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THE LAUNCH OF THE NATIONAL BUDGET MONTH

UNLOCKING UGANDA'S ECONOMIC POTENTIAL: A PRIVATE SECTOR CALL TO

ACTION FOR THE FY 2025/26 BUDGET

BY

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Honourable Minister, PS/ST, Distinguished Guests, Members of the Private Sector, Development Partners, Ladies and Gentlemen,

1. Introduction

The Private Sector Foundation Uganda (PSFU), on behalf of the private sector, warmly welcomes the launch of the 2025/26 Budget Month, a pivotal moment in shaping Uganda's ambitious 10-fold economic growth strategy. We commend the Government of Uganda for its steadfast commitment to fostering transformative growth through Agro-industrialization, Tourism, Mining, and Science and Technology as key pillars of development.

The private sector recognizes the immense potential of these priority areas to drive inclusive economic growth, create jobs, and position Uganda as a competitive player in regional and global markets.

This year's budget theme, **"Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Social Services, Digital Transformation and Market Access"**, captures a bold vision: to transition Uganda into a dynamic, modern economy driven by enterprise, innovation, and inclusive growth.

Uganda's economy is projected to grow to **UGX 250 trillion (US\$ 66.1 billion)** in FY 2025/26, with income per capita rising to **US\$ 1,338.7**. This is commendable. However, to achieve the ambitious Ten-Fold Economic Growth Strategy expanding our **GDP from US\$ 50 billion to US\$ 500 billion by 2040** the role of the private sector must be fully leveraged through deliberate and strategic investment in key enablers.

2. The Private Sector: Driving Economic Transformation

- i. **MSMEs dominate Uganda's private sector**, making up **90%** of all businesses, contributing **75% of GDP**, and employing over **2.5 million people**. Most are micro-sized (**93.5%**) and informal.
- ii. **High business costs** including **expensive finance (18.6% interest rates), electricity, wanting logistics, and ICT** are major growth barriers. Uganda's lending rates remain higher than Kenya (15%), Tanzania (17%), and Rwanda (17%).
- iii. Despite their importance, **budget allocations for Private Sector Development (PSD)** are inadequate. In **FY 2025/26**, only **UGX 46.72 billion (0.4%)** of total NDP III commitments are dedicated to PSD interventions.
- iv. To achieve the goal of growing Uganda's economy from **US\$ 50 billion to US\$ 500 billion**, the government must **significantly boost funding** for private sector initiatives, particularly in **finance access, infrastructure, skilling, revising our tax regime and formalization to minimise the cost of doing business**.

- v. We commend government efforts to reduce domestic borrowing from **UGX 8.97 trillion in FY 2024/25 to UGX 4.01 trillion in FY 2025/26**. This easing of public demand on the domestic credit market is a positive signal for private investment. However, more needs to be done to ensure credit access and affordability for SMEs and industries, especially in productive sectors like agro-processing, manufacturing, tourism, and digital services.

3. Where More Funding is Needed

To accelerate Uganda's growth to a **US\$ 500 billion** economy, the following private sector-led areas require significantly increased public and blended investment:

- i. **Agro-Industrialization:** Despite agriculture employing over **70%** of the population and contributing **24.7%** to GDP, only **2.5%** of the national budget is allocated to this sector. There is growing concern about the recent decline in Uganda's Agro-Industrialization Programme budget, which has decreased from **2.9%** of the national budget in FY 2024/2025 to 2.4% in FY 2025/2026. This allocation remains below the **UGX 2.448 trillion** target outlined in the National Development Plan (NDP IV), with the current funding meeting only about **70%** of the required amount.
- ii. **Tourism:** Tourism has the potential to generate up to **US\$ 50 billion** annually by 2040, but achieving this requires enhanced marketing, infrastructure expansion, and sector diversification. We commend the government for its increased commitment to tourism in FY 2024/25, raising the budget allocation from **UGX 248.7 billion** in FY 2023/24 to **UGX 289.60 billion** a **16.4%** increase. While this reflects a strong recovery, unlocking the sector's full potential will demand sustained and targeted capital investment especially in **tourism infrastructure in critical parks like Bwindi and Mgahinga**.
- iii. **SME and Startup Financing:** Over **90%** of enterprises in Uganda are SMEs. Yet, limited access to affordable credit, insurance, and working capital severely constrain growth. We call for the capitalization of SME-focused financial instruments such as UDB, GROW, ACF, and credit guarantee schemes.
- iv. **Science, Technology, and Innovation (STI):** Uganda's digital transformation hinges on expanded investment in the knowledge economy. We urge prioritization of innovation hubs, ICT skilling, and tech-based financing for youth entrepreneurs.
- v. **Export Development:** The Government's Export Promotion Strategy has yielded positive outcomes. In March 2025, Uganda's exports grew significantly by **40.6% year-on-year**, while imports rose by **7.3%**. This led to a **46.3% reduction in the annual trade deficit**, reflecting strong export performance. However, monthly, the **trade deficit widened** as imports rose faster than exports. However, **non-tariff barriers** and **limited value addition** continue to suppress our potential. We call for full implementation of the Export Development Strategy, trade facilitation, and funding of market access infrastructure.

4. Conclusion: A Partnership for Prosperity

Ladies and Gentlemen, the private sector stands ready to partner with Government to deliver on the promise of a monetized, inclusive, and competitive economy. But for Uganda to leap ten-fold in economic scale, we must go beyond policy pronouncements and unlock funding for enterprise-led transformation.

Let us use Budget Month not just to discuss allocations, but to forge actionable partnerships that position Uganda as Africa's next economic success story.

Thank you.



Business growth is our business