

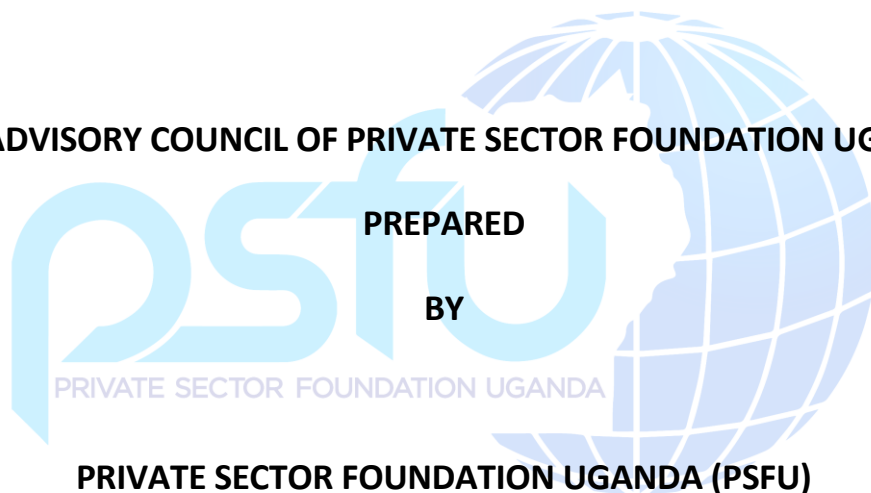


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**PAPER ON THE STATE OF THE ECONOMY FOR THE SECOND QUARTER FY
2024/25**

PRESENTED TO

THE ADVISORY COUNCIL OF PRIVATE SECTOR FOUNDATION UGANDA



PREPARED

BY

PRIVATE SECTOR FOUNDATION UGANDA (PSFU)

Business growth is our business

February 2025

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1. INTRODUCTION

Uganda's economy continues to show strong performance, with GDP growth reaching 6.7% in Q1 of FY2024/25, an increase from 6.2% in the previous quarter. The key factors driving this growth were food crop production in the agriculture sector, along with agro-processing and construction in the industrial sector. The services sector also experienced growth, primarily due to increased wholesale trade and transport activities. Economic growth is expected to remain between 6.0% and 6.5% for FY2024/25 and is projected to reach 7.0% in the next 2-3 years. This growth is anticipated to be supported by a stable macroeconomic environment, direct foreign investment in mining and oil, strategic government initiatives, increased agricultural production, and expected revenues from oil¹.

To align with the Ministry of Finance, Planning, and Economic Development's goal of expanding Uganda's economy tenfold by 2040, the Government, alongside the National Planning Authority, has highlighted four key sectors—agro-industrialization, tourism, mineral development, and science, technology, and innovation (STI), including ICT—as central to this strategy. These sectors also align with the Private Sector Foundation Uganda's (PSFU) priorities.

This paper examines macroeconomic trends, sectoral developments, and policy actions essential for fostering economic progress and inclusive growth. It is structured as follows: it starts with an overview of Macroeconomic Developments, then explores the state of Anchor Sectors that will drive the Ten-Fold Growth Strategy and finishes with a snapshot of Other Sectors.

2. MACROECONOMIC DEVELOPMENTS.

2.1. Global and Continental Economic Update.

The global economy has demonstrated notable resilience, with growth projected to be 2.8% in 2025, consistent with 2024, and 2.9% in 2026. This stability has been supported by ongoing disinflation, declining commodity prices, and monetary easing in several nations. However, challenges such as ongoing conflicts, geopolitical tensions, potential trade restrictions, and climate-related risks continue to pose significant hurdles. The global economy is expected to grow at a slower pace than the pre-pandemic average of 3.2% recorded between 2010 and

¹ Bank of Uganda (BOU). (2025, February). *Monetary policy statement for February 2025*. Bank of Uganda. https://www.bou.or.ug/bouwebsite/bouwebsitecontent/MonetaryPolicy/Monetary_Policy_Statements/2025/Monetary-Policy-statement-February-2025.pdf

2019, due to persistent structural issues like weak investment, slow productivity growth, high debt levels, and demographic pressures².

The economic outlook for vulnerable nations, including least developed countries (LDCs), landlocked developing countries (LLDCs), and small island developing states (SIDS), remains below pre-pandemic levels. Growth in LDCs is predicted to be 4.6% in 2025 and 5.1% in 2026, which is below the 5.4% average growth seen between 2010 and 2019. Moreover, most of these countries have seen downward revisions to their growth forecasts for 2025. Vulnerable countries like Uganda face numerous challenges, such as increasing debt servicing costs, limited fiscal capacity, and weak investment levels. Political instability, conflict, and escalating trade tensions often worsen their economic struggles. Many of these countries are heavily reliant on commodity exports, making them particularly vulnerable to fluctuations in global markets³.

2.2 Domestic Economic Activity.

2.2.1. Composite Index of Economic Activity (CIEA).

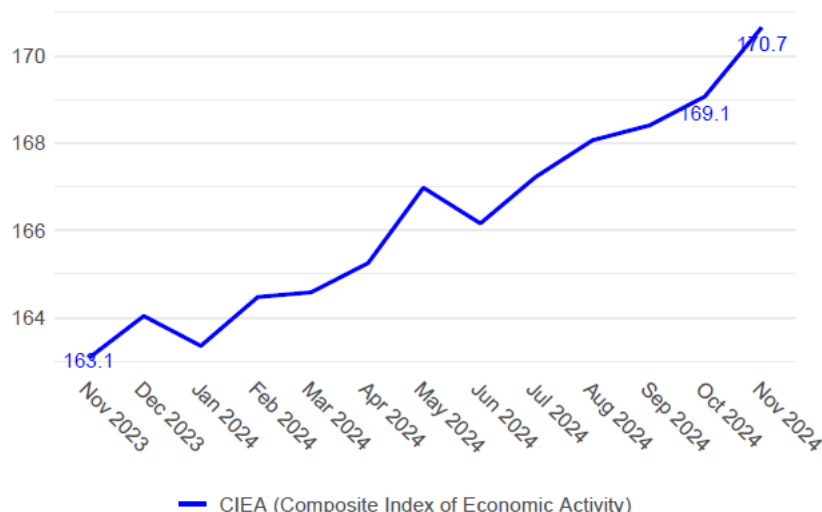
The high-frequency indicators of economic activity have demonstrated ongoing improvement in economic performance since the beginning of the 2024/25 financial year. Specifically, the Composite Index of Economic Activity (CIEA) has shown consistent growth, averaging 0.4 percent during this period. In November 2024, the index increased by 0.9 percent, rising from 169.07 in October 2024 to 170.65, indicating a rise in economic activity between the two months. This growth in the index was partly fuelled by an increase in private sector credit, higher government spending, and a boost in tax collections⁴.

² United Nations. (2025, February 3). *World economic situation and prospects: February 2025 briefing, No. 187*. United Nations. <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2025-briefing-no-187/#:~:text=The%20world%20economy%20has%20shown,monetary%20easing%20in%20many%20countries.>

³ Ibid

⁴ Ministry of Finance, Planning and Economic Development (MOFPED). (2024, December). *Performance of the economy: Macroeconomic policy department monthly report*. Ministry of Finance, Planning and Economic Development.

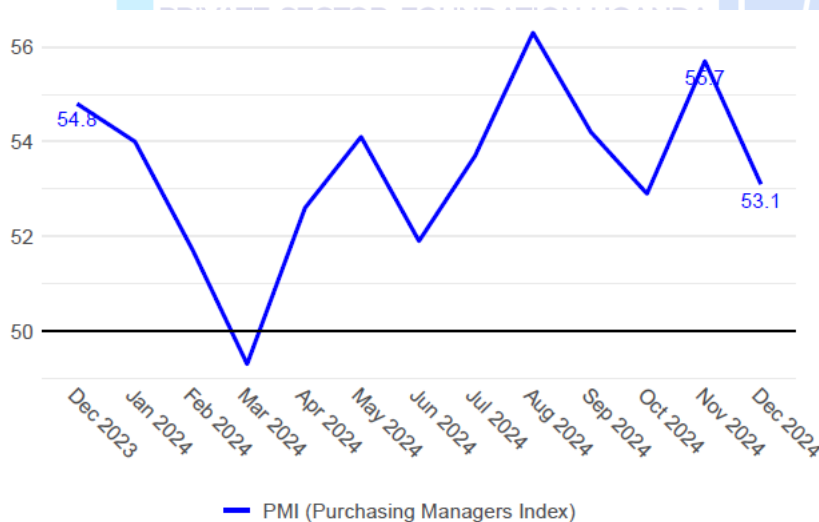
Figure 1: Composite Index of Economic Activity (CIEA) (Source: BOU)



2.2.2. Purchasing Manager Index (PMI).

The Purchasing Manager's Index (PMI) recorded a reading of 53.1 in December, staying above the neutral 50 mark, which indicates continued improvements in business conditions within the economy. Companies gained new customers, resulting in higher new orders and output across all five sectors included in the survey. However, compared to November 2024, the index decreased due to firms facing higher production costs during the month.

Figure 2: Economic Activity (PMI) [Source: Stanbic Bank Uganda]



2.2.3. Business Perceptions

Business sentiment remained positive in December 2024, as reflected by the Business Tendency Index (BTI), which stayed above the neutral 50 mark. The index showed little change, slightly decreasing from 59.83 in November to 59.64 in December 2024. This stability was largely driven by favourable current business and financial conditions, an increase in the number of employees, and improved access to credit anticipated over the next three months.

Sector-wise, investors expressed the most optimism regarding the agriculture and wholesale trade sectors during the month.

Optimism was particularly strong in the construction and wholesale trade sectors. Basing on the above Composite Index of Economic Activity (CIEA), Purchasing Managers' Index (PMI), and BTI as the private sector we suggest the following recommendations:

- i. Implement tax cuts or financial aid to boost consumer spending.
- ii. Ease domestic financing with lower interest rates or credit guarantees for SMEs.
- iii. Diversify export products and markets.
- iv. Improve logistics and transportation infrastructure.
- v. Promote advanced technology adoption in key sectors.

2.3 Inflation

Domestic inflation has progressed as expected, supported by monetary policy measures and reforms in the Interbank Foreign Exchange Market, which have enhanced the depth of the foreign exchange market and contributed to exchange rate stability. Additionally, favorable food and energy prices, along with relatively low global inflation, have helped maintain domestic inflation. Over the twelve months leading to January 2025, annual headline and core inflation averaged **3.4%** and **3.8%**, respectively. However, in January 2025, both headline and core inflation rose to **3.6%** and **4.2%**, up from **3.3%** and **3.9%** in December 2024, primarily due to an increase in services inflation, particularly in passenger transport⁵.

While food prices have seen a seasonal increase, near-term inflation remains well-controlled. However, the short- to medium-term inflation outlook is more uncertain, with risks mainly arising from the external environment. As a result, the BoU projects that average annual core inflation will range between **4.0%** and **5.0%** in 2025 and is expected to stabilize around the target in the medium term.

⁵ Bank of Uganda (BOU). (2025, February). *Monetary policy statement for February 2025*. Bank of Uganda. https://www.bou.or.ug/bouwebsite/bouwebsitecontent/MonetaryPolicy/Monetary_Policy_Statements/2025/Monetary-Policy-statement-February-2025.pdf

Short-Term Proposals:

- i. **Central Bank Actions:** The Central Bank should adjust the CBR as needed to manage inflation and stabilize the exchange rate.
- ii. **Subsidies and Tax Relief:** Implement temporary subsidies and tax relief on essential goods and services, including healthcare, education, transportation, and fuel.
- iii. **Price Monitoring:** Enhance mechanisms to monitor and control prices of essential commodities to prevent speculation and ensure affordability.

Medium-Term Proposals:

- i. Invest in and promote alternative energy sources to reduce dependency on imported fuels, thereby mitigating the impact of international energy price fluctuations on domestic prices.
- ii. Implement programs to boost agricultural productivity and food supply, reducing the reliance on imports and stabilizing food prices. This includes providing farmers with access to modern farming techniques, fertilizers, and improved seed varieties.
- iii. Develop and improve transportation and storage infrastructure to reduce the cost of moving goods within the country. Efficient logistics can help lower the overall cost of commodities by minimizing wastage and ensuring timely delivery.

Long-Term Proposals:

- i. Focus on diversifying the economy to reduce reliance on a few key sectors. Encourage investment in manufacturing, technology, and services sectors to create a more resilient economic structure less susceptible to external shocks.
- ii. Invest in education and skill development programs to create a more skilled workforce that can drive innovation and productivity across various sectors. A knowledgeable and skilled workforce can contribute to more stable economic growth and better management of inflationary pressures.
- iii. Develop and implement sustainable fiscal policies that promote economic stability. This includes prudent management of public finances, debt control, and creating fiscal buffers to cushion the economy against future shocks.

2.4 Financial Indicators

Exchange rate movements: In December 2024, the Ugandan Shilling strengthened against the United States Dollar, appreciating by 0.4 percent. The Shilling's average exchange rate was Shs 3,664.08 per Dollar in December, compared to Shs 3,678.65 per Dollar in November 2024. This improvement was partly due to an increase in remittance inflows as Ugandans working abroad sent money back to their families for the holiday season, among other reasons.

The Shilling also continued to appreciate against the Pound Sterling and the Euro for the fourth consecutive month. In December, it rose by 1.2 percent against the Pound and by 1.8 percent against the Euro.

Interest Rate Movements: On February 6, 2025, the Bank of Uganda (BoU) Monetary Policy Committee (MPC) decided to keep the Central Bank Rate (CBR) at 9.75%.

Lending rates: The weighted average lending rate for Shilling-denominated credit decreased to 18.08% in November 2024, down from 19.43% in October 2024, indicating a reduction in borrowing costs in the economy. This decline is partly attributed to the gradual monetary policy easing by the Central Bank and the strong economic performance in recent months. In contrast, the weighted average lending rate for foreign exchange-denominated credit increased slightly to 8.94% from 8.63% during the same period.

Government Securities: In December 2024, a total of Shs. 410.41 billion was generated from two Treasury Bill auctions in the domestic market. The entire amount raised was used to refinance maturing securities.

2.4.4 Fiscal Operations

In December 2024, the government's fiscal operations resulted in a surplus of Shs 737.17 billion, exceeding the projected surplus of Shs 67.59 billion. This larger-than-expected surplus was mainly due to lower-than-anticipated expenses (13.6% below projections) and higher-than-expected tax collections. Revenue for the month totaled Shs 3,909.79 billion, surpassing the target of Shs 3,673.72 billion. The surplus was driven by a Shs 310.73 billion excess in tax revenue, which offset shortfalls in non-tax revenue and grants⁶.

Government expenditures for December 2024 amounted to Shs 2,587.50 billion, below the projected Shs 2,993.38 billion, achieving 86.4% of the target. Spending on grants (including to local governments, tertiary institutions, and hospitals) and social benefits was higher than planned by 38.5% and 18.2%, respectively, reflecting improved local service delivery. However, compensation of employees and the purchase of goods and services were significantly lower than expected.

⁶ Ministry of Finance, Planning and Economic Development (MOFPED). (2024, December). Performance of the economy: Macroeconomic policy department monthly report. Ministry of Finance, Planning and Economic Development.

To increase revenue collections, and reduce the cost of finance, PSFU proposes the following.

- i. **Expand the Tax Base:** Incorporating the informal sector into the tax system can significantly broaden the tax base. Developing policies that simplify tax regimes for small businesses and provide incentives for formalization is essential. Implementing stricter compliance measures will ensure that all eligible taxpayers are accurately reporting and paying their taxes, which includes regular audits and the use of technology to track economic activities. Public awareness campaigns can educate citizens about the importance of tax compliance and foster a culture of voluntary compliance.
- ii. **Enhance Public Expenditure Management:** Establishing robust monitoring and evaluation frameworks to track the performance of public expenditure will help ensure that funds are used for their intended purposes. This includes regular audits and performance reviews. Increasing transparency in government spending by publicly disclosing budget allocations and expenditures will enhance accountability and reduce the likelihood of mismanagement or corruption.
- iii. **Improve Financial Sector Stability:** Implementing regulatory reforms will enhance the stability and resilience of the financial sector, including strengthening the supervision of financial institutions and ensuring adherence to international best practices. Developing policies to improve access to credit for businesses, particularly small and medium-sized enterprises (SMEs), through initiatives such as credit guarantees, reduced interest rates, and financial literacy programs, is essential.

3. ANCHOR SECTORS TO DRIVE TEN-FOLD GROWTH STRATEGY

The Ministry of Finance, Planning and Economic Development in collaboration with the National Planning Authority has developed a strategy for growing Uganda's economy tenfold. The target is to expand the size of the economy from about USD 50 billion last year to USD 500 billion by 2040⁷.

The government has pinpointed four key sectors to drive growth. These four sectors are also among the leading sectors of the Private Sector Foundation Uganda (PSFU). They are:

- i. Agro-Industrialization.
- ii. Tourism Development.
- iii. Mineral Development, including oil & gas.
- iv. Science Technology and Innovation (STI), including ICT.

The NDPIV theme focuses on harnessing the primary growth drivers of Uganda's economy to propel it toward ten-fold growth and development. The first objective of NDPIV is to

⁷ Ministry of Finance, Planning and Economic Development. (2024, June). The Budget Speech Financial Year 2024/25.

Sustainably increase production, productivity and value addition in agriculture, minerals, oil & gas, tourism, ICT and financial services. The above is to be attained through Increasing Production and Productivity in agriculture, minerals, oil & gas, tourism, ICT and financial services. Increasing Value Addition in agriculture, minerals, oil & gas, tourism, ICT and financial services⁸.

3.1. Agriculture Sector

The Agricultural Sector continues to be the most important sector in Uganda; it employs approximately 70% of the population and contributes about 24.1% to the GDP⁹. 36 % of the working population are employed in the agriculture sector contributing favorably to the goal of increasing the number of jobs created per annum in agro-industry by 180,000.

Agriculture is the primary source of livelihood for most Ugandans. In fact, value addition and agro industrialization form the backbone of the industry, which is crucial for sustainable wealth creation, job generation, GDP growth, and the expansion of manufactured exports. The connections between agriculture and industry—both backward and forward—are vital for transforming agro-value chains sustainably. This transformation ensures a steady supply of inputs and raw materials for domestic industries, supporting import substitution industrialization and mass exports. Additionally, agriculture plays a key role in ensuring food and nutrition security for the population.

A significant binding constraint for various commodities with substantial potential to stimulate growth and enhance exports is the low levels of productivity. The Mid-term Review of the National Development Plan (NDP) III revealed that labor productivity fell short of targets in all sectors, with agriculture being the most impacted. Specifically, labor productivity in agriculture was recorded at USD 945 in the fiscal year 2021/22, significantly lower than the NDP III target of USD 2,656¹⁰. To address this and consolidate some of the gains, the Government appropriated Shs1,960.49 billion for implementation of the Programme interventions in FY2023/24¹¹.

The agriculture, forestry, and fishing sector experienced a growth of 5.1 %, up from 4.5 % in FY2022/23, driven by increased production of food and cash crops as well as growth in livestock. In FY2023/24, food crops and cash crops grew by 5.1 % and 7.6 % respectively, compared to 4.7 % and 0.7 % in the previous fiscal year. This growth was supported by

⁸ National Planning Authority. (2024). The NDPIV strategic direction (2025/26–2029/30). National Planning Authority

⁹ Statista, January 2024. Uganda: Distribution of gross domestic product (GDP) across economic sectors from 2012 to 2022. <https://www.statista.com/statistics/447716/uganda-gdp-distribution-across-economic-sectors/>

¹⁰ National Planning Authority. (2024). The NDPIV strategic direction (2025/26–2029/30). National Planning Authority

¹¹ Ministry of Finance, Planning, and Economic Development. (2024). Background to the budget: Fiscal year 2024/25.

favorable weather conditions and ongoing government initiatives, including the provision of quality seedlings, extension services, water for production, and affordable credit¹².

The Agricultural Credit Facility (ACF) issued loans amounting to Shs 41.091 billion to 368 farmers and businesses, with the Government contributing Shs 20.546 billion. However, the Northern region received a disproportionately small portion of ACF loans due to communal land tenure systems and low levels of financial literacy. This challenge was further intensified by issues such as the lack of collateral, inadequate awareness about the ACF, and limited access to credit in certain areas of Eastern Uganda. Meanwhile, the Uganda Development Corporation (UDC) continued to support ten agro-industrialization projects, with four of these investments generating USD 2,874,783 in export revenue by the second quarter of FY2023/24.

The Government conducted a national assessment of the Uganda Agricultural Scheme to evaluate its effectiveness. The assessment indicated that the demand far exceeds the annual subsidy of Shs5 billion. As a result, the scheme was extended to June 2025, and discussions began regarding the need to increase the subsidy to at least Shs15 billion. By the end of the third quarter of FY2023/24, Shs28 billion had been provided cumulatively, benefiting over 350,000 farmers¹³. The Government plans to establish an Agriculture Finance and Insurance Policy to address issues related to agricultural financing. This policy will also facilitate the creation of a National Agriculture Bank to provide funds for smallholder farmers who are currently marginalized by mainstream lending institutions.

The Government, in collaboration with the Uganda National Farmers Federation (UNFFE) and District Local Governments, conducted nationwide campaigns to educate farmers and encourage their participation in the Parish Development Model (PDM) program. By March 2024, over 1.2 million beneficiaries had received the Parish Revolving Fund (PRF) and financed up to 69 agricultural enterprises, mainly in piggery, poultry, coffee, maize, and goat rearing, with 66% of these being women-led. Additionally, Parish Development Committees (PDCs) were established, each receiving seed capital of Shs500,000 for operational and logistical support.

The Government is also in advanced stages of finalizing a Memorandum of Understanding (MoU) with the Grain Council of Uganda (GCU), the Uganda National Farmer Association (UNFA), and publicly owned financial institutions such as Housing Finance Bank, Post Bank, and Pride Microfinance Limited. The MoU aims to encourage these banks to provide credit to large-scale grain farmers at an interest rate of 18.5%, which will be subsidized by the Government¹⁴.

¹² ibid

¹³ ibid

¹⁴ ibid

While the Government has increased funding for Agro-Industrialization from UGX 1.8133 trillion in FY 2023/24 to Shs. 1.8783 trillion, a rise of Shs. 64.97 billion (3.6%), this increase is commendable but still inadequate given the program's crucial role in economic recovery¹⁵.

PSFU recommends that to increase the value of Agriculture's contribution to GDP.

- i. **Increase** funding for research and genetic development in selected animal, fish, and crop value chains to boost productivity and ensure sustainable growth in the agriculture sector.
- ii. Provide significant support for pest, vector, and disease control, including funding for vaccines and administration costs, to protect livestock and crops from diseases and pests, thereby improving overall agricultural output.
- iii. Invest in agricultural mechanization to enhance efficiency and productivity across various farming activities. This includes increasing access to modern farming equipment and technologies for smallholder farmers.
- iv. Increase investment in both small and large irrigation systems, with a focus on solar-powered irrigation, to ensure consistent water supply for crops, thereby reducing dependency on rainfall and mitigating the effects of climate change.
- v. Provide additional credit support to large-scale commercial farmers and ensure that smallholder farmers also have access to affordable financing. This will help boost agricultural production, ensure food security, and enhance export capacity.
- vi. The government strengthens regional collaboration with neighboring countries to address technical barriers to trade and non-tariff barriers affecting the export of professional services and commodities such as tea, timber products, milk, chicken products, and maize.

3.2 Tourism sector,

Uganda's tourism industry experienced a significant growth of 56.5% in 2023, with international tourist arrivals reaching 1,274,210 and tourism receipts rising by 48.5%, from USUSD0.736 billion to USUSD1.025 billion, indicating a robust recovery. The international tourism sector recovered by 82.6% in 2023, with notable contributions from Asia and Africa. Key overseas source markets included India, the USA, the UK, China, and Germany. Tourists in Uganda spent an average of 8 nights, with leisure visitors staying for 8 nights and MICE visitors for 5 nights. The median length of stay remained steady at 4 nights. In December 2023, Uganda set a record for the highest number of international passengers in a single day, with

¹⁵ Ministry of Finance, Planning and Economic Development. (2024, June). The Budget Speech Financial Year 2024/25.

198,961 passengers, including 104,160 arrivals and 94,800 departures, averaging 6,418 passengers per day. Domestic tourism in Uganda surged by 25.3% in 2023, reflecting a growing interest in local travel. The country also gained international acclaim as a top travel destination, ranking fourth in Bradt Guides' top 13 destinations for 2024.

The Uganda Wildlife Authority (UWA) launched a mobile application called 'My Gorilla Family,' which allows subscribers to virtually access daily gorilla excursions and track family movements using their cell phones. Additionally, UWA introduced a new booking and revenue collection system to address gorilla permit fraud, issuing permits to both local and foreign nationals for gorilla and chimpanzee tracking activities. Starting in July 2024, the government, through UWA, increased the cost of gorilla trekking permits to USD 800 per person, up from USD 700, and chimpanzee tracking permits to USD 250 per person, up from USD 200. These new rates will be effective until June 2026. The government also inspected, registered, and licensed 107 tour and travel companies, registered 25 tour guides, inspected 2, and licensed 2. Additionally, 45 accommodation facilities were registered, and 4 were inspected and licensed.

In October 2023, Uganda Airlines began direct flights to Mumbai, India, enhancing Uganda's appeal as a tourism destination for Indian travelers. Following an on-site audit by the International Civil Aviation Organisation (ICAO), Uganda's aviation sector scored 72.17 % for compliance with ICAO Standards and Recommended Practices (SARPs), surpassing the Eastern and Southern Africa (ESAF) region average of 55.66 % and the global average of 67.68 %. Uganda also hosted the 19th Summit of Non-Aligned Movement (NAM) Heads of State and Government and the Group 77 and China Summit. Uganda's chairmanship of these summits provided a platform to promote Uganda's unique tourism and investment opportunities¹⁶.

Networks such as the Association of Uganda Women in Tourism (AUWOTT) provide platforms for women to share knowledge, build capacity, and amplify their voices, fostering collaboration, mentorship, and solidarity¹⁷. Despite challenges like limited access to financing, gender-based discrimination, and cultural norms, women in Uganda are increasingly breaking barriers and establishing successful careers in traditionally male-dominated fields within the tourism sector.

Female entrepreneurs are introducing innovative business models like eco-lodges and community-based enterprises, promoting sustainable tourism practices. Additionally, women are making significant strides in the hospitality and service industries, taking on roles as hotel

¹⁶ Ministry of Finance, Planning, and Economic Development. (2024). Background to the budget: Fiscal year 2024/25.

¹⁷ AUWOTT. (2024). The association of Uganda women in tourism. Retrieved from <https://associationofugandawomenintourism.com/>

managers, chefs, tour guides, and park rangers, thus enriching visitor experiences and driving innovation. Through their entrepreneurial ventures, women are not only contributing to the industry's growth but also enhancing the economic wellbeing of communities and driving sustainability.

We commend the government for its increased investment in tourism development, rising from UGX 248.7 billion in FY 2023/24 to Shs. 289.60 billion, marking a 16.4% increase. The Ugandan government has allocated substantial funds amounting to Shs 1.629 trillion for various initiatives, including support for the Uganda Wildlife Authority, infrastructure improvements in Kampala, enhanced security at tourist sites, and internet accessibility in these areas. An additional Shs 55 billion is specifically earmarked for Ugandan embassies abroad to aid the Uganda Tourism Board (UTB) in promoting Uganda as a tourism destination, boosting exports, and attracting foreign investment.

The private sector acknowledges and appreciates the Ugandan government's efforts in implementing measures to position Uganda as a favored tourist destination. However, the Private Sector Foundation Uganda (PSFU) urges the government to ensure that the allocated tourism development budget leads to tangible outcomes and significant progress.

- i. Uganda's tourism funding boost is welcomed, but transparency, public reports, performance metrics, and anti-corruption measures are crucial for effective use.
- ii. Strategic investment, collaboration, local community involvement, public-private partnerships, and data-driven decision-making are essential for sustainable tourism, promoting responsible practices, job creation, and data-driven marketing strategies.
- iii. Long-term sustainability requires investment in eco-lodges, wildlife conservation, and responsible waste management, while infrastructure development should extend beyond Kampala, improving transportation links in national parks and tourist destinations.
- iv. Finally, investing in training programs for tourism professionals ensures a skilled workforce to meet industry demands. These recommendations can maximize Uganda's tourism investment and create a thriving, sustainable sector.
- v. The Tourism sector faces 12 taxes, levies, and licenses due to the un-operational Tourism Development Levy. Harmonization of taxes and licenses is needed to avoid duplication and increase efficiency, as these charges have raised lodging costs.

3.3 Mineral Development, including oil & gas, and Energy

3.3.1 Mining Sector

Uganda's mining sector, which boasts 27 commercially viable minerals, contributed 2.2% to the national GDP in 2022-2023. While the government is making efforts to attract investment and enhance regulatory frameworks to promote sustainable practices, the sector continues to face challenges due to insufficient investment. Government spending on the mining sector remains under 2% of total government resources. For the upcoming fiscal year starting in July

2024, the government recommends allocating USD8.3 million to the mineral subsector, representing a 35% decrease from the previous fiscal year¹⁸.

To advance towards its goal of increasing jobs in the minerals value chain by 63%—from 1.6 million in FY2017/18 to 2.6 million in FY2024/25—the government launched the International Conference on the Great Lakes Region (ICGLR) Certificate in FY2023/24. This certificate enhances transparency, accountability, and sustainable development within Uganda's mining sector, benefiting all involved stakeholders. Uganda now ranks as the fifth among the twelve member states to issue this certificate, following the lead of the DRC, Rwanda, Burundi, and Tanzania.

The number of mining licenses issued has risen significantly, from approximately 100 in 2003 to 556 licenses as of June 2023. These licenses encompass 249 exploration licenses, 8 retention licenses, 48 mining leases, and 76 location licenses. In April 2024, Uganda inaugurated its inaugural Tin Smelting facility in Mbarara, marking Uganda as the fourth country in Africa to commence tin smelting. This facility, the third in East Africa, also positions Uganda as the fifteenth country globally for tin processing capabilities.

Shs41.55 billion has been earmarked for the Mining and Value Addition Program to be implemented in FY2024/25. The government plans to: Initiate the Mineral Resource Infrastructure Development Project (MRIP) to establish critical infrastructure for monitoring and regulating exploration and mining activities nationwide. Implement measures to reduce the use of mercury by artisanal and small-scale miners (ASMs) involved in gold mining. Support the exploitation of high-quality vermiculite reserves located at Namekhara in Manafwa District, estimated at 54.9 million tonnes. Zone artisanal mining areas, enhance formalization efforts, and strengthen regulatory frameworks.

3.3.2 Oil and Gas

To enhance the business environment and competitiveness of the oil and gas sector, the government implemented several measures in FY2023/24: In December 2023, the Ugandan government signed a Memorandum of Understanding with Alpha MBM Investments LLC from the United Arab Emirates to outline cooperation and terms for a refinery project. Negotiations commenced in January 2024.

Land acquisition for the Tilenga project progressed to 95.5% completion, with 4,732 out of 4,952 Project Affected Persons (PAPs) compensated, while the East African Crude Oil Pipeline (EACOP) project reached 88% completion, with 3,198 out of 3,660 PAPs compensated. The Petroleum Authority of Uganda (PAU) launched the Electronic Work Permit Recommendation System (EWPRS) to improve the efficiency of processing work permits in the oil sector, reducing waiting times from seven days to three days.

¹⁸ Mpanga, J. (2024). What awaits Uganda's mining sector in 2024. The Observer. Retrieved from <https://observer.ug/news/headlines/80255-what-awaits-uganda-s-mining-sector-in-2024>.

The Cabinet approved the establishment of a Liquefied Petroleum Gas (LPG) facility by China National Offshore Oil Corporation (CNOOC) Uganda Limited at the Kingfisher Development Area. The Ministry of Energy and Mineral Development (MEMD) subsequently issued CNOOC a license to manufacture LPG, with the project expected to produce over 20,000 tonnes of LPG annually. New databases and front-end applications for the PAU Supply Chain Management System (PSCMS) and E-recruitment applications were developed and deployed.

As of September 2023, 2,921 companies had been prequalified on the National Supplier Database, with Ugandan companies making up 73% (2,111) of these. In the second quarter, an additional 273 local companies registered. By December 2023, the number of Ugandans listed on the National Oil and Gas Talent Register had increased to 8,856, with 363 Ugandans registering in the second quarter alone. This database provides Ugandans with access to skilled and semi-skilled job opportunities. Additionally, over 13,000 Ugandans participated in the Tilenga Massive Open Online Course (MOOC), and 200 finalists were chosen to receive training in production operations disciplines at the Uganda Petroleum Institute, Kigumba (UPIK) at Tilenga project sites.

Uganda is on track to commence oil production by the end of 2025. So far, 11 oil wells have been drilled, with 8 in the Tilenga region and 3 in the Kingfisher area, capable of producing 190,000 barrels and 40,000 barrels of oil per day, respectively. For the fiscal year 2024/25, Shs920.86 billion has been allocated to this program with the following priorities: developing the East African Crude Oil Pipeline (EACOP) hub in Tanga; continuing the construction of EACOP with infrastructure that meets high environmental standards; procuring and distributing 57,000 Liquefied Petroleum Gas (LPG) cylinders to promote clean cooking; establishing the Petroleum Geoscience Laboratory; and providing equity contribution for the Refinery Project.

3.3.3. Energy Sector

Uganda aims to reach an electricity generation capacity of 52,000 MW by 2040. Currently, the country's capacity is approximately 2,000 MW, following the commissioning of the 600 MW Karuma Hydropower Plant (HPP). Uganda is committed to advancing small and large hydropower projects, harnessing geothermal resources, and expanding its nuclear, solar, and wind energy capabilities. The government is enhancing power transmission infrastructure, resulting in a national electricity access rate of 57% (19% on-grid and 38% off-grid). The total number of grid connections now stands at 2,178,356. The goal is to provide electricity to every household by 2030, through a combination of on-grid connections, solar home systems, and small isolated mini-grids¹⁹.

¹⁹ Uganda Broadcasting Corporation. (2024). Power and Electricity Uganda International Expo 2024: Advancing sustainable energy solutions. <https://ubc.go.ug/2024/07/04/power-and-electricity-uganda-international-expo-2024-advancing-sustainable-energy-solutions/>

On June 27, 2024, the Electricity Regulatory Authority (ERA) announced the Electricity End-User Tariffs to be applied by Umeme Limited for the supply of electrical energy in the third quarter of 2024 (July to September). The new tariffs reflect a weighted reduction of 1.5% compared to the tariffs of the second quarter of 2024, affecting all consumer categories except for Street Lighting²⁰.

The tariff schedule for the third quarter of 2024 shows reductions for several categories: Domestic Consumers will see a decrease to UGX 803.0 from UGX 819.4, Commercial Consumers to UGX 606.2 from UGX 615.9, Medium Industrial Consumers to UGX 452.1 from UGX 459.8, Large Industrial Consumers to UGX 383.4 from UGX 388.5, and Extra-Large Industrial Consumers to UGX 324.5 from UGX 328.4. The tariff for the Street Lighting category remains unchanged at UGX 370.0.

The ERA has maintained the Lifeline Tariff at UGX 250 for the first 15 units for Domestic Customers who use less than 100 units per month. Additionally, the Fumba (Cooking) Tariff remains at UGX 412.0 per unit for the 70 units purchased between the 81st and 150th units in a month.

The tariffs for the third quarter were determined and approved by the Authority based on changes in macroeconomic factors such as the international price of fuel, the exchange rate of the Uganda Shilling against the US Dollar, the Core Consumer Price Index (inflation), the energy generation mix, and costs approved by the Authority.

PSFU recommends that:-

- i. The government should continue its efforts to attract investment into the oil, gas, minerals, and energy sectors by providing incentives, streamlining regulatory processes, and ensuring transparency and predictability in licensing and permitting procedures.
- ii. Enhancing Supplier Development programs and joint venture promotion initiatives can help stimulate local economic development, create job opportunities, and empower Ugandan companies to participate more actively in the supply chain of major projects.
- iii. Investing more in education, training, and skills development programs tailored to the needs of the oil, gas, minerals, and energy sectors can help build a skilled workforce capable of driving innovation, productivity, and competitiveness in these industries.
- iv. It is crucial to ensure the allocated budget for mineral development, particularly oil and gas, translates into tangible progress for the economy. Prioritizing key areas like the development of the East African Crude Oil Pipeline (EACOP), environmental standards, clean cooking initiatives (LPG), and refinery infrastructure will be vital. Strategic use of these funds can maximize their impact.

²⁰ Electricity Regulatory Authority. (2024). ERA reduces electricity end-user tariffs for quarter three of 2024. <https://www.era.go.ug/index.php/media-centre/what-s-new/474-era-reduces-electricity-end-user-tariffs-for-quarter-three-of-2024>

- v. Explore public-private partnerships (PPPs) to leverage expertise and resources. Partnering with private companies can accelerate infrastructure development, technology transfer, and knowledge sharing, ultimately contributing to more efficient and successful oil and gas projects.
- vi. Maintain transparency and accountability throughout the development process. Regularly communicate project updates, budgets, and spending to the public. This will help build trust and ensure that the funds are used effectively.
- vii. Proactively engage with communities living near oil and gas projects. Address their concerns regarding environmental impact, social development, and economic opportunities. Ensuring that local communities benefit from these projects can enhance social license and project sustainability.
- viii. Invest in and promote clean energy initiatives, such as the procurement and distribution of Liquefied Petroleum Gas (LPG) cylinders to promote clean cooking. This not only addresses environmental concerns but also improves the quality of life for local communities.
- ix. Increase investments and accelerate development in renewable energy sources like solar, wind, and geothermal to achieve Uganda's 2040 electricity generation targets and enhance energy security.
- x. Prioritize the expansion and modernization of power transmission infrastructure and increase the deployment of off-grid solutions to ensure universal electricity access by 2030.

3.4 Science Technology and Innovation (STI), including ICT

ICT Sector

Uganda's digital transformation roadmap, aiming to achieve the Digital Uganda Vision 2040, includes expanding telecommunications infrastructure, digitalizing public services, enacting IT legislation, and building capacity²¹. The ICT sector in Uganda is a key driver of social economic growth, contributing 9% to the country's GDP. Its growth is attributed to policy decisions, infrastructure improvements, internet penetration, and e-services, demonstrating its potential for further economic growth.

Science, Technology, Engineering, and Innovation (STEI) are essential drivers of socio-economic development, enhancing productivity, generating employment, and fostering accelerated growth. These elements are critical for poverty eradication, wealth creation, and sustainable development. Uganda's Global Innovation Index (GII) score is 25.3, below the NDP III target of 35.0. In the 2019 GII rankings, Uganda was positioned 102nd out of 129 countries, trailing behind Kenya (77), Rwanda (94), and Tanzania (97). The country's expenditure on research and development (R&D) was 0.4% of GDP in 2019, compared to the NDP III target of 1%.²²

²¹ <https://ict.go.ug/>

²² Third National Development Plan (NDP III)

In the provision of public services at the national level, the government of Uganda undertook several initiatives in FY2023/24: The construction of the Kiira Vehicle Plant and bus assembly continued, along with the training of e-bus operators. The plant aims to enhance the country's automotive industry by producing 22 vehicles (buses and trucks) daily and 5,000 vehicles annually. To support skills development, twenty-five Training of Trainers (ToTs) personnel were recruited for a 3-month training program in China under the Uganda National Council of Science and Technology (UNCST)²³.

A Think Tank on Aeronautics and Space Science was established, and a concept was initiated to study Uganda's ecosystem. Additionally, the government facilitated a training program for engineers in Egypt to support Uganda's space science industry. A pilot study on Novel Adenovector vaccines was conducted, with ongoing optimization of immuno-assays to measure immune responses. Under the INVONAT program, sterility tests were performed on samples, with 10 out of 16 tests passing. Cytotoxicity tests identified six products as toxic and unfit for efficacy studies.

We commend the government's prioritization of Science, Technology, and Innovation (STI) for driving significant economic growth. The construction of a plant in Jinja, expected to produce 2,500 vehicles annually, is a notable effort. An additional Shs 32.5 billion has been allocated in the financial year 2024/25 to complete the plant and provide working capital. Furthermore, a semi-automated plant in Bushenyi, with a capacity of 14 metric tons per day, is being established. An additional Shs 50 billion has been allocated to complete its capitalization. Overall, for the fiscal year 2024/25, the government allocated Shs 346.91 billion to Innovation, Technology Dev't & Transfer.

To achieve the government's ambitious targets in Science, Technology, and Innovation (STI), the private sector offers the following proposals.

- i. Support the process of development and consideration of the National Startup Policy and Bill to promote acceleration of innovation and technology adoption across various sectors, provide a sustainable financing framework for the startups in Uganda.
- ii. Develop funding mechanisms such as venture capital funds, innovation grants, and low-interest loans to support startups and SMEs in the STI sector.
- iii. Offer tax incentives, grants, and other financial benefits to encourage private investment in STI.
- iv. Strengthen dialogue between the government and private sector to align goals and expectations.
- v. Assist companies in accessing local and international markets for their products and services.

²³ Ministry of Finance, Planning, and Economic Development. (2024). Background to the budget: Fiscal year 2024/25.

- vi. Uganda needs to enhance cybersecurity measures, including legal, technical, and organizational measures, and prioritize capacity development to build a skilled workforce for effective cybersecurity challenges.
- vii. Promoting digital literacy and skills development among Ugandan citizens through training programs and educational resources can foster a more inclusive and technologically proficient society.
- viii. Public-private partnerships are crucial for Uganda's digital transformation, enabling resource mobilization, knowledge sharing, and innovative solutions, accelerating progress towards the Digital Uganda Vision 2040.



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4. OTHER SECTORS IN A SNAPSHOT

4.1 Trade and Commerce

Uganda's merchandise trade deficit rose by 16.6%, reaching USD 314.10 million in August 2024, up from USD 269.34 million in July 2024. This increase was primarily due to a substantial rise in the import bill, which outweighed the growth in export revenues for the month. However, when compared to August of the previous year, the trade deficit improved by 8.4%, decreasing from USD 342.77 million in August 2023 to USD 314.10 million in August 2024. This improvement was largely attributed to higher export earnings, particularly from coffee and mineral products during this period.

In August 2024, export earnings reached USD 789.58 million, reflecting a 0.6% increase from USD 785.03 million in July. This rise was primarily driven by higher revenue from coffee exports, which grew by 5.3% to USD 221.63 million. The increase in coffee exports was due to both higher prices and volumes, with the export volume boosted by the peak harvest season for Robusta coffee. Additionally, the value of coffee exports benefited from rising global coffee prices, influenced by dry conditions affecting production in Brazil and Vietnam. Other export commodities that saw significant growth during the month included mineral products and fish along with fish products.

In August 2024, the Middle East became the leading destination for Uganda's exports, representing 33.1% of the total exports. Within this region, the United Arab Emirates was the primary market, accounting for 97.8% of Uganda's exports to the Middle East. Other important regions for Uganda's exports included the East African Community (EAC), the European Union, and Asia, which contributed 24.4%, 23.3%, and 13.2%, respectively.

In August 2024, the value of merchandise imports increased by 4.7%, rising to USD 1,103.68 million from USD 1,054.36 million in July 2024. This growth was largely due to higher volumes of government imports directed towards various projects. Notably, project-related imports surged from USD 11.34 million in July 2024 to USD 58.29 million in August 2024, as oil-related and other infrastructure projects reached significant stages of implementation. When compared to the same month the previous year, the import bill rose by 9.0%, increasing from USD 1,012.46 million in August 2023 to USD 1,103.68 million in August 2024. This growth was mainly attributed to increased import values for vegetables, animal products, beverages, fats and oils, and mineral products compared to the previous year.

In August 2024, Asia continued to be the largest source of Uganda's imports, making up 36.0% of the total imports. Within the Asian region, China and India were the primary suppliers, contributing 45.6% and 30.5% of the total imports from Asia, respectively. Other significant sources for Uganda's imports included the East African Community (EAC), the rest of Africa, and the Middle East, which accounted for 29.56%, 14.7%, and 12.87% of the total imports for the month, respectively. Within the EAC, Tanzania was the major contributor, representing 72.31% of imports from that region.

4.2 Construction and Real Estate:

The country's housing situation is characterized by inadequate homes, both in terms of quality and quantity. While the private sector is the main driver of housing development, it has not been able to meet the housing demand largely on account of limited access to construction finance. With a housing deficit of 2.4 million houses of which 210,000 units are in urban areas and 1.4 million units in rural areas, a total of 60,000 units were constructed in 2021.

The real estate industry in the country is mostly dominated by the National Housing and Construction Company and the National Social Security Fund (NSSF).²⁴ These provide direct purchase, rental, and rent-to-own schemes to the public. NSSF is currently working on a project to develop 160 affordable housing units, priced at Ush 110 million (USD30,000). Another housing project in Temangalo is also being developed, which will consist of 3,500 housing units, priced at Ush 90 million (USD24,500). The first phase of the project, which includes 500 housing units, is expected to be completed by 2024.

In Uganda, access to housing finance faces notable constraints. Out of the 25 registered banks, only eight extend mortgage loans, significantly limiting options for potential homebuyers. Moreover, the challenge of high mortgage interest rates further impedes individuals from accessing housing finance. Notably, Housing Finance Bank emerges as a major player in the housing sector, offering mortgage interest rates ranging from 16% to 22% over a 25-year repayment period. To address affordability concerns, mortgage installments are typically set at 35% of the household income. The average loan size is between Shs150–200 million (USD40,000).

4.3 Manufacturing:

The industry sector experienced a growth of 5.8 % in FY2023/24, an increase from the 4.0 % recorded in FY2022/23. This growth was mainly driven by enhanced production in manufacturing and construction, which saw increases of 5.4 % and 7.5 %, respectively, compared to the previous year's 3.1 % and 4.9 %. Additionally, electricity production saw a robust growth of 8.0 %.

Each job in manufacturing typically creates 2.5 additional jobs in other economic sectors. The manufacturing industry is a key contributor to green innovation, holding 60 % of the world's green patents. Therefore, accelerating sustainable industrial development is essential for achieving the Sustainable Development Goals (SDGs).

In February 2024, H.E. the President signed the Competition Act 2024, aimed at promoting fair competition and preventing practices detrimental to competition and markets in Uganda.

²⁴ Africa Housing Finance Yearbook 2023

Furthermore, guidelines for developing Uganda's Industrial Parks (IPs) and Free Zones (FZs) were launched. These guidelines aim to implement the National Industrial Policy 2020 and Vision 2040 by detailing the processes and procedures for establishing, developing, managing, operating, financing, promoting, and marketing IPs, FZs, and other park models.

4.4 Transport and Logistics:

As of September 2024, significant progress was made in upgrading various Town Council roads to bitumen standard, with notable achievements including the substantial completion of New Shimoni PTC Road (3.14km), Nsuube and Mother Kevin Road in Nkokonjeru TC, 74 % completion of Kiwologoma-Kijabijo Road (4.5km), 73 % completion of Bulindo-Nsasa-Namugongo Road (4.6km), and 60 % completion of Namuswa Road (3.5km) in Bulengeni TC. Additionally, 25 km of Community Access roads in various districts such as Adjumani, Amuria, and Arua were rehabilitated, and 47.5 km of DUCA roads across 42 districts were opened. Road safety inspections were conducted along key corridors, and a road safety awareness campaign targeted at Boda-boda cyclists in Kampala was carried out.

As of March 2024, Town Council roads saw significant upgrades to bitumen standard, with substantial completion of New Shimoni PTC Road (3.14km) and Nsuube and Mother Kevin Road in Nkokonjeru TC, alongside notable progress on Kiwologoma-Kijabijo Road (4.5km), Bulindo-Nsasa-Namugongo Road (4.6km), and Namuswa Road (3.5km) in Bulengeni TC. Additionally, 25 km of Community Access roads in districts like Adjumani, Amuria, and Arua were rehabilitated, and 47.5 km of DUCA roads in 42 districts were opened. Inspections of road safety hazards and black spots were conducted along key corridors, and a road safety awareness campaign targeted Boda-boda cyclists in Kampala.

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4.5 Culture and creative arts

In 2015, Uganda ratified the 2005 UNESCO Convention, a key international agreement on cultural governance. This commitment obliges the country to uphold the convention's provisions, including safeguarding freedom of expression and the economic rights of artists. The government has also enacted laws and introduced incentives to bolster the local arts sector. Notable recent efforts include the review of the 2006 national cultural policy, the establishment of a film fund, and the creation of the National Cultural Forum, an umbrella organization for artists²⁵.

However, Uganda's cultural industry still lags behind the rapidly growing global sector, which accounts for over 30 million jobs worldwide and employs more young people aged 15-29 than any other sector. The creative industry in Uganda spans multiple segments, such as music, film and television, fashion, gaming, visual arts, performing arts (including spoken word, puppetry, and comedy), crafts, and digital media. Each segment offers unique opportunities for young people to showcase their talents, develop skills, and earn income.

To further support the sector, the French Embassy in Uganda, through the Team France Creation Fund (FEF-Creation), has provided funding of 418,994 Euros. This support was announced during the grand launch of the Structures Professionalizing and Innovations Creative Enterprises (SPICE) initiative at the Media Challenge Initiative premises along Ggaba Road. This 17-month initiative aims to transform the landscape of the creative industry by developing high-quality, appealing content that spans various fields while simultaneously benefiting young talent, creating jobs, and promoting cultural heritage²⁶.

To further strengthen Uganda's creative arts and movie industry, several policy recommendations could be considered. First, the government should establish a dedicated creative arts fund to provide sustained financial support for emerging talents and innovative projects. This fund could be complemented by tax incentives for businesses that invest in the creative sector, encouraging private sector participation. Additionally, implementing comprehensive training programs to enhance the skills of young artists, particularly in digital media and technology, would enable them to compete globally. Expanding infrastructure, such as creating more cultural hubs and creative spaces, would also provide artists with the necessary resources and platforms to showcase their work. Finally, the government could strengthen copyright laws and enforcement mechanisms to protect intellectual property rights, ensuring that artists receive fair compensation for their work. These initiatives,

²⁵ Kabayo, S. (2024, January 25). Gender Ministry, UNESCO unveil report on state of creative industry post Covid-19 pandemic. Eagle Online. <https://eagle.co.ug/2024/01/25/gender-ministry-unesco-unveil-report-on-state-of-creative-industry-post-covid-19-pandemic/>

²⁶ https://www.informer.co.ug/spice-project-launched-to-develop-the-creative-arts-sector-in-uganda/#google_vignette

combined with ongoing support for cultural exchange programs, would position Uganda's creative industry for sustained growth and international recognition.

4.6 Human Resource (Health, Education, skills and Attitudes)

Uganda has a rapidly growing young population and is vulnerable to public health emergencies, yet its public spending on health remains low and is decreasing. With a per capita health investment of just USD6.8, Uganda's spending is among the lowest in the region. Currently, households and external development partners contribute a combined 84% of the total current health expenditure. Despite the insufficient public funding, Uganda's healthcare system is relatively effective—its Universal Health Care Service Coverage Index is comparable to that of peer countries with higher health expenditures—and equitable, with lower-level health facilities accessible to both the wealthy and the poor. Uganda should build on these gains through policy reforms that increase investment in health, education, and social protection, ultimately aiming to capitalize on its youthful population to achieve a demographic dividend²⁷.

Last year, the WHO collaborated with Uganda's Ministry of Health to conduct a Health Labour Market Analysis (HLMA) aimed at gaining a deeper understanding of the dynamics surrounding human resources for health in the country. The HLMA findings revealed that Uganda requires approximately 342,832 health workers, but the current workforce stands at only 154,016. This means that only 44.9% of the required health workforce is currently available²⁸. The national health facility master list reports a total of 6,937 health facilities in Uganda. Of these, 45.16% (3,133) are government-owned, while 14.44% (1,002) are operated by private not-for-profit organizations. Additionally, Uganda has 4 national referral hospitals, 5 specialized hospitals, 17 regional referral hospitals, and 62 general hospitals.

The private sector urges the Ugandan government to enhance the health financing system to ensure that it provides adequate, equitable, effective, efficient, and sustainable funding. They recommend focusing investments on primary healthcare, health promotion, and disease prevention, while also carefully overseeing investments in specialized healthcare.

A Uganda Secondary Education Expansion Project is in place, the Secondary Education Expansion Project aims to provide a gateway to millions of young people from poor families and underserved areas who have been excluded from lower secondary education. The project focuses on improving access and quality, supporting sector reform, and improving the Ministry's management capacity. The project emphasizes the benefits of girls' education,

²⁷ World Bank. (2024). *Uganda economic update: Improving public spending on health to build human capital*. <https://www.worldbank.org/en/country/uganda/publication/uganda-afe-economic-update-improving-public-spending-on-health-to-build-human-capital>

²⁸ World Health Organization. (2024). *Health experts discuss workforce investments and optimization in Uganda*. <https://www.afro.who.int/countries/uganda/news/health-experts-discuss-work-force-investments-and-optimization-uganda>

including better health, participation in the labor market, income, and family well-being, which can lift households out of poverty.

Component 1: Expansion of Lower Secondary Education: The component focuses on expanding lower secondary education by building more schools and providing safe, non-violent learning environments. It includes cost-efficient infrastructure design, learning materials, school management, teacher training, and professional development communities for students, ensuring quality education.

Construction of New Lower Secondary Schools and Facilities: This subcomponent will fund the construction of approximately 116 new lower secondary schools and the improvement of infrastructure in about 61 existing schools within the RHAs, creating over 70,300 new student spaces. Of the new schools, 32 will be in refugee and hosting communities, and 84 will be in other selected sub-counties. Each new school will be a large facility with double streams and eight classrooms, adding 55,680 enrolment spaces. Additionally, the project will provide school furniture, science lab kits, ICT computers, student textbooks, and teacher guides for all new schools. Overcrowded public schools in the RHAs will receive a standard infrastructure package including four classrooms, a science lab, and latrines, along with furniture and lab kits, creating 14,640 additional spaces²⁹.

Component 2 will address both new and existing lower secondary schools in refugee-hosting sub-counties across 12 targeted districts, funded by grants from the IDA 18 sub-window for refugees and host communities. It targets refugee and host community children aged 13-18 who have completed primary education. The component will support the implementation of the Accelerated Education Program (AEP) and school scholarships. Social and emotional learning programs (SEL) for refugees will be funded separately under subcomponent 1.2, along with safe school's packages. Additionally, the component will assist in obtaining equivalent certifications for children who have completed primary education abroad, enabling them to attend secondary school in Uganda.

To enhance Uganda's public health and education systems, the following recommendations are suggested: First, increase public health spending to ensure funding is adequate, equitable, and sustainable, with a focus on primary healthcare, health promotion, and disease prevention. Strengthening public-private partnerships and improving the health workforce's productivity are also critical. In education, continue expanding lower secondary schools and upgrading existing facilities to create safe, resource-rich learning environments. Additionally, implement social and emotional learning programs to support these students effectively.

²⁹ Ministry of Education and Sports. (2024). *Uganda secondary education expansion project: Environmental and social management framework*. https://www.education.go.ug/wp-content/uploads/2024/07/P166570-USEEP-ESMF-May-2024-Update_disclosure.pdf

5. CONCLUSION

Uganda's economy has demonstrated resilience and growth across multiple sectors. The agricultural sector, while still the foundation of the economy, faces challenges related to productivity. The government is responding by increasing funding and implementing initiatives such as the Parish Development Model. Meanwhile, the tourism sector is undergoing a significant recovery, supported by government investments in infrastructure and promotional efforts. The mining sector has potential but requires additional investment. Oil production is scheduled to commence by the end of 2025. The ICT sector is thriving, characterized by rising mobile phone penetration and a favorable regulatory environment. Moving forward, Uganda should prioritize enhancing productivity, attracting more investments, and fostering inclusive growth to maintain its economic momentum.

