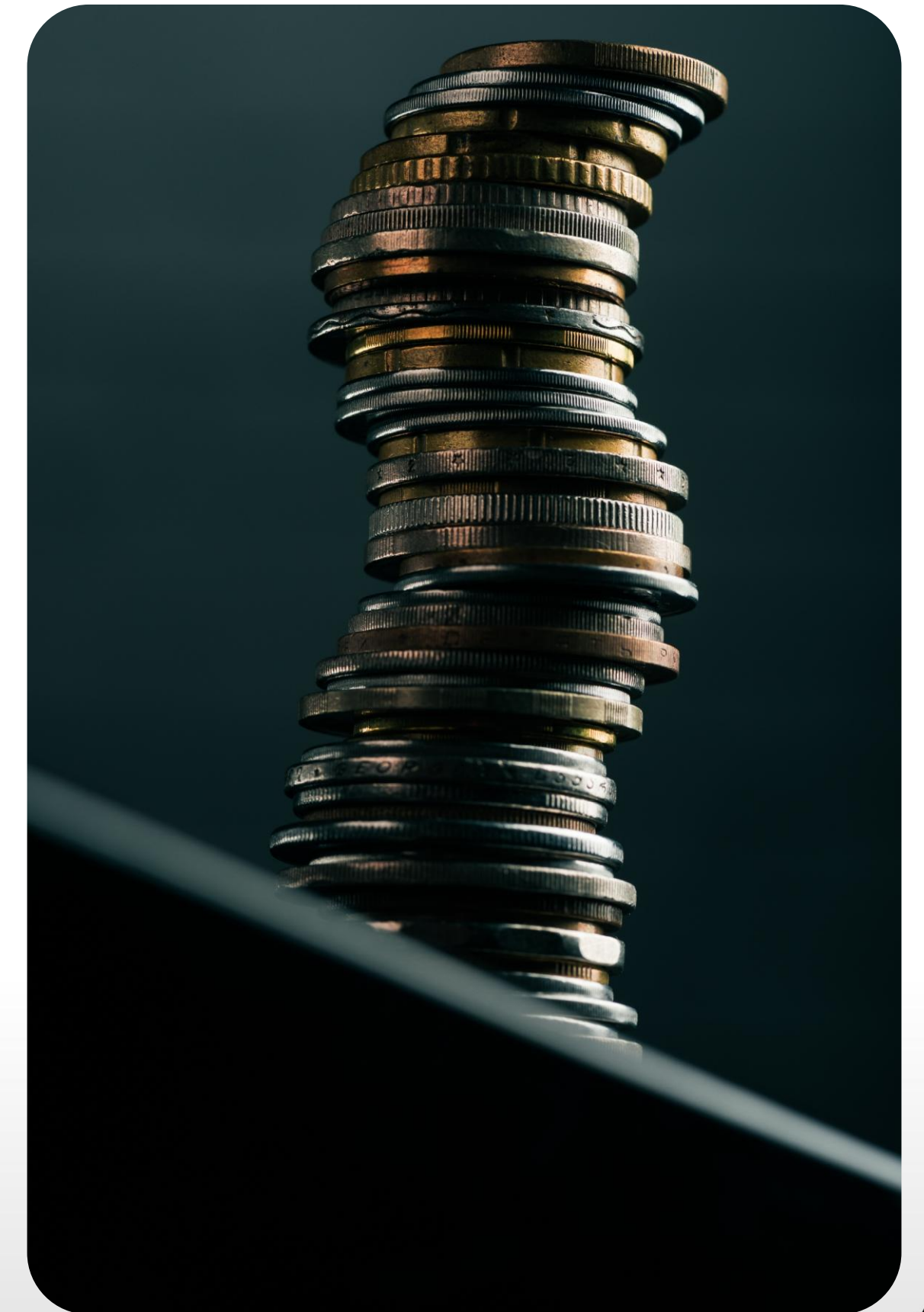
Trade account deficit, (UGX bn) Trade account deficit, (% GDP)

## Public debt

- In 2025, Uganda's public debt rose to 54.3% of GDP, driven by increased government borrowing to finance the recently held elections and higher security costs. This was an increase from the previous year, reflecting continued fiscal pressures and challenges in achieving domestic revenue targets.
- The debt to GDP ratio is anticipated to increase marginally to 54.5% in 2026, as the government continues to borrow to finance budget deficits and major capital projects.
- However, from 2027 onwards, the government aims to reduce both external and domestic borrowing, supported by gradual fiscal consolidation and stronger nominal GDP growth. By 2030, public debt is forecast to decline to 49.4% of GDP, as improved fiscal management and rising oil revenues help to ease the overall debt burden.

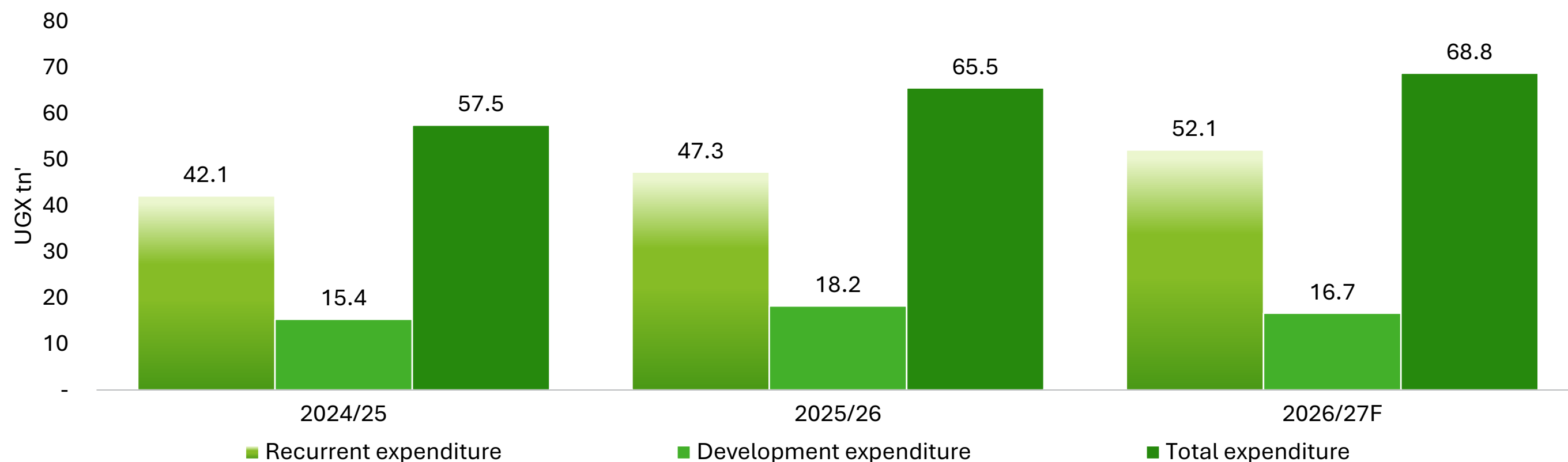
## External trade

- Uganda's export outlook is uncertain due to the US/Israel war on Iran and unpredictable US tariffs, which expose it to risks from changing global commodity prices, indirect effects of tariffs on its trade partners, and slowing global economic growth. Trade deficit is expected to persist due to high import demand for food, fuel, manufactured goods, and capital equipment, but is expected to narrow as oil exports ramp up from 2027 and major infrastructure projects are completed.
- Gold and coffee will remain key export earners, with oil becoming the second-largest by 2028.
- Fluctuating global commodity prices and rain-dependent crop yields will continue to impact exports, while Uganda will keep importing refined fuel. By 2029-2030, the trade deficit should narrow as import demand slows and tourism grows, although intra-regional trade is unlikely to see significant growth.



# Economy at a Glance

## Budget overview | Government Expenditure



SOURCE: National Budget Framework Paper



- Total expenditure in the 2026/27 fiscal year is projected to increase to UGX 68.8tn from UGX 65.5tn in 2025/26, underscoring the government's objective of transitioning the population from subsistence agriculture towards commercial farming, industrialisation, and market-oriented services. The projected increase in expenditure is underpinned by a positive outlook on Domestic Revenue Mobilisation.



- Development expenditure is forecast to grow from UGX 18.2 trillion in FY 2025/26 to UGX 22 trillion in FY 2026/27, reflecting the government's commitment to accelerating growth in priority sectors. However key projects such as the Standard Gauge Railway (SGR), East African Crude Oil Pipeline (EACOP) and AFCON 2027 stadia still benefit from this allocation.



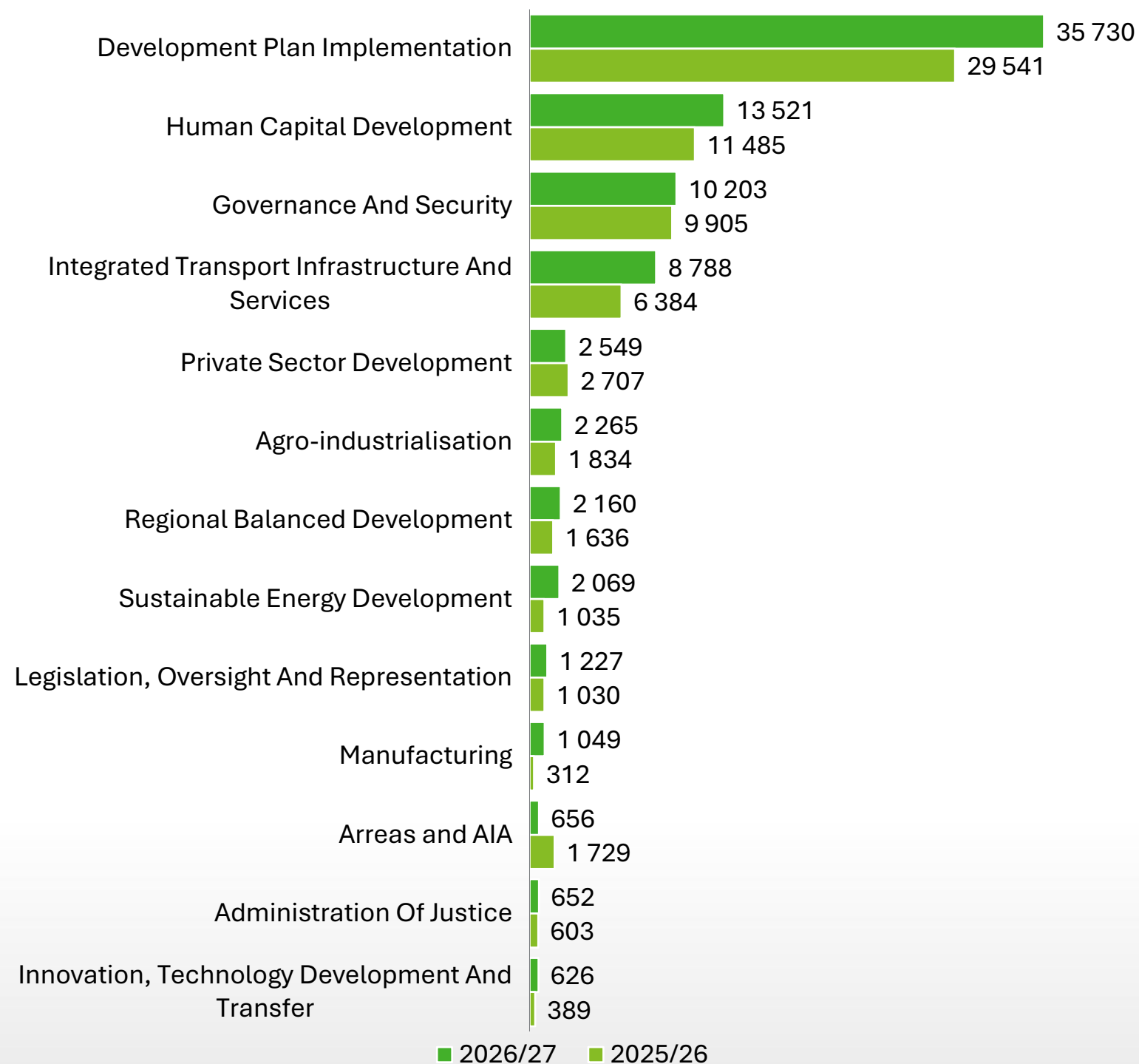
- Recurrent expenditure is expected to increase to UGX 42.1.9tn in FY 2026/27 from UGX 36.9tn in FY 2025/26, as the government prioritises spending on key sectors like health, education and security as well as rising wage costs and increased debt servicing.

# Budget Snapshot



# Sectoral Allocations

## Budget overview | Government Expenditure



SOURCE: Budget Committee Report on the Annual Budget Estimates for FY2026/27

### The largest winners in the 2026/2027 budgetary allocation include:

#### Development Plan Implementation

Development plan implementation has been allocated UGX 35.7tn in FY26/27, a 21.0% increase from UGX 29.5tn in FY25/26. The primary objective of the DPI programme is to enhance the effectiveness of both National and Sub-national development plans. Key focus areas include the rollout of the Integrated Revenue Administration System (IRAS) to strengthen local revenue generation, improved domestic revenue mobilisation, and the formulation of the National Socio-Economic Research Agenda (NSERA).

#### Human Capital Development

The human capital development sector has been allocated UGX 13.5tn, making up 16.0% of the total budget. The government aims to promote optimal maternal, infant, child, adolescent & elderly nutrition practices, scale up nutrition at all levels and increase access to immunization against childhood diseases. For education, the government aims to improve access and equity of pre-primary education and enforce the regulatory and quality assurance system of Early Childhood Care and Education (ECCE).

#### Governance and Security

The human capital development sector has been allocated UGX 13.5tn, making up 16.0% of the total budget. The government aims to promote optimal maternal, infant, child, adolescent & elderly nutrition practices, scale up nutrition at all levels and increase access to immunization against childhood diseases. For education, the government aims to improve access and equity of pre-primary education and enforce the regulatory and quality assurance system of Early Childhood Care and Education (ECCE).



Other sector allocations not included in the graph above amount to UGX 3,663bn comprising: Public Sector Transformation, Sustainable Extractives Industry Development, Sustainable Urbanisation and Housing, Digital Transformation, Natural Resources, Environment, Climate Change, Land and Water Management and Tourism Development

# Sectoral Highlights



# Private sector development

## Performance evaluation of the 2026/27 private sector development budget

The government continues to maintain its commitment to Private Sector Development through interventions aimed at industrialisation, commercialisation, value addition, export promotion, digital transformation, enterprise development, and investment facilitation.

The FY2025/26 budget, which was the first year of implementing the NDP IV, focused on the priorities below:

- Industrial Park development.
- SME and MSME support.
- Export competitiveness.
- Trade facilitation.
- Digital transformation.
- Commercialisation of agriculture.
- Investment promotion.
- Green and sustainable industrialisation.

## Budget over the years

Over the years the Private Sector Development (PSD) with an approved FY25/26 budget of shs 2706.73 billion has made significant strides in improving Uganda's business environment, enhancing access to finance, promoting industrialization, supporting enterprise growth, and strengthening export competitiveness.

These interventions have contributed to Uganda's sustained economic resilience, with GDP growth increasing to 6.3% in FY 2024/25 and projected to accelerate to 10.4% in FY 2026/27, increasing the size of the economy to approximately shs. 290.2 trillion (USD 76.7 billion).

## Achievements

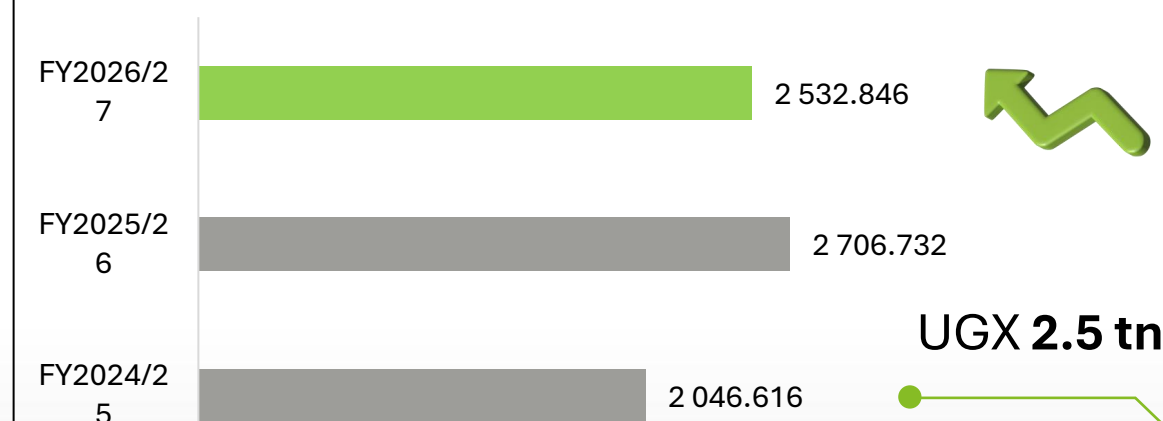
- Export earnings increased to USD 18.04 billion in 12 months to March 2026 from USD 5.93 billion in March 2022
- Access to development finance-Continued capitalisation of UDB to expand access to affordable long-term financing.
- Strong economic growth that grew by approximately 8.5% during FY25/26 supported by private investment, industrial activity, construction, and ICT growth
- Improved external sector position: Uganda recorded a Balance of Payments surplus of USD 2.47 billion, the highest level in fifteen years, supported by exports, remittances, and investment inflows.
- Inflation remained low and stable: Headline inflation declined to 2.9% in February 2026, supporting a predictable business environment and preserving purchasing power.
- Industrial park development and value addition strengthened
- Coffee export growth: Coffee export earnings rose to USD 2.46 billion in the year ending March 2026 from USD 1.84 billion in the previous year, strengthening Uganda's position as Africa's leading coffee exporter.
- Progress in wealth creation programmes: Government investment in household and enterprise wealth creation initiatives reached approximately UGX 11 trillion, benefiting farmers, youth, women, and small businesses through programmes such as the Parish Development Model (PDM).
- Substantial progress towards EACOP completion, positioning Uganda for commercial oil production and increased private sector investment.

## Challenges

- **High Informality:** approximately 54.7% above the target of 45%, limiting tax revenue mobilisation, and access to funds
- **Limited access to long-term finance:** high interest rates
- **High costs of doing business**
- **Skills and Productivity Gaps:** Low adoption of technology
- **External Economic Risks:** Global trade uncertainties, climate-related shocks, commodity price volatility, and geopolitical tensions

UGX 84.3 trn

Total proposed budget for 2026/27



UGX 2.5 tn

Private sector budget

6.9%

Increase from last FY

# Private sector development... contd.

## Strategic priorities 2026/27

The proposed measures highlight a shift from policy formulation to commercialisation and implementation.

### Priority 1: Industrialisation and Value Addition

- Expand industrial parks.
- Promote agro-processing.
- Support manufacturing competitiveness.
- Develop export-oriented industries.

### Priority 2: MSME Development and Formalisation

- Expand credit guarantee schemes.
- Improve business registration systems.
- Enhance financial inclusion.
- Support women and youth enterprises.

### Priority 3: AfCFTA Readiness

- Improve standards compliance.
- Strengthen export readiness.
- Facilitate regional market access.
- Improve logistics efficiency.

### Priority 4: Green Industrialisation

This is where the Energy Budget Framework Paper becomes relevant. The Sustainable Energy Development Programme supports PSD through:

- Renewable energy investments.
- Green financing initiatives.
- Energy access expansion.
- Clean cooking technologies.
- Energy infrastructure development.
- Workforce development for the green economy.

### Priority 5: Digital Transformation

- Digital payments.
- E-commerce.
- Digital skills.
- Business digitisation.

### Priority 6: Mobilising Private Capital

- Blended finance.
- PPPs.
- Green finance.
- Development finance partnerships.



### Deloitte insight

Uganda's FY2026/27 Private Sector Development agenda represents a transition from recovery and industrial policy formulation towards commercialisation and investment execution. The next phase should prioritise a limited number of bankable projects capable of mobilising private capital, accelerating industrialisation, enhancing AfCFTA competitiveness, and supporting green growth.

**Sustainable Energy Development** should be positioned as a strategic enabler of PSD **by lowering production costs**, improving energy reliability, attracting green investment, and strengthening Uganda's long-term competitiveness.

This approach will maximise job creation, export growth, enterprise formalisation, and sustainable economic transformation.

# Financial services highlight

5.4%

Financial sector  
Contribution to GDP

35%

Increase of  
profitability in  
banking sector

3.37%

Nonperforming  
loans ratio

16%

Increase in banking  
sector assets



9.75%

Interest rates: In the fiscal year 2025/26, the Bank of Uganda maintained the Central Bank Rate (CBR) at 9.75% throughout the year.

29%

Mobile money service: In the year ending March 2026, mobile money transactions rose by 29 percent to Shs 392.7 trillion highlighting the role of mobile technology in expanding financial services.

\$6b

As of March 2026, Uganda's foreign exchange reserves are now at USD 6 billion up from USD 3.6 billion a year before.

47.3%



Collective Investment Schemes (CIS): Assets under management have grown by 47.3% year on year up to December 2025



Insurance :Uganda's insurance sector closed 2025 with **UGX 2.03 trillion** in Gross Written Premiums (GWP), representing a 14.8% growth from UGX 1.76 trillion in 2024.

## Outlook

### Banking

The Ugandan banking sector enters 2026/2027 in strong shape: the Bank of Uganda (BoU) held the Central Bank Rate at 9.75%, with inflation at 3.5%. Banks saw total assets rise 16% to UGX 61.5 trillion from UGX 53.1 trillion, and NPLs fell to 3.35% from 4.6% in 2024. BoU's push to a cash-lite economy introduced over-the-counter withdrawal caps effective 1 January 2027 (individuals UGX 50m daily/UGX 250m weekly; corporates UGX 500m daily/UGX 2.5bn weekly) after mobile money transactions rose 29% to UGX 392.7 trillion and mobile money users hit 36 million. The main risks are fiscal deterioration, widening the deficit and rising public debt, and persistent cash dependency in agriculture and artisanal mining, so banks that invest in digital infrastructure are best placed for the next growth cycle.

### Collective Investment Schemes (CIS)

The CIS sector is experiencing explosive growth with CIS assets AUM reaching 5.66 trillion by December 2025, a 47.3% rise from December 2024. The outlook for 2026/2027 is strongly positive, with continued double-digit AUM growth expected as banks enter the CIS space and digital onboarding expands the retail investor base.

### Insurance

In 2026, the Ugandan insurance industry is expected to grow, driven by rising public awareness and trust, with premiums exceeding UGX 2 trillion, market consolidation via mergers, wider digital distribution beyond urban areas, stronger regulation (anti-fraud databases, AML compliance and workers' compensation enforcement), more inclusive products (microinsurance, Takaful and agricultural cover) and leadership transition under Ag. CEO Dr Protazio Sande.

SOURCE: BOU, CMA, Budget speech, IRA

# Financial services

## Regulatory development

In a 29 May 2026 circular effective January 1, 2027, the Bank of Uganda introduced over-the-counter cash withdrawal caps of UGX 50 million daily and UGX 250 million weekly for individuals, and UGX 500 million daily and UGX 2.5 billion weekly for corporates, while simultaneously halving interbank cheque limits from UGX 10 million to UGX 5 million across all major currencies. RTGS, mobile money, and electronic funds transfers are fully exempt, making digital payment rails the only unrestricted channel showing the clearest signal yet that Uganda's regulators are moving from encouraging to compelling a shift to a cashless economy, backed by 36 million active mobile money users

## Financial sector areas of focus for 2026/27

Uganda's 2026/27 budget outlines policy measures aimed at deepening financial inclusion, promoting digital payments and digital financial services following the theme of "Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access".

## Measures aimed at deepening financial inclusion

### Parish Development Model (PDM)

The government plans to continue rolling-out revolving capital transfers to all 10,589 parishes with an aim to boost productivity, value-addition, market access and transition toward a self-sustaining PDM financial ecosystem (eventual "PDM Bank").

#### Implication

Expansion of the banks' retail customer base and low-cost deposit potential while driving demand for micro, agricultural and value-chain finance.

### National ID expansion

34.14 million Ugandans were registered in the financial year 2025/2026 and more registrations are expected to be made in the financial year 2026/2027 along with e passport improvements.

#### Implication

Embed NIN/e-KYC flows into onboarding to permit instant account opening and reduce manual KYC costs. This is expected to increase the banks' customer base.

### Large-Scale Commercial Farmers Financing Scheme

The Government paid UGX1 billion in FY2025/26 to cover interest on loans for large commercial farmers (those cultivating over 50 acres), enabling 186 farmers to obtain UGX169.1 billion in credit from government-owned commercial banks. The farmers repay the principal while the government services the interest, and a further UGX41 billion has been allocated for FY2026/27.

#### Implication

The continuation of the interest-subsidy scheme (another UGX 41bn for FY2026/27) means government-owned commercial banks will expand agribusiness lending.

SOURCE: BOU May 29 circular and Budget 2026/27

# Human capital development

## Performance evaluation of the 2025/26 human capital development budget

The Human Capital Development programme remained a key Government priority in FY 2025/26, with an allocation of UGX 9.97 trillion directed toward education, health, water and sanitation, and social protection. The programme supported continued improvements in access to essential services, including expanded school infrastructure, better availability of medicines, higher immunisation coverage, and increased access to safe water. These investments helped sustain Uganda's 6.4% economic growth, reflecting the sector's role in supporting productivity and labour force participation.

Despite these strides, performance remained constrained by staffing shortages, infrastructure gaps, rising population demand, and low absorption of funds, meaning that while access improved, service quality and efficiency still lagged behind investment levels.

## Budget over the years

The Human Capital Development programme has maintained a generally upward funding trend. Allocations remained largely stable between FY 2024/25 (UGX 9.9 trillion) and FY 2025/26 (UGX 9.97 trillion), before increasing significantly to UGX 13.5 trillion in FY 2026/27. This pattern reflects a shift from budget stabilisation to expanded investment, signalling growing Government emphasis on human capital as a key driver of productivity and long-term economic transformation.

## Challenges

- Persistent staffing shortages in health and education
- Infrastructure gaps across schools and health facilities
- Rapid population growth outpacing service expansion
- Low absorption under externally financed projects

## Strategic priorities 2026/27

- Strengthen healthcare delivery and expand access to essential services
- Improve education access, quality, and learning outcomes
- Enhance skills development through STEM and vocational training
- Improve teacher welfare and workforce motivation
- Reform curriculum and strengthen higher education and research
- Expand water and sanitation coverage
- Strengthen social protection for vulnerable groups

Overall, the FY 2026/27 priorities reflect a clear shift from maintaining access to improving quality, efficiency, and workforce readiness, positioning human capital development as a central driver of productivity, inclusive growth, and long-term economic transformation.

## Budget allocation



# 35.4%

Increase from last FY



## Deloitte insight

Uganda's FY 2026/27 Human capital development budget reflects a strategic shift from viewing education and healthcare as purely social services to recognising them as key drivers of economic productivity and long-term growth.

Increased investment in technical skilling, STEM education, healthcare systems and workforce welfare demonstrates the government's intention to build a more productive labour force.

Overall, the FY 2026/27 budget presents positive prospects for workforce development.

UGX 84.3 tn

Total proposed budget for 2026/27

Human capital development sector budget

UGX 13.5 tn

# Human capital development contd.



## Education, Skills and Sports

The government has allocated UGX 6.66 trillion to the education sector in FY 2026/27, forming the largest share (49%) of Human capital development spending. This increase builds on investments in FY 2025/26, where spending was largely focused on expanding access to education through UPE and USE, constructing and operationalising seed secondary schools, strengthening teacher training through institutions such as UNITE, and advancing curriculum and TVET reforms.

The FY 2026/27 budget signals a stronger shift toward improving the quality and relevance of education, rather than just expanding access. Key priorities include strengthening STEM and TVET, improving teacher welfare through salary enhancements, and advancing curriculum reforms to align education with labour market needs. Continued investments in universities and research institutions aim to support innovation, while the development of sports infrastructure, particularly for AFCON 2027, remains a complementary priority.

Overall, the increased allocation reflects a strategic repositioning of the sector toward producing a more skilled, competitive, and job-ready workforce, which is critical to Uganda's productivity-led growth agenda



## Health

The health sector allocation increased to UGX 5.23 trillion in FY 2026/27, reinforcing the government's commitment to strengthening healthcare systems. In FY 2025/26, investments focused on improving access to essential medicines, upgrading health infrastructure, and expanding specialised services. However, these gains were implemented within a relatively constrained budget envelope.

In FY 2026/27, the government is scaling up interventions across both primary and specialised healthcare. Priorities include maternal and child health, nutrition, expanded immunisation, and tackling non-communicable diseases, alongside sustained provision of essential medicines. Additional emphasis is placed on strengthening specialised healthcare services to reduce external referrals, improving emergency response systems, and advancing progress toward Universal Health Coverage (UHC).

The increase in funding indicates a transition toward a more resilient and self-reliant health system, although persistent challenges such as staffing shortages and service delivery inefficiencies remain key risks to achieving improved health outcomes.



## Social Protection and Inclusive Development

The government's social development agenda in FY 2026/27 continues to emphasise inclusive growth and improved living standards, with a noticeable shift in priorities. In FY 2025/26, social protection programmes played a significant role in supporting vulnerable groups through direct transfers and livelihood interventions, particularly under SAGE and enterprise grants.

In FY 2026/27, the government has allocated UGX 173.55 billion to social protection, indicating a move toward more targeted, system-based interventions. Priority areas include economic empowerment, labour market participation, and strengthening social protection systems, alongside the development of a Labour Market Information System. Previous achievements—such as support for older persons and persons with disabilities, and expanded labour mobility—highlight ongoing efforts to promote inclusiveness.

At the same time, water and sanitation remain the dominant component, with UGX 1.013 trillion allocated, reflecting continued emphasis on basic services, public health, and productivity. Overall, social protection represents a relatively small share of the Human Capital budget, while water and sanitation account for a larger portion.

# Public sector transformation

## Performance evaluation of the 2026/27 public sector transformation budget

The Public Sector Transformation (PST) programme continued to support Government efforts to improve efficiency, accountability and service delivery across public institutions. With an allocation of approximately UGX 253.5 billion in FY 2025/26, the programme focused on digitalisation, automation of government processes and performance management reforms. Key interventions included:

- Continued rollout of the Human Capital Management (HCM) system,
- Expansion of e-government initiatives, strengthening performance management frameworks
- Enhancement of recruitment and payroll administration systems.
- Improving interoperability across Government systems
- Expanding citizen access to services through digital platforms.

## Budget over the years

Funding for the programme increased from UGX 253.5 billion in FY 2025/26 to UGX 302 billion in FY 2026/27, representing a 19.1 percent increase. The additional resources are expected to support digital government initiatives, service automation, and stronger accountability frameworks. The programme is 100% GoU-funded with zero external financing across all years.

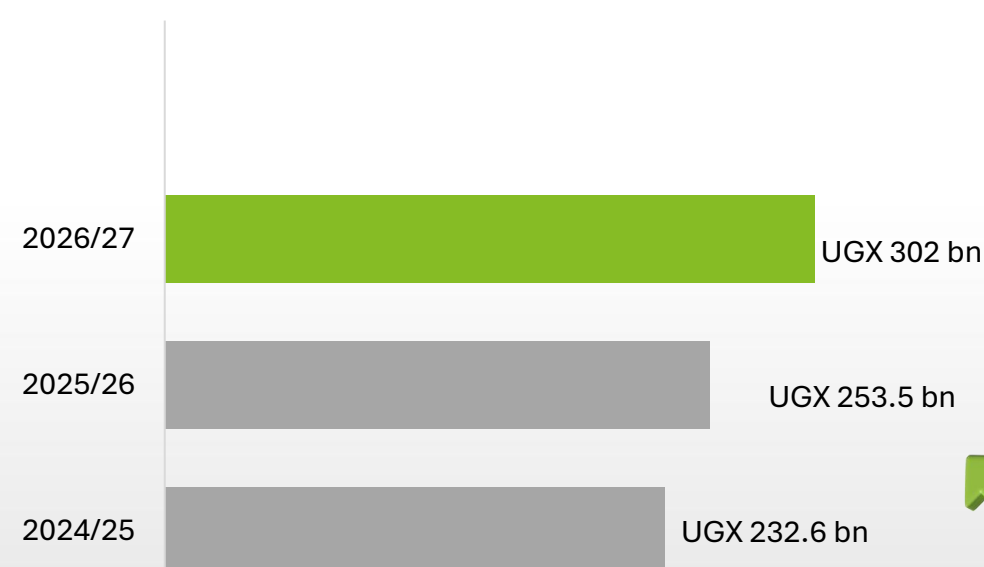
## Challenges

- Low budget absorption affecting implementation of reforms
- Fragmented digital systems and limited interoperability
- Capacity constraints within implementing institutions
- Continued reliance on manual processes
- Limited resources for large-scale digital transformation
- Rising demand for efficient public service delivery

## Strategic priorities 2026/27

- Expand the Human Capital Management system to additional Government entities
- Accelerate automation and digitalisation of Government services.
- Strengthen interoperability and integration across Government systems
- Enhance public service performance management and accountability frameworks
- Expand electronic recruitment and human resource management systems
- Improve citizen access to Government services through digital channels
- Strengthen oversight and governance mechanisms across public institutions

## Budget allocation



## Deloitte insight

While Public Sector Transformation represents less than one percent of the national budget, its influence extends across Government operations. Increased funding signals continued commitment to digital transformation, performance management and institutional efficiency.

As Uganda pursues double-digit economic growth and implementation of NDP IV, improving public sector productivity will remain critical for better budget execution, accountability and private sector development.

UGX 84.39tn

Total proposed budget for 2026/27

UGX 302 bn

Public sector transformation sector budget

13.1%

Increase from last FY

# Governance and security

## Performance evaluation of the 2026/27 governance and security budget

The governance and security programmes remained central to economic growth, investment and social stability in FY 2025/26. The government continued to invest in security, justice, and governance institutions, improving public safety and operational capacity.

Notably;

- Security infrastructure, intelligence systems and operational readiness were strengthened across key agencies, while personnel welfare was enhanced.
- Uganda remained relatively stable during the election period, with reported crime falling by 10.2 percent from 218,715 cases in 2024 to 196,405 cases in 2025, reducing the crime rate from 502 to 427 cases per 100,000 people.
- The government also supported regional peace and security through international and regional deployments.
- Key infrastructure projects progressed, including operationalisation of the 275-bed National Referral Military Hospital in Mbuya and advancement of the UPDF Headquarters project to 70 per cent completion.

## Budget over the years

Funding for Governance, Security increased from UGX 8.9 trillion in FY 2024/25 to UGX 9.9 trillion in FY 2025/26, before rising further to UGX 10.2 trillion in FY 2026/27 representing cumulative growth of approximately 14.6 percent over the three-year period.

While the allocation increased by 3.1 percent in FY 2026/27, its share of the national budget declined from 13.7 percent to 12.1 percent, reflecting faster growth in overall Government expenditure.

The continued increase in nominal funding underscores Government's commitment to maintaining peace, security and effective governance as critical enablers of economic transformation.

## Strategic priorities 2026/27

- Continued modernisation, training and welfare improvement of the UPDF
- Full equipping of the National Referral Military Hospital and completion of the UPDF Headquarters
- Strengthening border security, counter-terrorism and regional peace support operations
- Enhancing community policing, crime intelligence, forensic services and CCTV coverage
- Strengthening cybersecurity and protection of critical national infrastructure
- Improving immigration services, National Identification Number (NIN) registration, National ID enrolment and e-passport issuance
- Strengthening anti-corruption interventions.
- Continued cattle restocking programmes in the Acholi, Lango and Teso sub-regions



## Deloitte insight

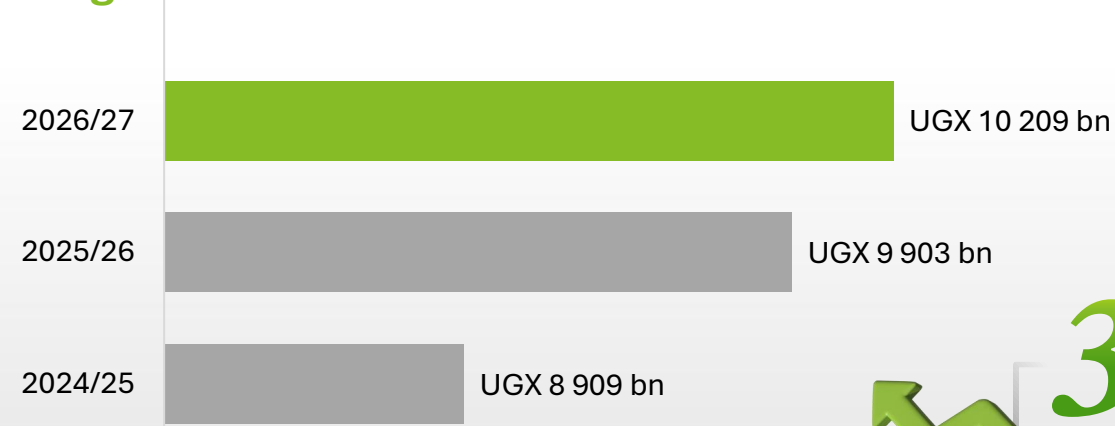
The Governance and Security programme remains a key enabler of Uganda's economic transformation. Reduced crime levels and continued investment in security infrastructure support a stable environment for investment and growth.

As Uganda prepares for commercial oil production and higher economic growth, stronger governance, cybersecurity, and protection of critical infrastructure will be essential for sustaining long-term development.

UGX84.3 tn

Total proposed budget for 2026/27

## Budget allocation



**3.1%**  
Increase from last FY

UGX 10.2 bn

Governance and security sector budget

# Regional development

## Performance evaluation of the 2025/26 regional development budget

The Regional Development programme continued to support inclusive and balanced territorial development through strengthened local government service delivery, local economic development and implementation of wealth creation initiatives. During the year, Government focused on improving local government capacity, enhancing local revenue mobilisation and coordinating development interventions in underserved regions. However, disparities in development outcomes, resource constraints and institutional capacity challenges continued to affect programme implementation.

## Budget over the years

The programme allocation increased from UGX 1.64 trillion in FY 2025/26 to UGX 2.17 trillion in FY 2026/27, representing an increase of UGX 530.3 billion (32.4%). The allocation accounts for approximately 2.6% of the national budget, reflecting Government's continued commitment to reducing regional disparities and promote inclusive economic growth.

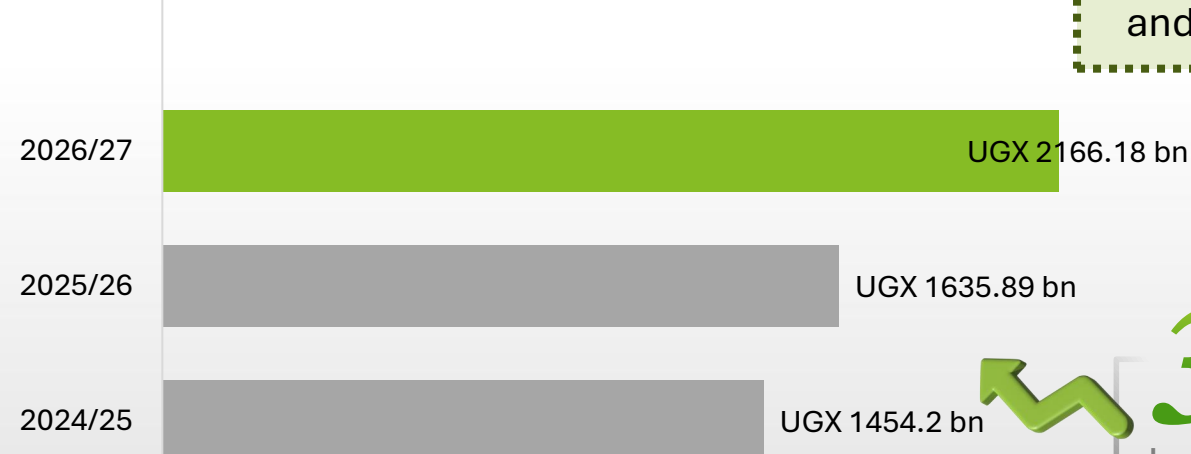
## Challenges

- Persistent regional disparities in income levels and access to services.
- Capacity constraints within local governments and regional structures.
- Limited local revenue mobilisation.
- Delays in implementation of regional development plans.
- Weak coordination across implementing institutions.
- Resource constraints affecting implementation of local development initiatives.

## Strategic priorities 2026/27

- Development of integrated regional development plans for Acholi, Bukedi, Busoga, Teso and Kigezi.
- Strengthening implementation and monitoring of Parish Development Model (PDM) and Emyooga interventions.
- Supporting household income-generating initiatives in affirmative action areas.
- Rehabilitation of district and community access roads and construction of rural markets.
- Strengthening local economic development through training of Local Economic Development Investment Committees.
- Enhancing local revenue mobilisation and financial management systems.
- Supporting local governments in performance improvement and accountability.
- Strengthening implementation of regional development programmes through improved monitoring and coordination.

## Budget allocation



## Deloitte insight

The increase in allocation to regional development underscores the government's recognition that achieving broad-based economic transformation will require targeted interventions to address regional disparities and unlock growth opportunities outside major urban centres.

The focus on regional planning, local economic development, and the strengthening of PDM implementation reflects a shift towards place-based development, where interventions are tailored to the unique opportunities and constraints of specific regions. Successful implementation of these initiatives will depend on strengthening local government capacity, improving coordination across stakeholders and ensuring that increased funding translates into measurable improvements in household incomes and local economic activity.

UGX 84.39 trn

Total proposed budget for 2026/27

UGX 2.17 tn

Regional development sector budget

32.4%

Increase from last FY

# Development plan implementation

## Performance evaluation of the 2025/26 development plan implementation budget

The Development Plan Implementation (DPI) programme continued to strengthen planning, budgeting, monitoring and coordination across Government to support the implementation of NDP IV. During FY 2025/26, the programme focused on improving evidence-based decision-making, strengthening public investment management, enhancing monitoring and evaluation systems, and supporting domestic resource mobilisation. The programme also contributed to improved coordination of Government priorities and strengthened oversight of programme performance.

### Budget over the years

The government has increased funding for the Development Plan Implementation programme from UGX 2.26 trillion in FY 2024/25 to UGX 2.70 trillion in FY 2025/26, before rising further to UGX 2.94 trillion in FY 2026/27. This represents a year-on-year increase of UGX 236.1 billion (8.7%) and cumulative growth of 29.9% over the three-year period. The FY 2026/27 allocation accounts for approximately 3.5% of the national budget, reflecting the Government’s continued focus on strengthening implementation, accountability and delivery of national development priorities.

### Challenges

- Limited domestic revenue mobilisation to fully finance development priorities.
- Weak utilisation of data and evidence in planning and decision-making.
- Delays in the implementation of Government programmes and projects.

## Strategic priorities 2026/27

- Strengthen domestic revenue mobilisation through implementation of the Integrated Revenue Administration System (IRAS) and full rollout of the Domestic Revenue Mobilisation Strategy.
- Enhance evidence-based planning through implementation of the National Socio-Economic Research Agenda (NSERA).
- Improve data-driven decision-making through the High-Frequency Labour Market Indicators Survey and administrative data systems.
- Strengthen monitoring and evaluation systems, including implementation of the APEX platform and performance assessments.
- Improve programme coordination and oversight to support implementation of NDP IV and the Tenfold Growth Strategy.
- Strengthen public investment management, budgeting and accountability frameworks.

## Budget allocation



**8.7%**  
Increase from last FY

## Deloitte insight

The continued increase in funding for the Development Plan Implementation programme signals the Government’s recognition that achieving development outcomes depends not only on resource allocation but also on effective execution.

As Uganda pursues ambitious economic growth targets and implementation of NDP IV, strengthening planning, coordination and performance management will be critical to ensuring that public expenditure translates into tangible socio-economic outcomes. The challenge going forward will be improving implementation efficiency and accelerating the delivery of priority projects and reforms.

UGX 84.3 trn

Total proposed budget for 2026/27

UGX 2.94 tn

Development plan implementation sector budget

# Sustainable energy development

## Budget over the years

The Sustainable Energy Development programme demonstrates a relatively stable funding trajectory compared to other programmes, reflecting its strategic role as a core growth enabler.

In FY2024/25 (UGX 1,135 billion), allocations supported the continuation of investments in electricity generation, transmission, and distribution infrastructure, aimed at lowering the cost of doing business and supporting industrialisation. Key priorities included expanding electricity access, strengthening the power grid, and supporting productive sectors such as agriculture and manufacturing, in line with NDP III objectives of inclusive growth and economic recovery

In FY2025/26 (UGX 1,248 billion), the slight decline in allocation reflects fiscal adjustment while maintaining momentum in energy investments under the transition to NDP IV. Key priorities include enhancing transmission and distribution systems, improving the reliability of the electricity supply in growth corridors, and supporting industrial parks and rural electrification programmes.

In FY2026/27 (UGX 1,172.1 billion), the allocation increases, signalling renewed emphasis on strategic energy investments despite fiscal consolidation pressures. The programme prioritises diversification of the energy mix (including solar and hydropower), expansion of electricity access, and scaling up transmission infrastructure to support industrialisation and regional integration. Overall, the programme reflects a consistent policy commitment with moderate funding adjustments, highlighting energy as a critical enabler of economic transformation. While allocations fluctuate slightly due to fiscal consolidation, the sustained investment focus underscores Government's priority to expand access, improve reliability, and diversify energy sources to support long-term growth

## Performance evaluation of the 2025/26 sustainable energy development budget

As of mid-year (31 December 2025), 333.814 billion (30.9%) of the total approved budget of UGX 1,248.379 billion had been released, and only 173.414 billion (16.8%) had been spent, indicating under-execution or a low absorption rate.

Half-year achievements or commencements include:

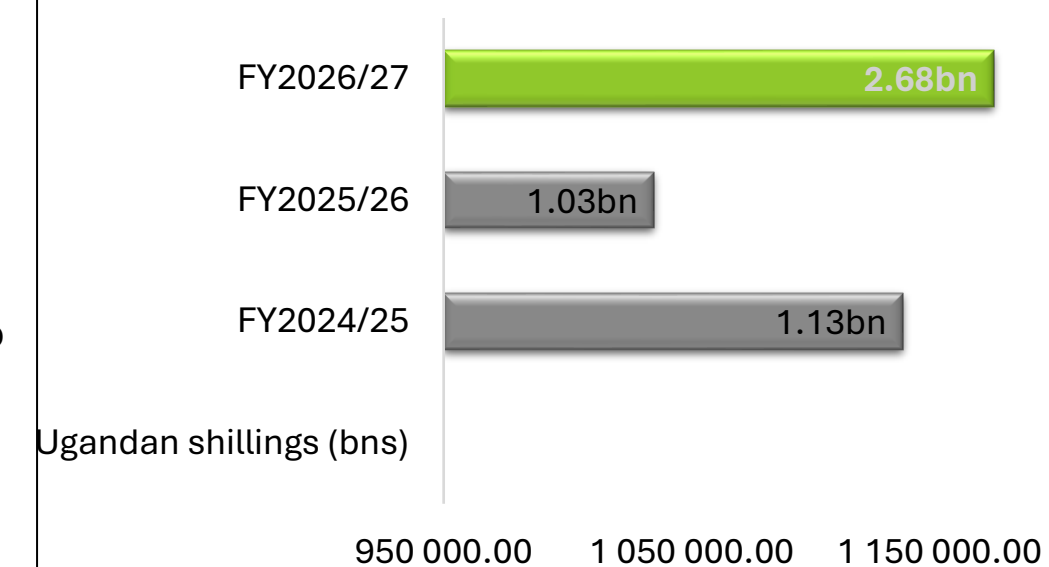
- Orio Mini Hydropower Project
- Progress on the Kampala Metropolitan Transmission Project, which realised 317,663 grid and off-grid connections out of the overall target of 1,223,500. Of these, 66,703 connections were achieved between June and December 202
- Overall, progress in the expansion of energy transmission and distribution infrastructure increased from 10% in June 2025 to 16% by 30 November 2025
- Cobalt-60 Disused Sealed Radioactive Sources (DSRS) at St. Mary's Hospital, Lacor, and the Uganda Cancer Institute were successfully decommissioned and transferred to Germany for safe storage

## Challenges

The following were yet to commence as of the half-year

- The rehabilitation of the Nalubaale and Kiira 380MW hydropower stations
- Namanve thermal power plant conversion to natural gas
- Works on the Masaka–Mbarara transmission project had not yet commenced.

## Budget allocation



Ugandan shillings (bns)

950 000.00 1 050 000.00 1 150 000.00

**16%**  
Increase from last FY

UGX 84.39 trn

Total proposed budget for 2026/27

UGX 2.68 bn

Sustainable energy development sector budget

SOURCE: Semi-Annual Budget Performance Report FY 25/26, National Budget Framework Paper FY2026-27, National Budget Framework Paper FY 2026/27, 2025/26, 2024/25, NDP IV

# Sustainable energy development contd.

## Challenges

- **Heavy Reliance on external financing:** 68% of the proposed FY26/27 total budget is expected to be externally funded through project support, as compared to 53% in FY25/26. This exposes the program to funding volatility and implementation risks, thus reducing predictability in budget execution and affecting medium-term planning.
- **Low budget release levels from MOFPED:** As of mid FY2025/26, only 30.9% of the budget had been released. This limits the availability of funds for implementation.
- **Moderate utilisation of released funds:** As of mid FY 2025/26, only 51.9% (UGX 173.414 billion) of the released UGX 333.814 billion had been spent. This highlights the need to improve institutional efficiency in planning, project execution, and financial management.

## Strategic priorities 2026/27

- **Power Generation Expansion:** Development of new generation capacity, including the 380-megawatt Kiba Hydropower Plant and a 10-megawatt floating solar power plant at Isimba Hydropower Plant.
- **Renewable Energy Development:** Investment in utility-scale solar power projects of about 500 megawatts and promotion of alternative energy sources such as solar, wind, and nuclear energy.
- **Nuclear Energy Development:** Undertaking of site studies for the Buyende Nuclear Power Plant to diversify the energy mix.
- **Transmission Infrastructure:** Expansion and strengthening of transmission networks, including high-voltage power lines and substations, and improving power supply in the Greater Kampala Metropolitan Area.
- **Regional Power Trade:** Development of cross-border transmission lines to support regional electricity trade and integration.

- **Electricity Access Expansion:** Scaling-up of electrification through programmes such as the Rural Electricity and Connectivity Project, the Electricity Access Scale Up Project, and the Uganda Rural Electricity Access Project Phase Two.
- **Industrial and Commercial Power Supply:** Extension of electricity connections to industrial parks, businesses, and productive sectors to support economic growth



## Deloitte Insight

Uganda's Sustainable Energy Development sector has adequate strategic prioritisation but inefficient delivery: low budget absorption, heavy reliance on external financing, and a number of high-value projects not yet started.

These implementation and financing constraints risk undermining the sectors' catalytic role in industrialisation, employment and service delivery at a time of fiscal consolidation.

Immediate focus should be on

- a) Closing project-readiness gaps.
- b) Improving procurement execution, public financial management and project implementation capacity, and
- c) Mobilising diversified financing (domestic and private) to reduce exposure to external financing volatility.



SOURCE: Semi-Annual Budget Performance Report FY 25/26, National Budget Framework Paper FY2026-27, National Budget Framework Paper FY 2026/27, 2025/26, 2024/25, NDP IV

# Integrated transport and infrastructure services

## Performance evaluation of the 2025/26 development plan implementation budget

FY2025/26 marks a significant milestone for Integrated Transport and Infrastructure Services in Uganda, as the first full year of the Fourth National Development Plan (NDP IV) implementation. The sector received UGX 6.92 trillion, which covered roads, railways, bridges, and water/air transport, accounting for 9.5% of the total FY 2025/26 national budget. This highlights a solid budgetary commitment and shows that transport and infrastructure remain priorities. Major Achievements in the 2025/2026 include:

- **Standard Gauge Railway (SGR) project momentum:** Construction commenced on the Malaba to Kampala route, which is anticipated to reduce cargo transit times.
- **Kabaale International Airport (KIA):** Physical works were completed in Q1 of FY 2025/26, moving into operationalization, including 9% progress on security and fire safety installations.
- **Development of New Kampala Inland Port Bukasa:** Achieved 50% cumulative swamp removal and reclamation as at end of December 2025.
- **Rehabilitation of Tororo-Gulu Metre Gauge Railway (MGR):** 66.32% cumulative physical progress of railway track rehabilitation was achieved.
- **District, Urban and Community Access Roads (DUCAR), Road Maintenance and Management:** Over 21,000 km of paved and unpaved national roads were maintained, supported by the release of maintenance grants to districts and cities across the country.
- **The East African Civil Aviation Academy:** Completion of 58% of civil works on Hangar 2 and academy buildings, and secured spares, services, and insurance for its nine aircraft.
- **Aerodrome Infrastructure:** Maintenance was undertaken on 13 aerodromes across various locations.

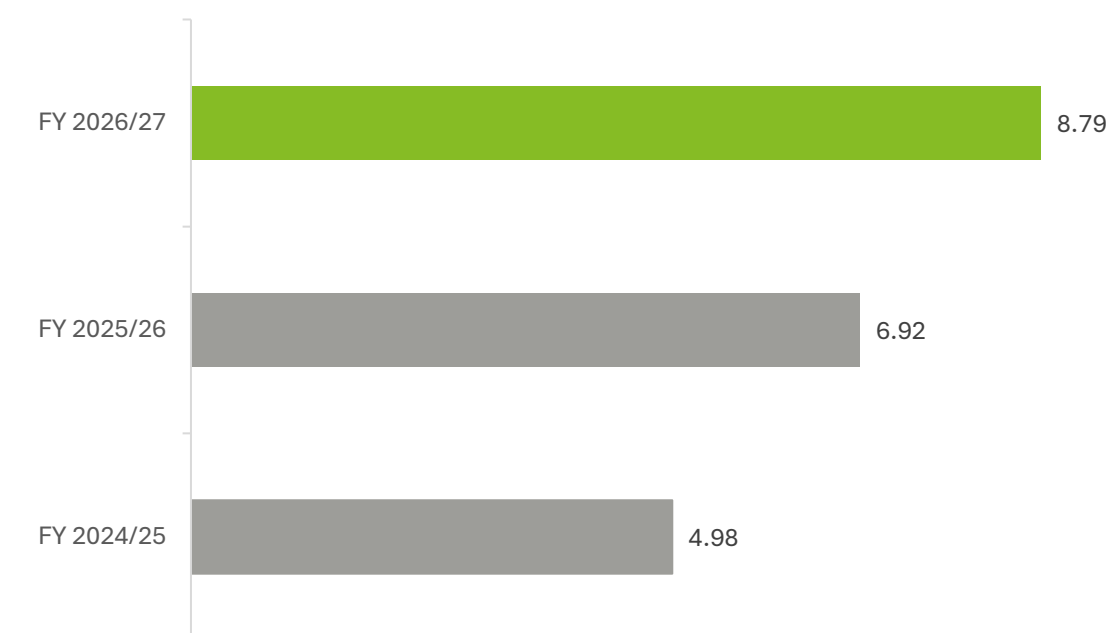
## Budget over the years

Over the past financial years. The budget allocation for integrated transport and infrastructure services has emphasized the government's commitment to enhancing Uganda's transport infrastructure, aiming to bolster economic growth, regional integration, and trade facilitation. The sector has consistently received a significant share of the national budget with allocations gradually increasing year-on-year, particularly in response to strategic initiatives such as the 10-Fold Growth Strategy and preparations for major events like AFCON.

## Strategic priorities 2026/27

- Strengthen domestic revenue mobilisation through implementation of the Integrated Revenue Administration System (IRAS) and full rollout of the Domestic Revenue Mobilisation Strategy.
- Enhance evidence-based planning through implementation of the National Socio-Economic Research Agenda (NSERA).
- Improve data-driven decision-making through the High-Frequency Labour Market Indicators Survey and administrative data systems.
- Strengthen monitoring and evaluation systems, including implementation of the APEX platform and performance assessments.
- Improve programme coordination and oversight to support implementation of NDP IV and the Tenfold Growth Strategy.
- Strengthen public investment management, budgeting and accountability frameworks.

## Budget Allocation (Trillions)



**27%**  
Increase from last FY

UGX 84.3 trn

Total proposed budget for 2026/27

UGX 8.79tn

Development plan implementation sector budget

# Integrated transport and infrastructure services... contd.

## Sector challenges

- Inadequate and/or irregular release of funds especially for development expenditure (counterpart funding), leading to stalled infrastructure projects, cost overruns and accumulated arrears within the sector.
- Delays in acquisition of land and compensation of Project Affected Persons (PAPs) for projects such as the Tororo-Gulu MGR line, SGR line, Bukasa Port among others.
- Inadequate and/or irregular release of funds especially for development expenditure (counterpart funding), leading to stalled infrastructure projects, cost overruns and accumulated arrears within the sector.
- Delays in acquisition of land and compensation of Project Affected Persons (PAPs) for projects such as the Tororo-Gulu MGR line, SGR line, Bukasa Port among others.
- Failure to meet road maintenance targets especially periodic maintenance for both national and DUCAR roads leading to faster deterioration of the road infrastructure.
- Frequent break downs and inadequate maintenance of district road equipment thus failing to perform the road maintenance needs in Local Governments.
- Safety concerns especially for road users with at least 13 people on average dying on a daily basis through road accidents.
- High rate of traffic congestion especially within the Greater Kampala Metropolitan Area (GKMA) coupled with unregulated “bodaboda” riders thus leading to loss of valuable productive time and also increasing the cost of doing business.

Challenges with Soroti Flying School due to outdated infrastructure and equipment, resulting from delays in approving and implementing its development project. Additionally, the academy lacks ISO certification and is not affiliated with any civil aviation universities.

## Strategic priorities 2026/27

During FY 2026/27, the Integrated transport and Infrastructure services (ITIS) program will focus on the following:

- Construction and completion of ongoing works for road and bridge projects as prioritised by H.E the President in the FY 2025/26 State of the Nation Address.
- Continuing with the maintenance of National and District, Urban and Community Access Roads (DUCAR) road transport network.
- Expediting the construction of the Standard Gauge Railway (SGR) and completion of ongoing works for the rehabilitation of the Metre Gauge Railway (MGR).
- Continuing with the development of Bukasa Port, and additional capitalisation of Uganda Airlines to acquire more aircraft, to open up more routes for passenger and cargo transportation and handling capacity.
- Operationalisation of Kabalega International Airport; and rehabilitation and upgrade of existing strategic airports and aerodromes.
- Fast track implementation of the Kampala City Road rehabilitation Project and the Greater Kampala Metropolitan Area Urban Development Programme.

- Commence the Kampala City Roads and Bridges Improvement Project and continue with Kampala Capital City Authority Road Maintenance.
- Strengthen rehabilitation and maintenance of District Urban and Community Access roads in all LGs.



## Deloitte Insight

Uganda’s commitment to integrated transport and infrastructure services is strong, however, full benefits require a focus on improving operational efficiency, ensuring sustainable and timely funding and strengthening institutional capacity. Key actions for success include:

- Commitment to quarterly budget releases for timely project funding.
- Exploring innovative financing (e.g., public-private partnerships ( PPPs)) to address funding gaps
- Implementing transparent and efficient land acquisition and compensation processes.
- Strengthening the procurement and contract management processes.
- Prioritizing maintenance and asset management
- Developing integrated urban transport solutions and regulate informal transport (e.g., boda bodas)
- Investing in road safety measures and infrastructure such as pedestrian crossings and signage to reduce accident rates.
- Building institutional capacity to meet international standards.
- Mandate a 90-day turnaround for land compensation claims on priority projects.

SOURCE: Ministerial Policy Statement FY 2026/27, National Performance Review Conference, 2026  
National Budget Framework Paper FY 2026/27

# Sustainable urbanisation and housing

## Budget over the years (FY2024/2025-2026/27)

The Sustainable Urbanisation and Housing programme shows a fluctuating budget trajectory, reflecting shifting government priorities and fiscal space.

In FY2024/25 (UGX 630.4 billion), allocations were aligned to consolidating gains under NDP III, with a focus on improving urban infrastructure, expanding access to housing, and strengthening municipal capacity. This period emphasised supporting economic recovery through investments in urban systems that enhance productivity, service delivery, and connectivity, consistent with broader goals of maintaining macroeconomic stability and accelerating inclusive growth.

In FY2025/26 (UGX 1,486.7 billion), the allocation more than doubled, highlighting a major scale-up of urban development investments. Key priorities during the year centred on large-scale urban infrastructure projects such as roads, drainage, and municipal upgrades, continued implementation of city development programmes, and leveraging of external financing to accelerate urbanisation outcomes.

The allocation for FY2026/27 (UGX 488 million) has declined significantly by 56%, returning to a level close to FY2024/25 due to fiscal consolidation and reprioritisation pressures. Key priorities are completing ongoing projects, improving efficiency and value for money in urban investments, and integrating urban housing into broader infrastructure systems rather than initiating new large-scale projects. This reflects tighter fiscal conditions, driven by rising debt-servicing costs and a reduced resource envelope, which limit expansionary spending, while maintaining urbanisation as an essential but constrained enabler of growth.

## Performance evaluation of the 2025/26 sustainable urbanisation and housing budget

An allocation of UGX 1.486 trillion was approved for FY2025/26. By 31 December 2025 (mid-year), UGX 935.9 billion had been released, of which UGX 461.7 billion was utilised, representing a moderate budget absorption rate of 49.3% at the half-year mark.

Key achievements included supervision of 67 land acquisition processes for government infrastructure projects and the production of 72,211 land titles. The program also advanced spatial planning through the development of parish and district thematic maps, boundary surveys, and affirmation to resolve inter-district disputes. Additional efforts focused on public awareness, including the dissemination of land information materials across 7 local governments, namely Arua, Entebbe, Gulu, Hoima, Kabale, Lira and Mbale, as well as slum profiling in Moroto Municipal Council and technical support for physical development plans and urban infrastructure designs, such as stormwater drainage master plans.

Further outputs comprised 16,106 property valuations, review and approval of compensation rates, and cancellation of land titles issued in fragile ecosystems. Under the housing sub-program, progress included vetting condominium plans, conducting stakeholder consultations on the Real Estate Bill, and mapping and profiling informal settlements in Mbale City

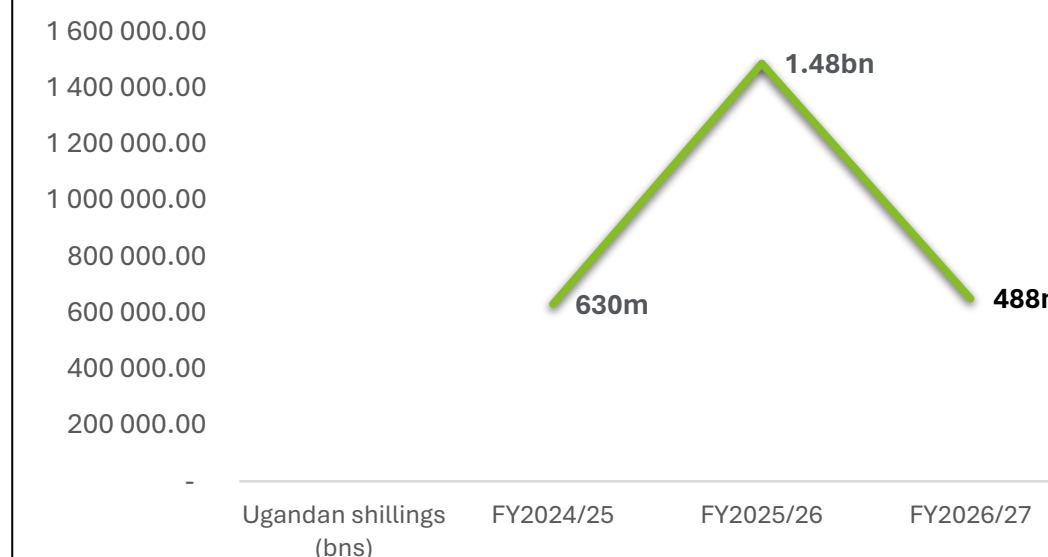
## Challenges

- **Significant funding gap:** Over 19 key NDP IV interventions remain unfunded in FY2026/27. This is further reflected in a sharp 56% decline in budget allocations, which constrains the implementation of planned urban development and housing initiatives.

UGX 84.39 trn

Total proposed budget for 2026/27

## Budget allocation over the last 3 years



56%

Decrease from last FY

UGX 488m

Sustainable urbanisation and housing sector budget

SOURCE: Semi-Annual Budget Performance Report FY 2025-26, National Budget Framework Paper FY2026-27, National Budget Framework Paper FY2025-26

# Sustainable urbanisation and housing... contd.

- **Heavy reliance on external financing:** Over 79% of the proposed FY26/27 total budget is externally financed. This exposes the program to funding volatility and implementation risks.
- **Moderate utilisation of released funds:** As of 31 December 2025, only 49.6% (UGX 935.9 billion) of the released UGX 461.7 billion had been spent, constraining the overall program performance.

## Strategic priorities 2026/27

Uganda's FY 2026/27 budget aligns sustainable housing and urbanisation with the Fourth National Development Plan. These efforts treat urbanisation as an engine for economic agglomeration, productivity, job creation, and revenue generation, while addressing rapid urban growth, slums, housing deficits and sustainability challenges. Key priorities for FY25/26 include;

- **Urban Infrastructure:** Develop and maintain infrastructure aligned to physical development plans in cities and municipalities.
- **Flagship Urban Projects:** Implement the Greater Kampala Metropolitan Area Urban Development Project and the Uganda Cities and Municipal Infrastructure Development Project across cities, municipalities, and refugee-hosting districts.
- **Environmental Sustainability:** Establish integrated waste management systems in all urban areas.
- **Urban Economic Development:** Attract private investment into free zones and special economic zones, particularly in the Greater Kampala Metropolitan Area.

- **Land Management:** Capitalize the Land Fund to support bibanja owners and improve land tenure security.
- **Affordable Housing:** Promote and implement housing programmes in partnership with the private sector.
- **Institutional Strengthening:** Enhance urban planning, governance, and service delivery across key institutions



## Deloitte Insight

Uganda's Sustainable Urbanisation and Housing programme demonstrates strong strategic prioritisation but constrained delivery: moderate budget absorption, heavy reliance on external financing, and a significant funding gap that may affect key NDP IV interventions' realisation.

These implementation and financing constraints risk undermining the programme's role as a key enabler of urban productivity, job creation, and service delivery, particularly under tightening fiscal conditions and a reduced resource envelope.

Immediate focus should be on:

- a) Closing project-readiness and implementation bottlenecks
- b) Improving procurement execution, public financial management and expenditure efficiency and project implementation capacity to enhance absorption, and
- c) Mobilising diversified financing, including domestic and private capital, to reduce reliance on external funding and strengthen fiscal resilience.



# Digital transformation

## Performance evaluation of the 2025/26 regional development budget

In 2025/26, the sector recorded significant progress in expanding **broadband infrastructure**, with national coverage at speeds of at least 8 Megabits per second (Mbps), rising beyond the baseline of 55%. The number of ICT-related jobs grew to more than 684,000, while targeted training initiatives and the establishment of e-government service centres in underserved regions began to bridge the digital divide. Notably, inclusive ICT training programs and the rollout of free-to-air TV and broadband in Eastern and Northern Uganda have improved access for women, youth, persons with disabilities, and rural communities. The expansion of innovation hubs and incubation centres, in partnership with universities, has further supported the development and commercialisation of homegrown digital solutions.

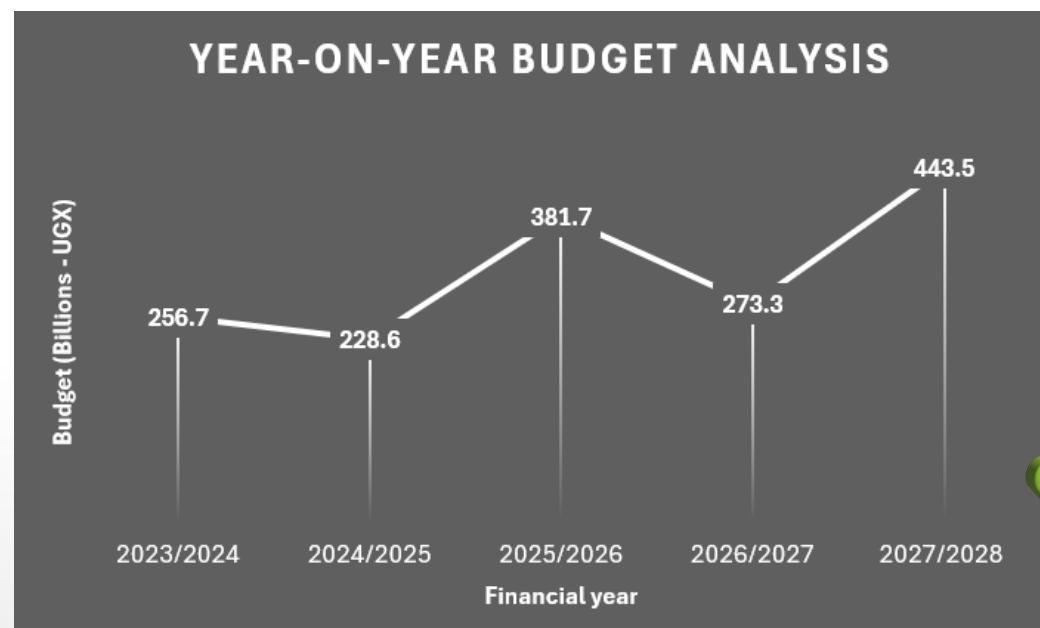
**Strategic inflexion:** FY25/26 shifted Digital Transformation from an ICT program to an economy-wide productivity enabler — priorities reflected demand and commercialisation, not just infrastructure economic growth.

## Strategic priorities 2026/27

The digital transformation sector has been allocated UGX 273.3 billion for Financial Year (FY) 2026/27, representing a 28% reduction from UGX 381.7 billion in FY 2025/26. The decrease reflects the government's ongoing fiscal consolidation; however, it reaffirms the government's commitment to harnessing Information Communication Technology (ICT) as a driver of efficiency, job creation, and economic growth in line with National Development Plan (NDP) IV and the Ten-fold Growth Strategy. Despite the current year dip, the budget is projected to rebound in subsequent years, peaking at UGX 443.5 billion in FY 2027/28, and signalling renewed investment in Uganda's digital future.

For FY 2026/27, the focus will be on accelerating **last-mile connectivity** and digitalising government services to enhance efficiency and citizen satisfaction. Key targets include increasing national broadband coverage to 62%, creating 890,400 ICT-related jobs, and raising smartphone ownership to 47%. Efforts will also prioritise reducing the turnaround time for government e-services and boosting public satisfaction with digital platforms. In parallel, the sector will strengthen cybersecurity and data protection, with the cybersecurity posture score expected to improve to 54.6%, from 50.6% in 2023/24, which is considered the base year.

Policy and regulatory reforms, including updates to frameworks on artificial intelligence and digital competence, will underpin these advances. Continued support for local innovators and inclusive digital participation will remain central, ensuring that the benefits of digital transformation reach all segments of society.



# 28%

Decrease from last FY

The sector's budget increased sharply from UGX 228.6 Bn in FY2024/2025 to UGX381.7 Bn in FY2025/2026.

Although a drop to UGX 273.3 Bn was recorded in FY2026/2027, the budget is expected to reach its highest level at UGX 443.5 Bn in FY2027/2028, in line with renewed prioritisation of investment in the sector.

## Deterrent to full budget utilisation

- The usage gap: Three in four Ugandans who live within mobile broadband coverage still do not use it. This represents a usage gap driven by barriers such as the high cost of entry-level smartphones, unreliable energy supply, sector taxes that impact affordability, and limited digital skills. Uganda has 96% 4G coverage; however, only 22% internet penetration. This is a 74%-point gap between infrastructure supply and actual usage.
- Digital business lagging: On the GSMA Digital Nations and Society Index 2025, Uganda scored 42.04. This is above Africa's average of 36. Uganda performs strongly in digital government (70.08) while lagging sharply in digital business (9.79). The government's digital services are improving, while the private economy's digital transformation is not keeping pace.

UGX 84.39 trn

Total proposed budget for 2026/27

UGX 237.3 bn

Regional development sector budget

# Digital transformation

## Major wins in current financial year

The Global System for Mobile Communications Association (GSMA)'s 2025 report, citing sustained investment by mobile operators and government policy, confirmed Uganda achieved 96% 4G population coverage, placing it among Africa's leaders in mobile broadband infrastructure. The ICT sector was growing at an average annual rate of 14.8%, contributing 9% to national Gross Domestic Product (GDP), and employing about 2.3 million people.

National broadband coverage reached 58% in FY2025/2026 and this surpassed the baseline connectivity rate of 55% reported for 2024, demonstrating steady advancement towards complete coverage. The FY2026/2027 Budget further highlights the final phase, focused on last-mile implementation of the National Backbone Infrastructure. This suggests that the foundational targets have been achieved, and efforts are now shifting towards extending connectivity to the remaining underserved areas, thereby ensuring more inclusive digital access across the country.

This initiative is transformational for several reasons:

- It directly addresses last-mile connectivity.
- It leverages existing infrastructure from private sector players.
- It links digital access directly to public service delivery which is a key focus area for the Digital Transformation sector.

At the November 2025 Digital Africa Summit, Uganda's Communications Commission Executive Director reported:

- 34.6 million active mobile money subscriptions.
- 16.5 million mobile internet users.
- Schools, health centers, and local governments have been connected through the Uganda Communications Universal Service and Access Fund (UCUSAF).



## Deloitte insight

The government should re-orient Uganda's digital agenda from expanding coverage to unlocking demand, affordability and skills to convert broadband (infrastructure) reach into mass internet use and GDP growth.

Some insights to shift focus from supply to demand include:

- Uganda's connectivity/ coverage is ahead of adoption; the next phase should shift budget emphasis from supply to demand (affordability, devices, skills).
- Lower data excise and smartphone import duties, these may be conditional on adoption milestones and fiscal mitigation measures (e.g., broaden tax base, introduce targeted consumption taxes elsewhere).
- Scale affordable device programs and integrate digital skills in primary/secondary curriculum.
- Conduct community training via libraries, schools, parish hubs, plus short TV/radio courses. Prioritise women and rural areas.

- Fast-track and fully fund the National Information Security Framework and Cyber Security Strategy implementation.
- Operationalise and fully equip the national CERT/CSIRT
- Lower data excise and smartphone import duties, these may be conditional on adoption milestones and fiscal mitigation measures (e.g., broaden tax base, introduce targeted consumption taxes elsewhere).
- Scale affordable device programs and integrate digital skills in primary/secondary curriculum.
- Conduct community training via libraries, schools, parish hubs, plus short TV/radio courses. Prioritize women and rural areas.
- Fast-track and fully fund the National Information Security Framework and Cyber Security Strategy implementation.
- Operationalize and fully equip the national CERT/CSIRT

# Science, technology development and transfer

## Performance evaluation of the 2025/26 development plan implementation budget

The Science, Technology and Innovation (STI) sector has been allocated UGX 388.0 billion in FY 2026/27, maintaining a steady level from UGX 388.5 billion in FY 2025/26. This stable allocation reflects the government's ongoing commitment to positioning STI as a driver of industrialisation, productivity, and value addition under the NDP IV and Uganda Vision 2040. Looking ahead, the STI budget is projected to rise significantly, reaching UGX 754.1 billion by FY 2030/31, signalling a long-term strategy to scale up investment in research, innovation, and technology-driven enterprises.

## Budget over the years

In FY 2025/26, the STI sector registered notable achievements in strengthening Uganda's innovation ecosystem. Over 100,000 high-quality jobs were created through the development of medium- and high-technology products, and more than 120 Innovation Driven Enterprises (IDEs) benefited from the Innovation Fund.

In addition, over 4,000 specialised industrial scientists were trained, and pilot manufacturing infrastructure and incubation centres were established. The annual turnover for IDEs reached USD 0.5 billion, while the percentage of IDEs with products in both local and international markets stood at 12.5%. Key policy reforms and the mobilisation of stakeholders through the National Science, Technology and Innovation System (NSTIS) have further enhanced coordination and strategic planning across the sector.

For the Innovation, Technology, Development, and Transfer (ITDT) Program, FY 2025/26 had an approved budget of UGX 168.012 billion, representing a 15.3% reduction from UGX 198.282 billion in FY 2024/25. By Q1 FY 2025/26, only UGX 118.783 billion had been spent by the program (spanning the prior year's Q4 disbursements). The ITDT budget is fully funded by the Government of Uganda.

## FY2025/26 wins

The key achievement for FY 2025/26 is the Kiira Motors Corporation (KMC) milestone, marking Uganda's first credible attempt at large-scale domestic industrial production.

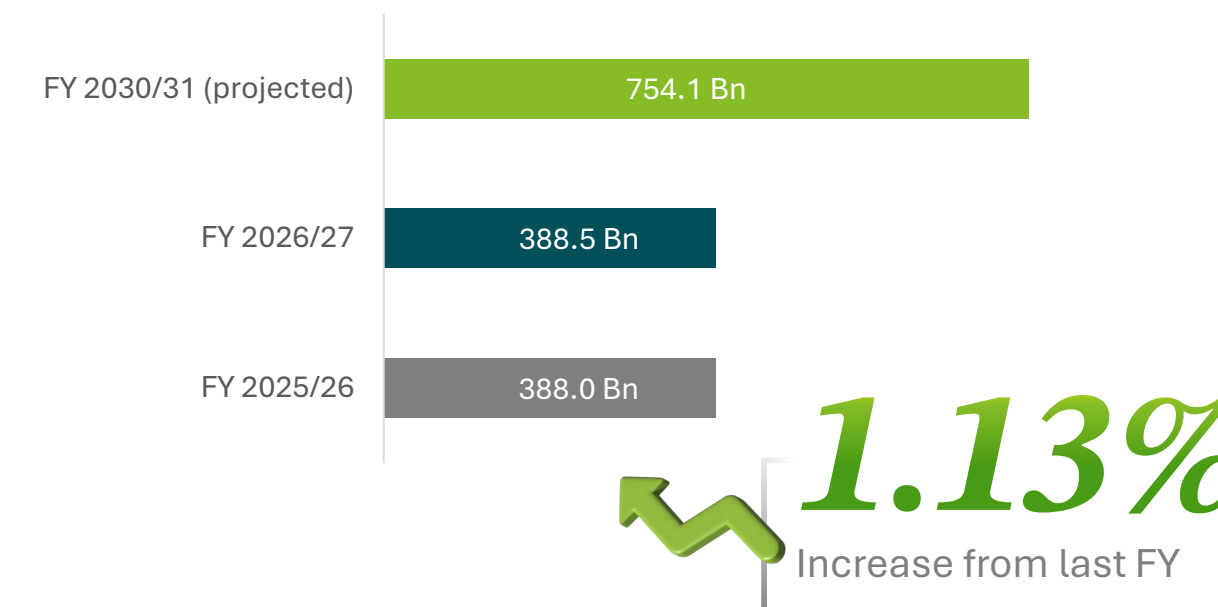
KMC's Kira Vehicle Plant has built 39 buses, including electric models, supporting mass mobility and reducing CO2 emissions. **STI tangible outputs:** Over 700 jobs have been created, with plans to expand to 900 employees and 2,500 vehicles annually.

## Focus for FY2026/27

For FY 2026/27, the STI sector will prioritise expanding science and technology parks, scaling up government technology incubation centres, and mobilising both domestic and foreign investment for innovation-driven enterprises.

The sector aims to increase the annual turnover of IDEs to USD 50 billion, boost the number of productive STI professionals per million population to 100, and raise the share of IDEs with products in local and international markets to 25%.

## Budget allocation



Efforts will also focus on nurturing interest in STI among youth through the UG Innovate Program, strengthening the legal and regulatory framework, and supporting the commercialisation of locally developed products. Enhanced collaboration with the diaspora and targeted support for Research and Development (R&D) institutions are expected to further drive Uganda's transition to a knowledge-based economy.

UGX 84.3 trn

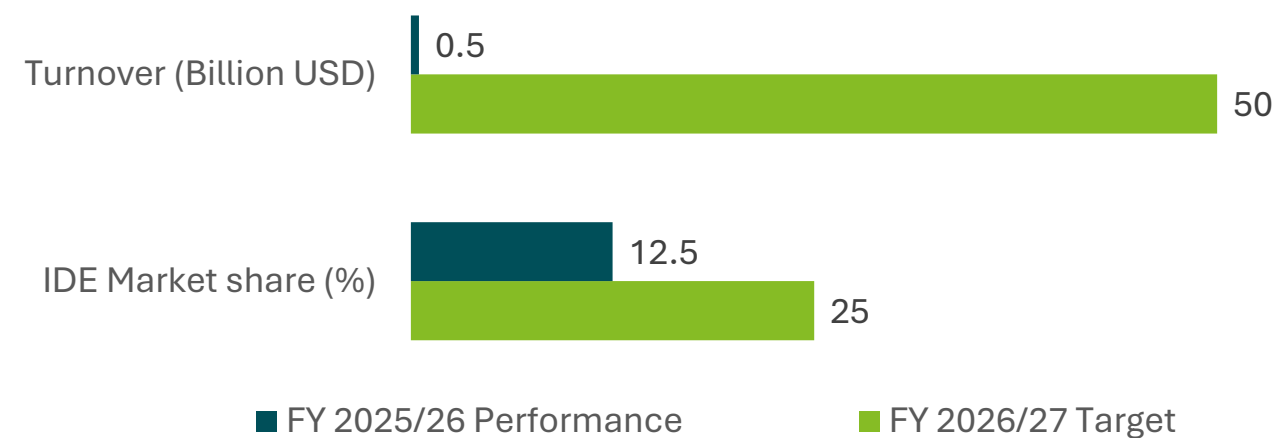
Total proposed budget for 2026/27

UGX 388.5 bn

Development plan implementation sector budget

# Science, technology development and transfer... contd.

## FY 2026/27 strategic targets



## Challenges

- The Engineering Development and Innovation Centre, although fully constructed, remains non-operational due to a lack of funds for staffing.
- Additionally, the absorption rate of STI funds is low, with much of the allocated budget unspent and delays in procurement further affecting project implementation.



## Deloitte insight

The Engineering Development and Innovation Centre is complete but non-operational due to staffing shortfalls, while STI fund absorption is low, and procurement delays are stalling projects.

The government should consider the following actionable recommendations to activate the centre, improve fund absorption, and accelerate procurement.

- Prioritise core staff hiring with phased recruitment to the Engineering Development and Innovation Centre
- Establish public–private partnerships for operational funding
- Offer temporary secondments from universities and industry
- Simplify procurement processes and reduce approval layers to combat disbursement delays
- Create a contingency reserve for procurement delays

# Tourism

## Performance evaluation of the 2026/27 tourism budget

Uganda’s tourism sector has fully recovered, reaching 106% of the pre-pandemic (2019) level. Tourist arrivals rose by 19.7% year-on-year to 1.642 million in 2025 (up from 1.37 million in 2024), of these 20.1% were overseas arrivals. Tourism earnings increased by 21.3% to USD 1.62 billion in 2025, a rise from USD 1.28 billion in 2024 and contributing 16% of the Uganda’s total export revenue. Average tourist expenditure was USD 986 per trip, while average length of stay increased to 8.8 nights. Leisure tourists spent an average of USD 2,144 per visit.

In 2024 the sector directly supported 876,512 jobs (7.5% of Uganda’s total employment), an increase of 73,821 jobs (9.2%) from 802,691 in 2023. It contributed UGX 6.99 trillion (3.3% of GDP) and accounted for 12% of national total investment. Tourism tax revenues rose to UGX 433.8 billion in 2024, up by UGX 64.3 billion (17.4%) from 2023.

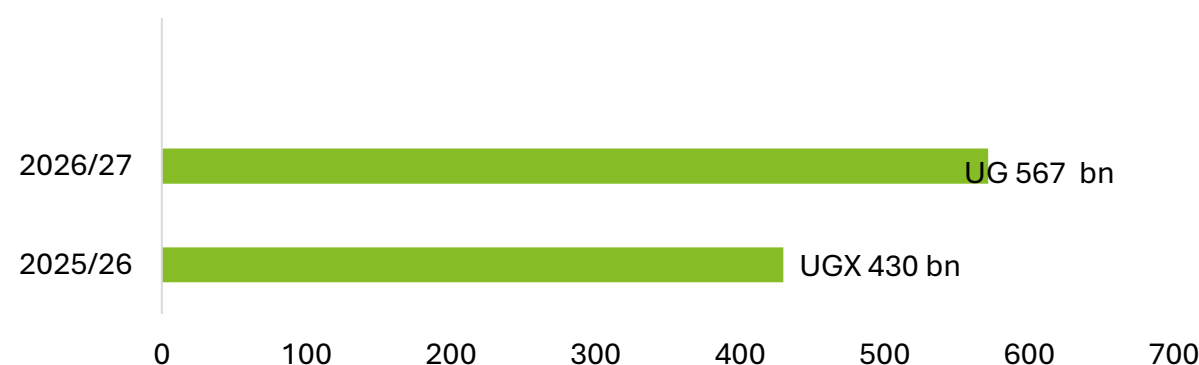
## Budget over the years

Allocation for tourism development increased from UGX 430.0 billion in FY2025/26 to UGX 567.3 billion in FY2026/27, an increase of UGX 137.3 billion (approximately 32%). The revised allocation prioritizes destination positioning and value addition across the tourism value chain. Funds will support branding, infrastructure (including construction of refreshment centers and sanitation facilities), improvement and enforcement of hospitality standards, conservation, targeted training, and overseas missions to promote commercial diplomacy.

## Strategic priorities 2026/27

In FY 2026/27 Uganda will build on its comparative advantages- unique wildlife, rich natural assets, favourable climate, abundant water bodies, diverse culture and renowned hospitality by stimulating domestic demand, diversifying the tourism portfolio beyond wildlife, accelerating implementation of the National Tourism Marketing Strategy, and investing in transport, ICT and skills while strengthening regulation, coordination and industry collaboration.

## Budget allocation



**32%**  
Increase from last FY



## Deloitte insight

The Ministry of Tourism, together with its agencies and private sector partners, is implementing strategic interventions to strengthen Uganda’s tourism competitiveness. The Explore Uganda “The Pearl of Africa” destination brand remains central to efforts to stimulate domestic tourism and raise Uganda’s profile in key international source markets. The government is also undertaking targeted infrastructure projects, including upgrades in the Rwenzori Mountains, a new pier at the Source of the Nile and development of the Mugaba Palace tourism site. These investments are intended to improve the quality and diversity of tourism products, increase visitor length of stay and raise tourist expenditure.

UGX 84.3 tn

Total proposed budget for 2026/27

UGX567.3 bn

Tourism sector budget

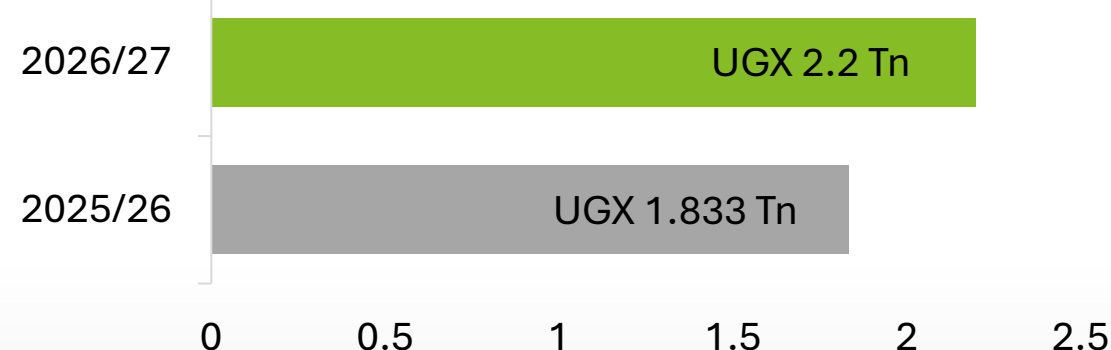
# Agro-Industrialisation

## Performance evaluation of the 2026/26 private sector development budget

Agro-industrialization is transforming agriculture from subsistence farming into a modern, commercial and industrial sector. In 2025/26, the programme has been implemented through practical value-chain and production interventions, especially at national and local government level.

### Budget over the years

The budgetary allocation to the Agro-industrialization sector has increased from UGX 1.833 trillion in FY 2025/26 to UGX 2.2 trillion in FY 2026/27, representing a 20% rise compared to the previous financial year. This increase underscores the government's recognition of the pivotal role that agriculture plays in driving economic growth, food security, and livelihood improvement.



**20%**  
Increase from last FY

## Strategic priorities 2026/27 and how they will impact the citizens of Uganda

The following are the priority areas government will focus on this year under this sector.

- Prioritization of agricultural research and genetics development in the medium term. Government intends to achieve this through the National Agricultural Research Organization (NARO).
- Supporting farmers through the provision of agricultural mechanization and irrigation technologies.
- Construction of water for agricultural production infrastructure, especially in water stressed and flood prone areas.
- Dedication of resources to pests, vectors, and disease control and eradication.
- Construction of a multi-purpose laboratory at each of the 19 zonal agricultural research and development institutes to support disease diagnostics and control for crops and livestock.
- Provision of appropriate value addition and post-harvest handling equipment and infrastructure to organized groups.
- Provision of appropriate extension services to the farmers and certification and regulation of agriculture activities to standards through effective zonal support system and local government structures.



### Deloitte insight

Government seeks to transform the lives of its citizens through the industrialisation of agriculture. The above interventions will help improve seed varieties as well as improve livestock breeds which will lead to higher yields and client resilient production. This may in turn lead to reduced dependence on rain-fed agriculture as well as lower food prices and improved household nutrition.

In addition, support with value addition and post harvest handling will increase the market value of the agricultural products which will directly enhance the incomes of farmers as well as their overall livelihoods and those of their families.

Finally training in good agricultural practices will enhance productivity and sustainability as well as compliance with quality standards.

It is therefore important that farmer groups embrace government initiatives towards industrialization of agriculture to benefit from the initiative.

**UGX 84.3 trn**  
Total proposed budget for 2026/27

**UGX 2.2 tn**  
Private sector budget

# Manufacturing

## Performance evaluation of the 2025/26 manufacturing budget

Manufacturing sector in Uganda is on the rise with the government providing more industrial parks in major cities such as Mbale, Kapeeka and Kampala. Major investments have also been undertaken to improve on the older industrial hubs such as Jinja.

Main products are steel, cement and building materials, pharmaceutical and health products, textiles, sugar, packaging and industrial materials among others. With recent developments and improved technological advancements, Uganda has also become an assembling hub for key electronic equipment including televisions, sound systems, refrigerators, air conditioners among others in the Kapeeka industrial park.

## Budget over the years

Budgetary allocation to Manufacturing sector was UGX. 560bn in 2024/25, increasing to UGX. 800bn in 2025/26 and UGX.1.03tn has been allocated to 2026/27. This could be attributed to commitment of funds to other sectors that act us support to the industrial sector and also decentralization of some government agencies

## Challenges

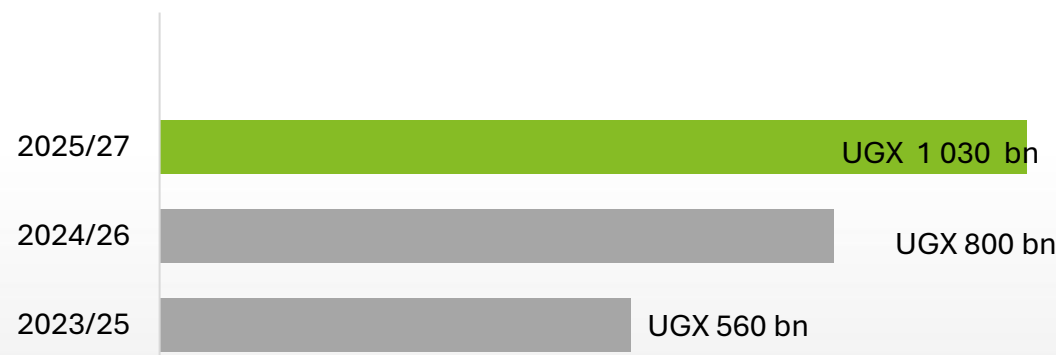
Some of the challenges faced by the manufacturing sector have been energy related issues, human resources and unfavorable government policies.

## Strategic priorities 2026/27

To ensure strategic growth of the sector, Government has allocated UGX. 1.03 trillion to the manufacturing sector with the following priority interventions.

- Additional capitalization of UDC to drive industrial development;
- Industrial infrastructure development, particularly in industrial parks, including new fully serviced plug and play parks;
- Value addition to agricultural raw materials and minerals;
- Supporting market access for Ugandan manufactured products;
- Strengthening the functionality of Special Economic Zones; And
- Industrial research, including the establishment of regional industrial incubation hubs.

## Budget allocation



**28.75%**  
Increase from last FY



## Deloitte insight

The government aims to boost the manufacturing sector regardless of the budgetary constraints. This is being done by committing funds directly to activities that affect manufacturing and ancillary sectors, thereby achieving general economic development.

The development of additional industrial parks and free zones is underway with assistance from the Uganda Investment Authority. Infrastructure development to facilitate more reliable transportation, such as the rehabilitation of the railway line and the extension of tarmac road access, has been implemented, further enhancing the manufacturing sector.

But key challenges remain for the sector, especially the high cost of transport and logistics as well as raw materials. But the most significant at present is the electricity supply. Many experience frequent power outages and have to rely on expensive diesel generators, which, in light of the impact of the US – Iran war, have worsened an already bad situation, thus increasing production costs.

UGX 84.3tn

Total proposed budget for 2026/27

UGX 1.03tn

Manufacturing sector budget

# Natural resources and climate change

## Performance evaluation of the 2025/26 sustainable energy development budget

The Natural Resources, Environment, Climate Change, Land and Water Management (NRECCLWM) Program, which integrates sustainable energy development within broader environment and climate initiatives, had an approved FY2025/26 budget of UGX 359.995 billion. By the end of Q1 (Sept 2025), only UGX 26.99 billion (approx. 7.5% of the total) was spent, indicating low budget absorption early in the year. Most of this was for wage and recurrent expenses (over 20% of wage budget used by Q1, as typical), whereas development funds saw slow uptake: just UGX 1.105 billion of GoU development funds (about 1.5% of the UGX 73.995 billion development budget) and UGX 1.827 billion of donor funds (only ~1.5% of the UGX 122.757 billion external budget) were utilized in Q1.

This suggests implementation delays (e.g. procurement or project mobilisation lags) in sustainable energy-related projects, especially those reliant on external financing and capital development budgets.

## Budget over the years

The NRECCLWM program's budget is projected to grow robustly over the medium term (FY2025/26 through FY2030/31). The Budget Framework Paper (BFP) shows an increase from UGX 359.995 billion in FY2025/26 to UGX 418.573 billion in FY2026/27, approximately a 16% nominal increase. By FY2030/31, the total program allocation is projected to reach UGX 560.644 billion, reflecting a substantial growth of ~56% from the FY2025/26 baseline.

## Challenges

These include the following;

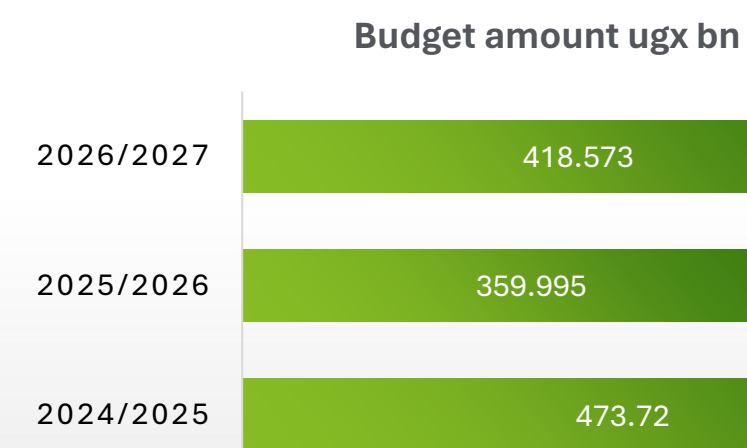
- Low Budget Absorption & Funding Gaps
- High Dependence on Biomass Energy
- Institutional & Coordination Constraints

## Strategic priorities 2026/27

Key priorities relevant to sustainable energy development, climate change mitigation/adaptation, circular economy, and green growth include:

- Provide sustainable energy support in refugee-hosting areas
- Expand reforestation and sustainable biomass initiatives
- Implement circular economy and cleaner production programs
- Strengthen climate change response capacity through technology and planning
- Integrate renewable energy solutions into environmental interventions

## Budget allocation



**16%**  
Increase from last FY



## Deloitte insight

Some of the more recent concerns for Ugandans is how NEMA and Local Authorities have continued to look the other way as individuals and business continue to encroach on wetlands and rivers. Restoration measures, when undertaken from time to time seem to focus on low income communities and not necessarily significant developments raising the question of how permits to develop in such areas are obtained and the basis for the same. The recent experience with flooding in many parts of the country every time there are significant rains continues to highlight this issue.

The above notwithstanding, the FY2026/27 budget positions natural resources and climate change as a strategic enabler of economic transformation, with increasing funding, strong emphasis on climate resilience, water security, and environmental restoration, and a shift toward mainstreaming climate across all government spending

**UGX 84.3tn**  
Total proposed budget for 2026/27

**UGX 418.6 bn**  
Natural resources and climate change sector budget

# Mineral - based development

## Performance evaluation of the 2026/27 mineral – based development budget

The mineral based industrial development sector is one of the four priority investment drivers targeted to drive Uganda's tenfold growth strategy acronymed as ATMS (Agro-Industrialization; Tourism Development; Mineral-Based Industrial Development; and Science, Technology and Innovation, including ICT and the Creative Industry).

## Budget over the years

Budgetary allocation for the sector has kept a positive growth trend over the years with an allocation of **Ugx 41.55 billion** in FY2024/25 that increased by over 2,000% to **Ugx 877.16 billion** in FY2025/26 and is now proposed to decrease by 45.93% to **Ugx 473.51 billion** in 2026/27, while Government has previously emphasized value addition and industrialization, the reduced budget allocation may indicate a more constrained or phased approach to achieving these objectives.

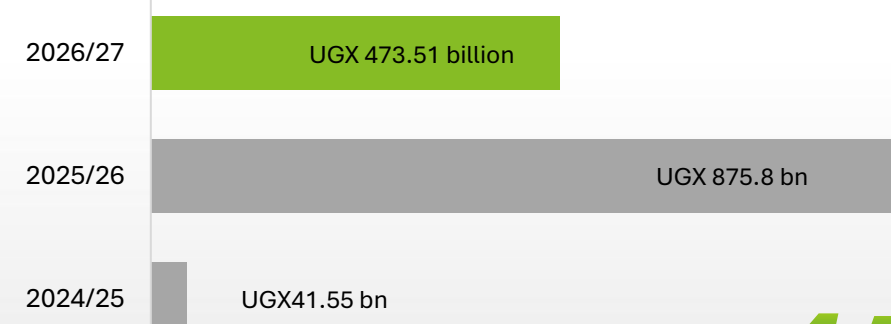
## Challenges

Some of the challenges faced by the mineral-based industry include over reliance on external funding causing financial strains, acquisition of land and securing wayleaves for new infrastructure projects often leading to delays and disputes. Grid instabilities and reduced energy levels pose significant technical and logistical hurdles, especially in Uganda's diverse terrain. Furthermore, ensuring sufficient local technical expertise and managing the "last mile" connectivity to very remote areas remain persistent challenges.

## Strategic priorities 2026/27

To ensure attainment of mineral-based industrial development including oil and gas, Ugx. **1.698 trillion** is proposed to the finalization of the East African Crude Oil Pipeline (EACOP) and delivering the first oil in 2026. Quantification of mineral deposits, starting with iron ore, gold and copper, and strengthening their tracking system and their governance regime has been considered. Construction of the oil refinery, and the development of the downstream petrochemical industry, as well as establishing a framework for transparency and accountability of oil and gas mining activities and revenues to Government will be prioritized. Exploiting mineral markets and buying centers to enable transparent mineral trading, and expanding the capacity for oil exports, commercialization of mining operations and mineral products, construction and equipping of mineral beneficiation and training centers in Busia, the Karamoja districts, Ntungamo and Fort Portal, capitalization of the Uganda National Oil Company (UNOC) and encouraging the usage of Liquefied Petroleum Gas (LPG) have been prioritized.

## Budget allocation



# 45.93%

Decrease from last FY

## Deloitte insight

The government aims at incorporating a sustainable energy development policy plan within the mineral-based industry sector. This aims to increase affordability, reliability, cleanliness and modernity of the energy services (sustainable energy) to facilitate industrialization, value addition, competitiveness and improved quality of life .

Development of the mineral based industry will yield benefits to the country and its citizens such as enhancement of commercial, industrial and agricultural productivity, technology advancements, stimulation of economic growth by enabling efficient business operations and creation of job opportunities and fostering investment thereby reducing poverty and promoting social and gender equity.

UGX 84.3 trn

Total proposed budget for 2026/27

UGX 473.53 bn

Mineral – based sector budget

# Tax Measures



| Law proposed to be amended | Key Tax measure to boost economy   | Our view   |
|----------------------------|--|--|
| Income Tax                 | <p><b>Extension of Tax Exemption for the Bujagali Hydro Power Project</b></p> <p>The proposed amendment to section 21(1)(ab) extends the income tax exemption period for the Bujagali Hydro Power Project from June 30, 2026, to June 30, 2032.</p>  | <p>Inspite of the numerous detractors of the extension to the exemption which has been granted a number of times now, the extension is intended to help manage the pricing of power to the national grid, benefiting consumers. Those opposed to the extensions, including some members of Parliament point to excessive tariffs, which then makes the exemption self-defeating from a national perspective.</p>   |
|                            | <p><b>Introduction of 5% WHT on Interest on Debentures Issued Offshore (Section 82)</b></p> <p>This proposed amendment substitutes section 82(5) of the Act. A resident company that pays interest in respect of debentures issued outside Uganda for the purpose of raising a loan outside Uganda shall withhold tax on the gross interest at 5% (per Schedule 4, Part V, paragraph 2A), where:</p> <p>the debentures were issued outside Uganda to raise a loan outside Uganda;</p> <p>a)the debentures were widely issued for use in business carried on in Uganda, or the interest is paid to a bank or financial institution of a public character; and</p> <p>b)the interest is paid outside Uganda.</p> <p>c)The interest is paid outside Uganda.</p> | <p>This provision is a situation of half empty / half full depending on how as a taxpayer one is impacted. On the one hand, it can be argued that the local financial institutions are the winners given that it means foreign commercial banks now have to pay tax on their income earned from Uganda. This although not putting them on equal footing at least level the playing field abit. But it is not quite that simple. The reality that makes it more viable to borrow externally, for entities such as those that are part of Groups where a parent could guarantee a loan is the interest rate versus the interest rate from a local commercial bank. Additionally, even resident banks, which are sometimes subsidiaries of larger foreign entities borrow from foreign banks as part of syndicated loans to manage risk, especially when financing infrastructure projects requiring funding that exceeds 25% of their capital.</p> <p>As such the reality is that the cost of borrowing from foreign financial institution is going to go up. Borrowers will end up having to gross-up for the withholding tax, thus bearing the tax cost rather than it being passed on to the foreign players.</p>   |
|                            | <p><b>Monthly Provisional Returns for Rental Income (Section 124)</b></p> <p>The bill proposes to include a provision-which provides that an individual required to pay rental tax may furnish a provisional return of rental income on a monthly basis, notwithstanding the general annual return requirement.</p>  | <p>The proposed amendment to section 124 of the Income Tax Act introduces an option for individuals liable to rental tax to file provisional rental income returns on a monthly basis, notwithstanding the existing requirement to file annual returns.</p> <p>Under the current framework, rental income—although earned monthly—is largely reported and settled annually, creating a timing mismatch between income generation and tax compliance. The amendment seeks to address this gap by allowing rental income to be declared progressively during the year.</p> <p>This proposed change reflects Government’s intention to improve compliance, enhance revenue visibility, and align rental income taxation with its recurring nature, similar to other periodic tax regimes such as PAYE.</p> <p>While the measure may ease year-end tax burdens and improve cash-flow management, it could also increase compliance obligations for individual landlords, particularly smaller taxpayers, unless supported by simplified filing processes and clear administrative guidance. Overall, the amendment signals a shift toward more real-time taxation of rental income and strengthened oversight.</p> <p>Although this is being framed as an option a landlord may avail themselves, from what we have seen, URA is likely to implement it as the norm rather than the exception to the rule. This would mean that tax is also paid on a monthly basis.</p> |

SOURCE: Income Tax (Amendment Bill)

| Law proposed to be amended | Key Tax measure to boost economy   | Our view   |
|----------------------------|--|--|
| Income Tax                 | <p><b>Hotel and tourism facility exemption:</b></p> <p>A new exemption under section 21 is proposed to be introduced for income of a developer of a hotel or tourism facility whose investment capital is at least USD 5 million (for foreigners) or USD 1.5 million (for citizens), subject to: use of at least 70% locally sourced raw materials and employment of at least 70% citizen employees earning at least 70% of the total wage bill;</p> | <p>Historically, the Act has provided structured, threshold-based exemptions to support priority industries, including manufacturing and agro-processing. While similar incentives were previously extended to the hotel and tourism sector, many of these were later repealed.</p> <p>With tourism development being one of the strategic pillars of the ATMs under the National Development Plan (NDP IV, 2025/26–2029/30), the construction of a number of new hotel developments and with a key event being held in Uganda i.e., AFCON 2027, Government has proposed reintroducing income tax relief for hotel and tourism developers to stimulate investment, boost tourism, and broaden the tax base. Although the proposed amendment reflects a positive policy shift, it departs from the established section 21 framework. Unlike exemptions applicable to other industries, the provision does not adopt a graduated investment threshold for urban and up-country investments. As a result, the incentive may be less effective in directing investment to priority regions or achieving parity with sector-specific exemptions elsewhere in the Act.</p> |
|                            | <p><b>Expansion of deductibility of bad debts to MDIs or Tier 4 Financial Institutions (Section 24)</b></p> <p>This seeks to extend the financial institutions that can deduct bad debts written-off to include microfinance deposit-taking institutions and Tier 4 microfinance institutions. The amendment also expands the definition of "debt claim" under subsection (3) to cover loans from microfinance deposit-taking institutions.</p>      | <p>This represents a positive alignment of the tax framework with the structure of Uganda's financial sector. Previously, the allowance was largely confined to traditional financial institutions, notwithstanding the fact that microfinance institutions undertake comparable lending activities and are similarly exposed to credit risk. By expanding the definition of "debt claim" to cover loans issued by microfinance deposit-taking institutions, the amendment enhances equity and neutrality in the tax treatment of regulated lenders.</p>   |
|                            | <p><b>PAYE threshold amendments</b></p> <p>The proposed bill has amended Schedule 4 as follows:</p> <p>(a) Part I – Individual tax bands revised; nil-rate band raised to UGX 4,020,000 p.a.</p> <p>(b) Eliminating the 10% rate band</p> <p>(c) Introduction of a 25% rate for amounts below UGX. 485,000 but above UGX. 410,000</p>  | <p>The proposed amendment to Part I of Schedule 4 of the Income Tax Act revises the personal income tax bands and rates by doing the following:</p> <ul style="list-style-type: none"> <li>• Increasing the <b>tax-free threshold</b> from UGX. 235,000 pm to UGX.335,000 and eliminating the 10% rate.</li> <li>• While retaining the threshold amount from which the 20% rate applies, introducing a 25% rate for amounts below UGX. 485,000 but above UGX. 410,000</li> <li>• Increasing the threshold at which the 30% rate kicks in to UGX 485,000.</li> </ul> <p>These changes are welcome as although not introducing drastic changes that significantly impact revenue collection downward, mean that employees have abit more in their pockets than what they previously earned especially for those earning less than UGX. 485,000.</p>  |

## Law proposed to be amended

## Key Tax measure to boost economy

## Our view

## Excise Duty

**Changes to Excise Duty Rates and Scope**

The Excise Duty (Amendment) Bill, 2026 proposes significant revisions to Schedule 2 of the Excise Duty Act, Cap. 336 as follows:

- i). Increase in Excise Duty on diesel and petrol by UGX 200 per litre
- ii) Increase in Excise Duties on selected products as follows:
  - a) Alcoholic drinks like Uganda Waragi, Black Label, Cognac, and Amarula from UGX 1,700 to UGX 3,500 per litre;
  - b) Motorcycles at first registration from UGX 200,000 to UGX 500,000;
  - c) Single-use plastics from 2.5 percent or USD 70 per tonne to 25 percent or USD 1,500 per tonne
  - d) Cooking oil from UGX 200 to UGX 400 per litre to generate;
  - e) Cement from UGX 500 to UGX 750 per 50-kilogram bag and;
  - f) Sugar from Shs100 to UGX 200 per kilogram.
- iii) Introduction of Excise Duty on selected products as follows:
  - a) Locally manufactured paints and varnishes at 3 percent or UGX 50 per litre or kilogram, whichever is higher and imported paints and varnishes at 10 percent or Shs2,000 per litre whichever is higher; and;
  - b) Cooking fat at UGX 500 per litre or kilogram

- **Revenue Mobilization:** The Bill reflects a clear intent to increase government revenue through higher excise duty rates **on widely consumed goods such as fuel, sugar, cement, plastics, and cooking oil.**
- **Environmental Considerations:** The substantial increase in excise duty on plastics, and the expanded scope to cover a wide range of disposable plastic products, aligns with efforts to discourage single-use plastics and promote environmental sustainability.
- **Cost Implications:** The increases in excise duty rates, especially on fuel, cement, and basic foodstuffs like sugar and cooking oil, are likely to have a direct impact, affecting both businesses and consumers.
- **New Items:** The introduction of excise duty on imported and locally manufactured paints, varnishes, lacquers, and cooking fat broadens the tax base and may impact the manufacturing and construction sectors.
- **Compliance:** Businesses will need to review their pricing, supply chain, and compliance processes to accommodate the new rates and expanded scope of excisable goods.

| Law proposed to be amended  | Key Tax measure to boost economy   | Our view  |
|-----------------------------|--|---|
| <b>Value Added Tax</b>      | Section 7(2) has been amended to increase the VAT involuntary registration threshold from UGX. 150,000,000 to UGX. 300,000,000.  | This amendment increases the VAT registration threshold, which is expected to reduce compliance obligations for smaller taxpayers and lower-value transactions. It also enables tax authorities to concentrate enforcement and monitoring efforts on businesses with higher turnover. Overall, the measure is likely to ease the administrative burden on smaller entities while enhancing the efficiency and effectiveness of tax compliance initiatives.  |
|                             | The Act has amended section 32(7) to expand the Minister's regulatory powers, allowing the Minister to prescribe the terms and conditions of tax payment not only for plant and machinery but also for inputs used in the mining sector.   | By extending the Minister's discretion to mining inputs, the amendment creates scope for more tailored tax payment arrangements for the mining sector. In practice, mining businesses should monitor the regulations to confirm eligible inputs, payment terms and documentation requirements. Where applied effectively, the measure could support cash-flow management and investment planning for mining operations.   |
| <b>External Trade</b>       | The Environmental Levy on second-hand clothing in Uganda has historically been set at 20% of the Cost, Insurance & Freight (CIF) value, as determined by customs authorities. However, the Act has been amended to increase this levy to 30% of the CIF value.   | <p>The aim is to further discourage the importation of used clothing, address environmental pollution, reduce textile waste, and support the development of the local textile industry.</p> <p>While there are no official surveys of the number of Ugandans who buy second-hand clothing, one article written in 2024 suggested that over 80% of clothing purchases in Uganda are second-hand. This means that second-hand clothing dominates the market and is used by a large portion of the population. This is likely due to its reasonable pricing and often the ability to have choice for different cross-sections of people, be it working class or "omutu wawansi", where there are not necessarily locally produced alternatives at an affordable price.</p> |
| <b>Lotteries and Gaming</b> | Schedule 4 of the Lottery and Gaming (Amendment) Act, 2026 seeks to harmonise the gaming tax rate by introducing a uniform 30% tax on gross gaming revenue (GGR), being the total amount staked less pay-outs. This replaces the current position under which different gaming and betting activities are subject to varying tax treatments. | <p>The proposed harmonised rate and GGR basis are broadly aligned with international practice and should enhance equity, certainty and ease of administration across the sector.</p> <p>Operators should assess the impact of the amendment on pricing, pay-out models, systems and tax positions, and update compliance processes to support timely and accurate reporting.</p>  |

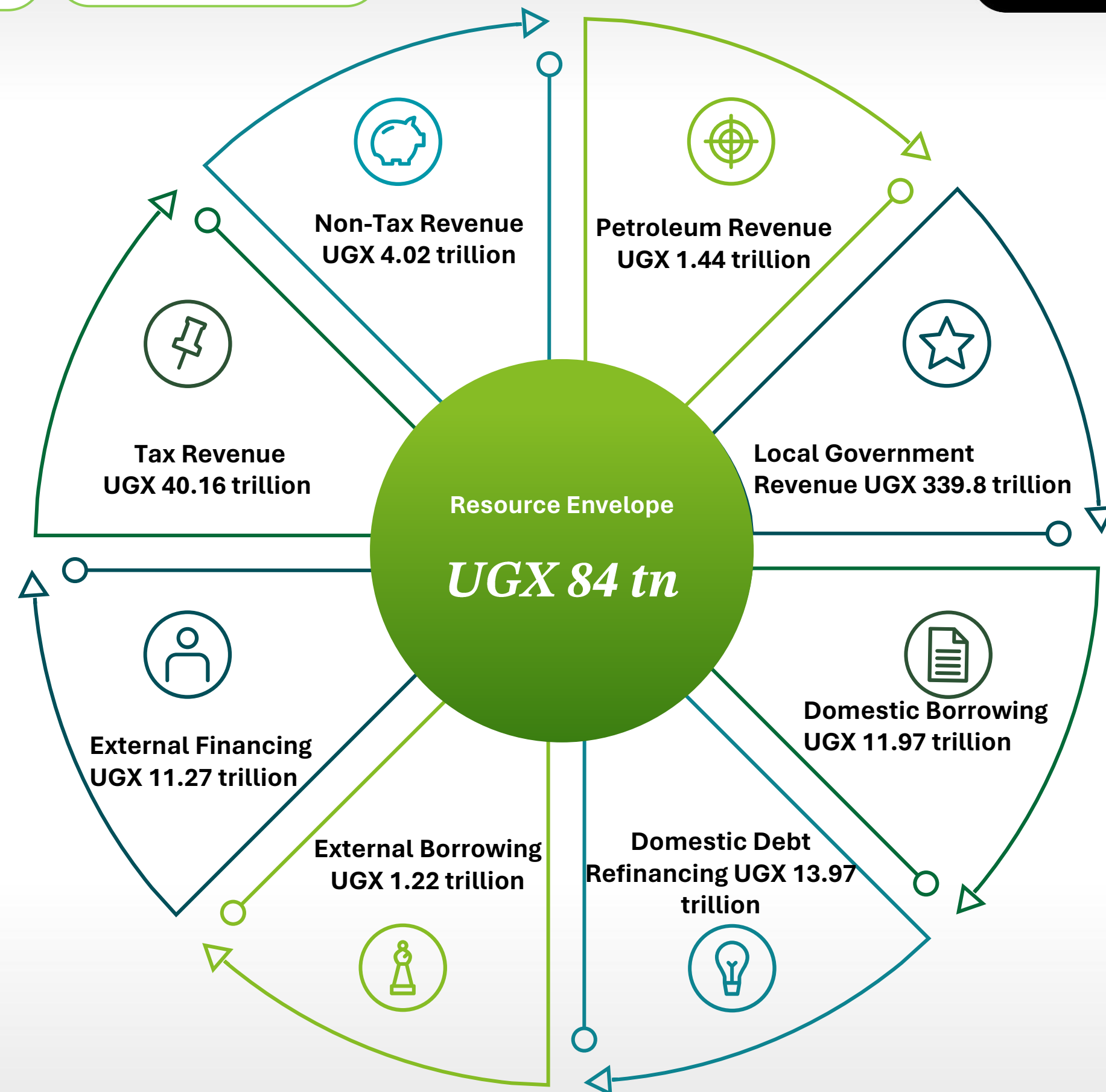
| Law proposed to be amended | Key Tax measure to boost economy  | Our view  |
|----------------------------|---|---|
| <b>Stamp Duty</b>          | <p>Registration or transfer of –</p> <ol style="list-style-type: none"> <li>motorcycle, tricycle or quadricycle</li> <li>any other motor vehicle</li> </ol>   | <p>The introduction of a modest stamp duty on the registration or transfer of motorcycles, tricycles, quadricycles, and other motor vehicles represents an incremental revenue mobilisation measure aimed at broadening the tax base within the transport and informal sectors.</p>   |
| <b>Tax Procedures Code</b> | <p>The Act has waived all historical tax debts meaning any unpaid tax principal, plus any penalties (penal tax) and interest accrued on those taxes, that were outstanding as of 30th June 2016 will be waived in full. It covers all major central government taxes that were due by that date, such as income tax (corporate and individual), VAT, excise duty, stamp duty, and other domestic taxes. It explicitly includes penal tax (tax penalties) and interest on those liabilities ensuring the entire outstanding amount is waived, not just the base tax.</p> <p>This tax will be waived effective 1 July 2026.</p> <p><b>Waiver of interest and penalty on payment of principal tax</b></p> <p>Under Section 47D, the Act has introduced a waiver of interest and penalty. Where a taxpayer makes payment of the principal tax outstanding as of 30th June 2025 by 30 June 2027, the payment of interest and penalty will be waived.</p> | <p>The waiver is a significant tax amnesty measure that should provide relief to taxpayers with historical arrears and allow URA to focus enforcement on current and future compliance.</p> <ul style="list-style-type: none"> <li>The waiver provides taxpayers with a further opportunity to regularise historical tax positions by settling principal tax without the additional cost of accrued interest and penalties.</li> <li>Taxpayers should reconcile their URA ledgers, confirm qualifying principal balances and plan payment before the 30 June 2027 deadline. The relief does not waive the principal tax; timely settlement and documentation will be critical to secure the benefit.</li> </ul> |

# Resource Envelope

The total resource envelope for FY2026/27 is Eighty-Four Trillion, Three Hundred and Ninety-One Billion, Seven Hundred and Forty-Three Million, Three Hundred and Forty-Three Thousand, Four Hundred and Twenty-Six Shillings (**UGX 84,391,743,343,426/=**)

This is detailed as follows:

- i. Domestic revenues **UGX 45.96 trillion** -  
**UGX 40.16 trillion** is tax revenue  
**UGX 4.02 trillion** is non-tax revenue  
**UGX 1.44 trillion** is petroleum revenue  
**UGX 339.8 billion** is Local Government revenue;
- ii. Domestic borrowing, **UGX 11.97 trillion**
- iii. Domestic debt refinancing, **UGX 13.97 trillion**;
- iv. External borrowing for general budget financing, **UGX 1.22 trillion**;  
and
- v. External financing for projects, **UGX 11.27 trillion**.





# Contacts

## Publication team

**Paul Ssali**  
Country Managing Partner  
[pssali@deloitte.co.ug](mailto:pssali@deloitte.co.ug)

**Patronella Namubiru**  
Director, Tax & Legal  
[pnamubiru@deloitte.co.ug](mailto:pnamubiru@deloitte.co.ug)

**Tewodros Sisay**  
Partner, Financial Advisory  
[tsisay@deloitte.co.ke](mailto:tsisay@deloitte.co.ke)

**Joseph Ssekabira**  
Associate Director, Assurance  
[jssekabira@deloitte.co.ug](mailto:jssekabira@deloitte.co.ug)

**Maurice Agaba**  
Manager, Tax & Legal  
[magaba@deloitte.co.ug](mailto:magaba@deloitte.co.ug)

**Doreen Nangalama**  
Manager, Assurance  
[dnangalama@deloitte.co.ug](mailto:dnangalama@deloitte.co.ug)

**Paula Anayo**  
Manager, Internal Client Services  
[panayo@deloitte.co.ug](mailto:panayo@deloitte.co.ug)

**Rania Sanya**  
Manager, Audit  
[rsanya@deloitte.co.ug](mailto:rsanya@deloitte.co.ug)

**Samantha Apio**  
Tax Consultant, Tax & Legal  
[sapio@deloitte.co.ug](mailto:sapio@deloitte.co.ug)

**Leila Kabiite**  
Administration and Security  
Office  
[lkabiite@deloitte.co.ug](mailto:lkabiite@deloitte.co.ug)

**Owen Bwette**  
Senior, Audit  
[obwette@deloitte.co.ug](mailto:obwette@deloitte.co.ug)

**Amuge, Vian**  
Senior Consultant, Assurance  
[vamuge@deloitte.co.ug](mailto:vamuge@deloitte.co.ug)

## Editorial and creative team

**Mitch Waweru**  
Creative Design Analyst  
[mwaweru@deloitte.co.ke](mailto:mwaweru@deloitte.co.ke)

**Rashidah Nakayiza**  
Senior Consultant  
[rnakayiza@deloitte.co.ug](mailto:rnakayiza@deloitte.co.ug)

**Joy Gitaka**  
Senior Consultant  
[jgitaka@deloitte.co.ke](mailto:jgitaka@deloitte.co.ke)



# Deloitte East Africa

## *East Africa CEO*

*Managing Partner – Kenya and Ethiopia*

Anne Muraya  
amuraya@deloitte.co.ke

## *Malawi*

Christopher Kapenda  
Country Managing Partner  
ckapenda@deloitte.co.mw

## *Uganda*

Paul Ssali  
Country Managing Partner  
pssali@deloitte.co.ug

## *Tanzania*

Kibiki Fortunatus  
Country Managing Partner  
kfortunatus@deloitte.co.tz

## *Service line leaders*

Freda Muchena - Mitambo  
Audit & Assurance leader  
fmuchena@deloitte.co.ke

Urvi Patel  
Consulting Services leader  
ubpatel@deloitte.co.ke

Festo Bartholome  
Tax & Legal Leader  
fbarthalome@deloitte.co.tz

## *Zambia*

Humphrey Mulenga  
Country Managing Partner  
hmulenga@deloitte.co.zm

James Mwendia  
Growth Office leader  
jmwendia@deloitte.co.ke

## *Offices*

Kenya  
Deloitte Place  
Waiyaki Way, Muthangari  
Nairobi  
Tel: +254 719 039 000

Tanzania  
Aris House  
3rd Floor, Plot 152, Haile  
Selassie Road,  
Oysterbay, Dar es Salaam  
Tel: +255 22 2169000

Uganda  
3rd Floor Rwenzori House 1  
Lumumba Avenue Kampala  
Tel: +256 41 7 701000

Zambia:  
Abacus Square, Plot No. 2374/B,  
Thabo Mbeki Road,  
Lusaka  
Tel: +26 211 228 6779

Malawi:  
NBM Top Mandala House, 2nd Floor,  
Kaohsiung Road,  
P.O Box 187, Blantyre  
Tel: +265 01 773 069

Ethiopia:  
Minaye Corporate Office  
Park (Flamingo area) 2nd  
Floor  
P.O. Box 7862  
Addis Ababa, Ethiopia

# Deloitte.

As one of the most iconic brands in Africa, and the world’s leading professional services firm, Deloitte has a proud history of attracting top talent and delivering value to clients. Over the course of more than 175 years, Deloitte has helped forge ecosystems that deliver breakthrough solutions that help our clients succeed in an era of complexity and disruption.

Deloitte provides leading professional services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets and enable clients to transform and thrive. Building on its 180-year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 470,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com)

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.