

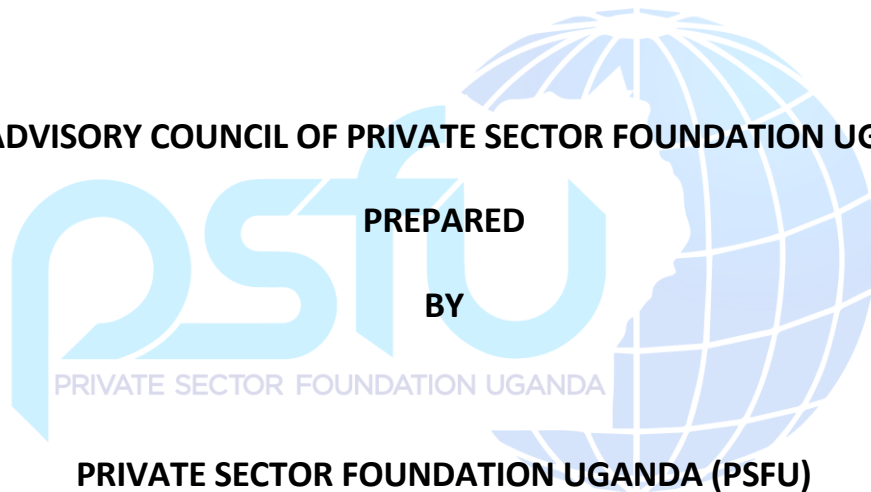


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**PAPER ON THE STATE OF THE ECONOMY FOR THE FOURTH QUARTER FY
2024/25**

PRESENTED TO

THE ADVISORY COUNCIL OF PRIVATE SECTOR FOUNDATION UGANDA



PREPARED

BY

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Business growth is our business

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Business growth is our business

1. INTRODUCTION

Uganda's economy has strengthened its resilience to domestic and external shocks and is estimated to grow by 6.3 percent this financial year 2024/25. This is after recording growth of 8.6 percent in the third quarter of this financial year.

Last financial year 2023/24 the economy grew by 6.1 percent. In nominal terms, the size of the economy is estimated at Shs. 226.3 trillion, equivalent to USD 61.3 billion, in financial year 2024/25 rising from Shs 203.7 trillion, equivalent to USD 53.9 billion, in financial year 2023/24. This is equivalent to USD 174.2 billion in Purchasing Power Parity terms. This growth was broad-based, including in agriculture, industry and services like ICT.

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.

PRIVATE SECTOR FOUNDATION UGANDA

2. MACROECONOMIC DEVELOPMENTS

2.1 Regional and Global Context

Regionally, the East African Community (EAC) and African Union (AU) continue to prioritize integration to foster economic growth, infrastructure development, and regional stability. A significant milestone was achieved on July 25, 2024, when the Tripartite Free Trade Area (TFTA) uniting COMESA, EAC, and SADC officially came into force. This integrated market creates expansive trade opportunities across three major regional blocs. The EAC, in partnership with the AU Border Programme, also launched a peace caravan to promote harmony among communities in Uganda, Kenya, and South Sudan.

Uganda remains actively engaged in regional infrastructure and trade initiatives, including the East African Crude Oil Pipeline (EACOP) and the rehabilitation of key railway networks like the Malaba-Kampala line. In December 2024, Uganda inaugurated its first African Continental Free Trade Area (AfCFTA) Export Facility in Entebbe, focusing on exporting high-value products like coffee, dairy, fish, and pharmaceuticals to markets such as Nigeria and the

Balkans. These efforts aim to deepen regional value chains, align trade policies, and drive shared prosperity in East Africa.

In a notable shift, Kenya overtook Ethiopia as Eastern Africa's largest economy in 2025, with its GDP projected at USD 132 billion, compared to Ethiopia's USD 117 billion. This growth was supported by a 21% appreciation of the Kenyan shilling, making it the world's top-performing currency in 2024. Meanwhile, Ethiopia's economic position weakened due to a 55% currency devaluation and internal challenges. Sudan continues to grapple with a prolonged civil war, which has severely constrained its economy, shrinking GDP by 20% in 2023 and 15% in 2024.

By March 2025, 49 of 54 signatory states had ratified the AfCFTA agreement, reinforcing Africa's momentum toward integration and inclusive growth. Projections show that 21 African countries are expected to grow by more than 5% in 2025, with Ethiopia, Niger, Rwanda, and Senegal potentially achieving 7% a key threshold for poverty reduction.

Globally, India is projected to remain the fastest-growing large economy through 2026, with growth rates of 6.2% in 2025 and 6.3% in 2026. Meanwhile, the UN development system faces funding challenges due to shifting donor priorities. Nonetheless, the International Development Association (IDA) has committed a 7.5% increase in development finance for 2025–2028, focusing on private investment, conflict mitigation, infrastructure, digital innovation, and climate resilience.

Additionally, the UN launched a South-South and triangular cooperation window in October 2024 to advance Sustainable Development Goals (SDGs), while the UN Technology Bank released its 2025–2027 strategic plan to support Science, Technology, and Innovation (STI) in Least Developed Countries (LDCs). The EU, on its part, introduced simplified VAT procedures for imports in 2025, aiming to improve tax efficiency and compliance across member states.

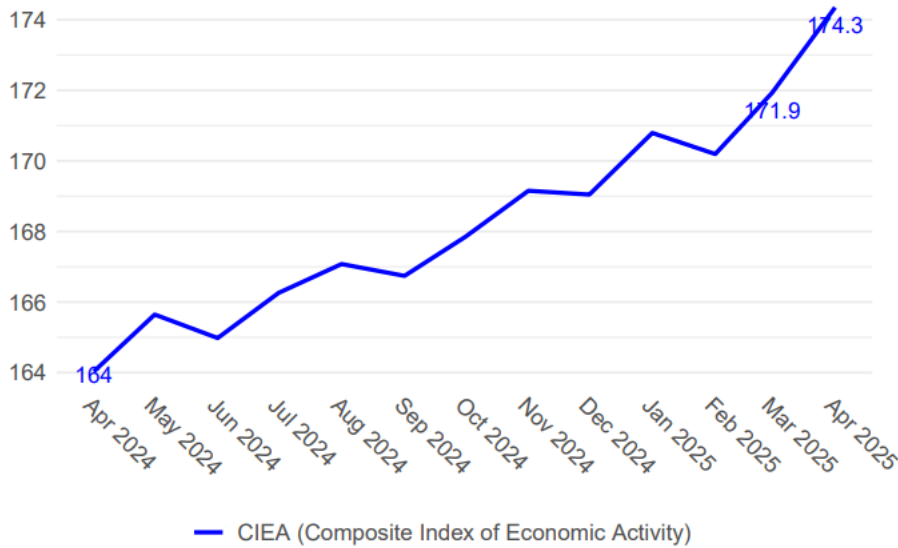
2.2 Domestic Economic Activity

2.2.1 Composite Index of Economic Activity (CIEA)

High-frequency indicators suggest a rise in economic activity in May 2025, driven by growing consumer demand that boosted overall output. The Composite Index of Economic Activity (CIEA) showed a consistent upward trend over the past 12 months, reflecting this economic momentum. Specifically, the index rose to 174.35 in April 2025, up from 171.93 in March 2025, largely due to increased production across key sectors including agriculture, industry, construction, wholesale and retail trade, and services¹.

¹ Macroeconomic Policy Department, Ministry of Finance, Planning and Economic Development. (2025, May). *Performance of the economy: Monthly report (May 2025)*. <https://www.finance.go.ug/sites/default/files/reports/POE-2025-05-MAY.pdf>

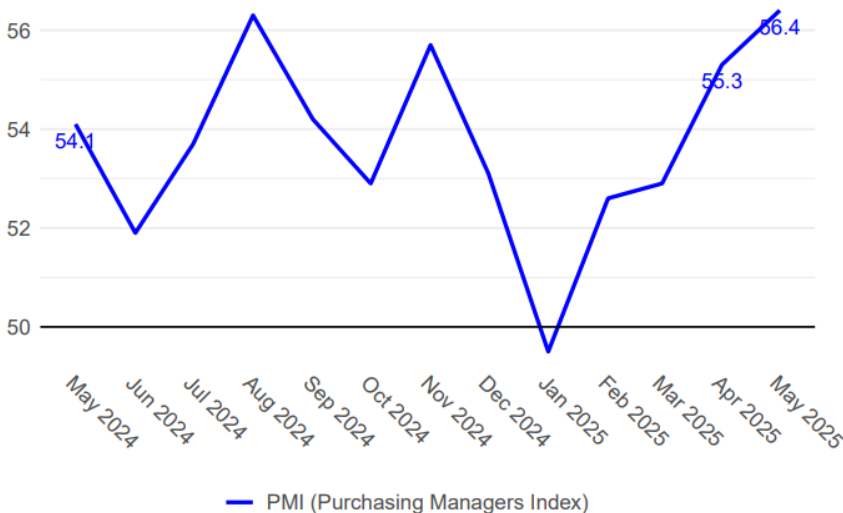
Figure 1: Composite Index of Economic Activity (CIEA) (Source: BOU)



2.2.2 Purchasing Manager Index (PMI)

In May 2025, the Purchasing Manager’s Index (PMI) stayed above the 50-point threshold, signaling continued expansion in private sector activity for the fourth consecutive month. The index rose to 56.4 from 55.3 in April, driven by increased output and a surge in new orders as consumer demand remained strong. To meet this demand, businesses continued to expand their workforce for the fourth month in a row. Despite an increase in input purchases, input costs continued to rise, leading to higher selling prices. Notably, the prices of cement, soap, and food items saw significant increases. All monitored sectors experienced growth in both output and new orders.

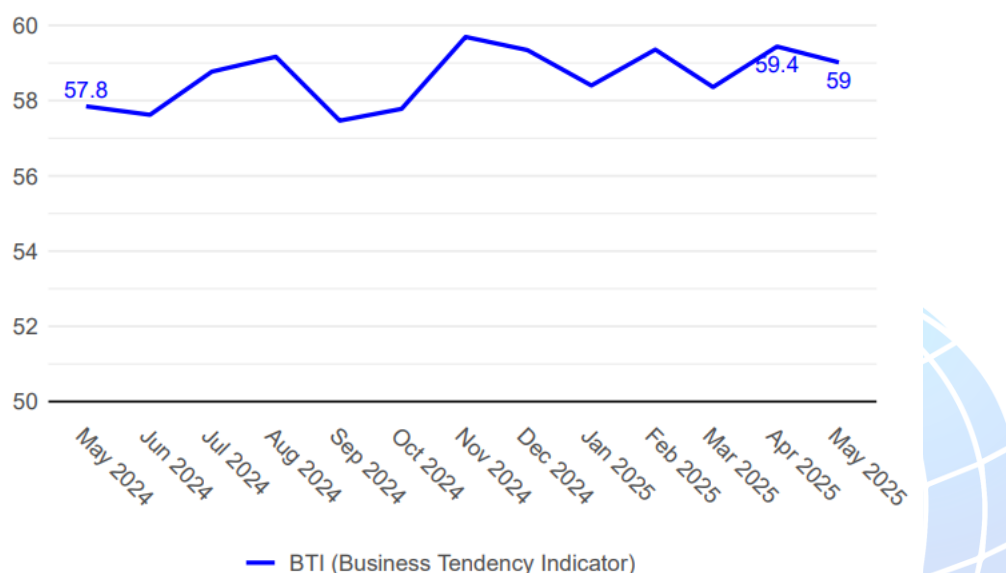
Figure 2: Economic Activity (PMI) [Source: Stanbic Bank Uganda]



2.2.3 Business Perceptions

Private sector players maintained a positive outlook on current and future business conditions in May 2025, as reflected by the Business Tendency Index (BTI), which stayed above the 50-point threshold. Although the BTI slightly declined to 59.02 from 59.44 in April, optimism remained strong across all monitored sectors. This positive sentiment was largely driven by continued robust demand and steady inflow of new orders throughout the fiscal year.

Figure 3: Economic Perceptions as shown by BTI [Source: BOU]



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. Introduce targeted tax relief measures to boost consumer purchasing power and stimulate domestic demand, especially among low- and middle-income households.
- ii. Expand affordable financing for MSMEs by lowering interest rates, increasing access to credit, and operationalizing government-backed credit guarantee schemes.
- iii. Diversify Uganda's export base through value addition, certification, and aggressive market entry strategies under AfCFTA and other trade agreements.
- iv. Fast-track investment in transport and logistics infrastructure (roads, rail, airports, trade hubs) to reduce trade costs and support industrialization.
- v. Promote adoption of advanced technologies and digital transformation across key sectors to improve productivity and competitiveness.

2.3 Inflation

Over the past year, annual headline inflation averaged 3.4%, while core inflation stood at 3.9%, both below the medium-term target of 5%. This subdued inflation has been supported by sound monetary policy, exchange rate stability, global disinflationary trends, and favourable food and energy prices. In April 2025, headline inflation rose slightly to 3.5% and core inflation to 3.9%, up from 3.4% and 3.6% in March, mainly due to increased prices for services and other goods. Despite these marginal increases, the inflation outlook remains largely in line with the February 2025 forecast, with slightly lower near-term projections attributed to a more stable exchange rate and falling global oil prices. Core inflation is expected to average between 4.5% and 5.0% in FY2025/26, gradually aligning with the 5% target over the medium term, though risks remain.

Meanwhile, the Ugandan shilling appreciated by 4.0% year-on-year in April 2025 compared to the same period in 2024. According to the International Financial Statistics (IFS) division of the IMF, Uganda's shilling has been recognized as the most stable currency in Africa. This strength is largely attributed to robust export performance, sustained inflows of foreign direct investment, and increased earnings from tourism.

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 May 2025, the foreign exchange market remained relatively stable, with the Ugandan Shilling showing a slight appreciation against the US Dollar. On average, the Shilling strengthened by 0.4%, with the mid-exchange rate improving to UGX 3,653.4/USD from UGX 3,669.6/USD in April 2025. This gain was largely supported by increased inflows from coffee exports, remittances, portfolio investments, and contributions from NGOs, alongside a weakening US Dollar influenced by new and retaliatory tariffs.

However, the Shilling experienced modest depreciation against other major currencies. It weakened by an average of 0.2% against the Euro and 1.4% against the British Pound Sterling during the same period.

Interest Rate Movements: The Bank of Uganda's Monetary Policy Committee (MPC) has decided to maintain the Central Bank Rate (CBR) at 9.75%, citing elevated global uncertainties despite inflation staying close to the target.

Lending rates: In April 2025, average lending rates declined for both shilling-denominated and foreign currency-denominated loans compared to March. The weighted average interest rate for shilling loans dropped from 17.74% in March to 16.64% in April, largely due to increased lending to low-risk prime corporate clients, especially in the telecommunications sector, who qualified for more favorable terms. Likewise, the average lending rate for foreign currency credit slightly decreased from 8.51% in March to 8.20% in April 2025.

2.4.4 Fiscal Operations

In May 2025, the Government recorded a fiscal deficit (net borrowing) of UGX 3,148.80 billion, exceeding the projected UGX 2,372.09 billion. This larger deficit was primarily due to higher-than-expected government spending combined with lower-than-planned tax and non-tax revenue collections during the month.

Total revenue for the month stood at UGX 2,694.03 billion, achieving 98.3% of the targeted UGX 2,741.79 billion. While tax revenue slightly surpassed projections, delivering a UGX 2.00 billion surplus mainly from strong petroleum duty collections, both grants and non-tax revenue underperformed against expectations.

Government expenditure in May 2025 reached UGX 4,521.42 billion, surpassing the planned UGX 4,179.01 billion. This was largely due to increased grants disbursed to various government agencies. Additionally, net acquisition of non-financial assets amounted to UGX 1,321.41 billion, reflecting strong performance in development projects, particularly those financed by the World Bank.

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 2040².

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-Industrialisation,
- ii. Tourism Development,
- iii. Mineral Development, including oil & gas, and
- 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 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 services³.

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 GDP⁴. 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

² Ministry of Finance, Planning and Economic Development. (2024, June). The Budget Speech Financial Year 2024/25.

³ National Planning Authority. (2024). The NDPIV strategic direction (2025/26–2029/30). National Planning Authority

⁴ 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/>

industrialization and mass exports. Additionally, agriculture plays a key role in ensuring food and nutrition security for the population.

In FY2024/25, the agriculture, forestry, and fishing sector expanded by 6.6%, up from 5.6%, driven by increased production of food crops, cash crops, livestock and fish. Cash crops grew by 9.9%, fueled by higher yields in coffee, cocoa, sugarcane and cotton. Similarly, food crop production of mainly bananas, sweet potatoes, simsim, millet, groundnuts, sorghum and fruits also increased. The fishing sector registered substantial growth of 17.8% from a decline of 2.2% the previous financial year, due to regulated fishing practices which boosted fish stocks and production. Favorable weather conditions, high-quality seedlings, and improved water for irrigation further supported overall sectoral growth

As of December 30, 2024, a total of 9,161 loan applications valued at Shs1.64 trillion were processed through 24 Participating Financial Institutions (PFIs) under the Agricultural Credit Facility (ACF). Of these, 5,336 applications (58%) amounting to Shs1.01 trillion were disbursed, including a government contribution of Shs413.4 billion. Stanbic Bank and DFCU Bank led in disbursements, largely supporting medium to large-scale farmers and agro-processors. The remaining Shs633.59 billion in undisbursed applications is pending further information, under review, or ineligible⁵.

Despite the significance of the agriculture sector, the current allocation of UGX 1.86 trillion for FY 2025/26 down from UGX 1.8783 trillion in FY 2024/25, representing a 0.97% reduction that remains well below the NDP IV target of UGX 2.448 trillion. This underfunding constrains value addition and agro processing.

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

- i. We recommend increasing the allocation to at least UGX 2.448 trillion, with dedicated support for agro-processing hubs to take full advantage of the USD 10 per metric ton export levy on key commodities such as wheat bran, cotton cake, and maize bran.
- ii. 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.
- iii. Additionally, PSFU acknowledges the government's ongoing efforts to resolve Non-Tariff Barriers (NTBs) and Technical Barriers to Trade (TBTs) frequently imposed by neighboring countries, which have hindered regional trade.

⁵ Ministry of Finance, Planning and Economic Development. (2025, June). Budget speech financial year 2025/2026. Government of Uganda. https://www.finance.go.ug/sites/default/files/2025-06/Budget%20Speech%20FY2025%20web_0.pdf

- iv. 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.
- v. 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.
- vi. 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.
- vii. 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.
- viii. 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 sector demonstrated strong recovery in 2024, with international tourist arrivals rising by 7.7% to 1.37 million, up from 1.27 million in 2023. Tourism earnings also increased significantly by 26%, reaching USD 1.28 billion compared to USD 1.02 billion in the previous year. Key achievements included the successful "**Explore Uganda**" international marketing campaigns targeting high-value markets in the USA, Canada, and the United Kingdom. As a result, tourist interest grew by 33% in the UK, 19% in Canada, and 5% in the USA. Domestically, the "**Uniquely Ours**" campaign boosted local tourism, with visits to national parks increasing by 15.7% to 244,843 visitors in 2024.

The government also invested in **modernizing and diversifying tourism products**, including maintaining 1,300 km of trails in protected areas, expanding electric fencing in Queen Elizabeth and Murchison Falls National Parks to 177 km, and upgrading facilities such as the Source of the Nile pier, Uganda Museum, and Namugongo Martyrs' Shrines. Infrastructure developments like the installation of 3,521 meters of climbing ladders and boardwalks in the Rwenzori Mountains, completion of the Kikorongo Equator Monument, and ongoing construction of the Karamoja Museum have also enhanced the tourism experience.

Additionally, the establishment of a **world-class convention center in Munyonyo** has positioned Uganda as a top regional destination for Meetings, Incentives, Conferences, and Exhibitions (MICE), elevating the country's ranking to 7th in Africa for MICE tourism.

In FY2024/25, the East African Community (EAC) launched key initiatives to strengthen regional tourism. A major highlight was the unveiling of the unified regional tourism brand, **"Visit East Africa: Feel the Vibe,"** at the ITB Berlin in March 2025. This brand promotes East Africa as a multi-destination hub, showcasing iconic wildlife, cultural heritage, and lesser-known attractions, with a goal of increasing international tourist arrivals from 8.5 million in 2024 to over 11 million by 2027 under the LIFTED project.

Additionally, the EAC introduced a **free, multilingual online training program** in partnership with the EU and GIZ to enhance tourism sector skills. The program, running from June 2024 to June 2025, covers tourism marketing, sustainable tourism, hospitality management, and tour guiding. Participants receive EAC-certified credentials, with a focus on youth, women, MSMEs, and local communities.

We are pleased with the budget increase for tourism from UGX 289.60 billion to UGX 430 billion earmarked specifically for direct investments in tourism. Additionally, approximately UGX 2.2 trillion has been allocated to complementary initiatives that support the sector, including the development of tourism roads, expansion of ICT infrastructure in tourism zones, construction of facilities for the African Cup of Nations (AFCON), and enhancement of security in key tourist areas. Tourism holds immense potential to generate up to USD 50 billion annually by 2040.

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. substantial investment is still needed in tourism marketing and infrastructure, especially in high-value ecological zones such as Bwindi and Mgahinga national parks, to unlock its full economic and employment potential.
- ii. Uganda's tourism funding boost is welcomed, but transparency, public reports, performance metrics, and anti-corruption measures are crucial for effective use.
- iii. 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.
- iv. 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.

- v. 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.
- vi. 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

The Government has made notable strides in mineral and oil sector development. Ten gold refineries, four cement factories, and a tin processing plant were established, boosting mineral processing capacity. In the oil and gas sector, the Tilenga and Kingfisher projects remain on track for first oil in 2026. A deal was signed between Alpha MBM (UAE) and UNOC to build a 60,000-barrel-per-day oil refinery, expected to generate USD 1–2.5 billion annually once operational.

Significant progress has been made in promoting local content. Of the 5,693 Tier One contracts worth USD 5.4 billion awarded so far, 84% (USD 2.25 billion) went to Ugandan companies. Additionally, local communities in Bunyoro have benefited from USD 33.4 million in spending, while over 14,000 Ugandans have received technical training, leading to 17,000 direct and 39,567 indirect jobs. Kabalega International Airport is near completion, and 700 km of roads have been built in the Albertine region to support oil operations.

The 1,443-km East African Crude Oil Pipeline (EACOP) is 58% complete, with engineering and equipment procurement nearing finalization. Since UNOC began bulk fuel supply in August 2024, Uganda has enjoyed more stable fuel prices and saved an estimated USD 72.8 million annually by eliminating intermediaries.

The allocation of UGX 875.8 billion towards mineral development, including the oil and gas sector, marks a positive step. However, this reflects a 4.9% decrease from the UGX 920.86 billion allocated in FY 2024/25. Persistent challenges include inadequate last-mile infrastructure in industrial parks, with only UGX 308.9 billion earmarked for this critical component. Furthermore, the high commercial lending rate of 17.7% notably higher than Kenya's 15% continues to discourage private sector investment in this capital-intensive industry.

To address these gaps, we recommend establishing a dedicated fund of UGX 400 billion to support industrial park infrastructure and scale up mineral refining capacity. We commend the government for tax incentives like the three-year income tax holiday for startups to encourage new entrants in the sector.

PSFU emphasizes the need for strategic utilization of these funds by focusing on priority projects and promoting public-private partnerships to maximize available resources and technical know-how. Ensuring transparency and accountability throughout implementation is critical, along with actively involving local communities to address environmental and social impacts.

In 2024, global energy demand rose by 2.2%, outpacing the decade's average. Electricity demand surged by 4.3%, driven by extreme temperatures, electrification, and digitalization. Renewables led the supply growth at 38%, followed by natural gas (28%), coal (15%), oil (11%), and nuclear (8%). Emerging and developing economies contributed over 80% of the demand increase, while advanced economies saw a modest 1% rise.

Oil demand growth slowed to 0.8% in 2024, down from 1.9% in 2023. Oil's share in total energy demand dropped below 30% for the first time in 50 years. While road transport oil demand declined especially in China and advanced economies—demand increased in aviation and petrochemicals.

Significant progress has been made in expanding Uganda's energy infrastructure. The country's installed electricity generation capacity has grown to 2,051.6 megawatts, while the transmission network has extended by 874.8 kilometres, bringing the total to 5,140 kilometres. Access to electricity has also improved, rising from 57% in FY 2023/24 to 60%, with over 197,000 new connections made.

Following the Uganda Electricity Distribution Company Limited (UEDCL) assuming electricity distribution responsibilities, the cost of power has dropped by 14%, resulting in annual savings of Shs 250 billion for consumers. Additionally, a favorable tariff of USD 0.05 per kilowatt hour has been established for extra-large consumers using over 1.5 megawatts during off-peak hours.

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.
- 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

Uganda has made significant strides in developing the knowledge economy. The Kiira Vehicle Plant in Jinja is now fully operational, with an annual production capacity of 2,500 vehicles. So far, 41 buses have been produced 29 of which are electric and can travel up to 500 kilometers on a full charge. The plant has signed a letter of intent to supply over 3,700 electric buses to West Africa, created 800 jobs, and has the potential to generate more than 14,000 direct and indirect jobs.

In the pharmaceutical and vaccine sector, the government has invested Shs 724 billion in the Dei BioPharma manufacturing facility in Wakiso. The facility, now licensed by the National Drug Authority, manufactures various generic drugs. Efforts are underway to develop vaccines for the Crimean Congo haemorrhagic fever and Rift Valley virus. The Alfasan facility has been accredited to produce anti-tick vaccines. Makerere University developed a PCR kit

used in over 2 million tests, reducing costs by 50% and saving USD 37 million. Gulu University has also produced rapid testing kits for cassava and sweet potato crop diseases.

Value addition to agricultural products is also progressing. A coffee factory in Ntungamo has started operations, featuring processing lines for instant, roast, and ground coffee. The roastery line is operational, with the others at 50% installation. In Bushenyi, a banana value addition facility is producing products like banana flour for bread, cakes, and baby food. The facility has increased its processing capacity from 14 to 140 metric tons and has started exporting to South Korea, the Middle East, South Africa, Italy, and the USA.

The government has rolled out 36 e-services, including systems for business registration, e-procurement, passports, visas, national IDs, and driving licences. The Uganda Driver Licensing System has significantly reduced processing time to 45 minutes in Kampala and 48 hours upcountry. To support Business Process Outsourcing (BPO), over 50 companies have been licensed, creating more than 10,000 jobs for youth providing international online services.

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 capacity⁶. 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, Innovation, and ICT (the Knowledge Economy) form a key pillar of Uganda's Tenfold Growth Strategy under the NDP IV. Over the next five years, the Government aims to leverage the Fourth Industrial Revolution by integrating STI and ICT into value-added production. Through the Innovation, Technology Development, and Transfer (ITDT) programme, Uganda targets to:

- i. Mobilize at least USD 500 million annually in public and private investments.
- ii. Establish 50 Innovation Driven Enterprises (IDEs), with 10 reaching export markets;
- iii. Raise STI's contribution to GDP to at least USD 10 billion;
- iv. Grow the skilled STI workforce to 500,000.

In FY2025/26, Shs 388.23 billion has been allocated to implement key initiatives such as: fast-tracking investments in the auto, electronics, and vaccine sectors; supporting R&D and ICT-based skills training; completing Kiira Motors' plant setup; scaling banana product commercialization; and setting up a pharmaceutical manufacturing hub.

⁶ <https://ict.go.ug/>

Under the Digital Transformation Programme, by FY2029/30, Government aims to:

- i. Expand broadband coverage (≥ 8 Mbps) from 65% to 70%;
- ii. Improve citizen satisfaction with e-government services from 22.2% to 30%;
- iii. Increase internet usage from 16.5% to 45%;
- iv. Boost annual ICT investment growth from 1.8% to 2.3%.

For FY2025/26, Shs 381.8 billion has been allocated to expand broadband, improve last-mile connectivity, enhance digital broadcasting, remodel post offices for e-service delivery, and scale digital skills and local innovations.

Cross-cutting enablers will support 12 of the 18 NDP IV programmes by reducing investment risks and business costs—covering areas like human capital, governance, infrastructure, urbanization, private sector development, and climate resilience.

In the 2024 Global Innovation Index (GII) rankings, Uganda was positioned 121st out of 133 countries. Uganda ranked 4th among its income group. There were 13.30 million internet users in Uganda at the start of 2024, when internet penetration stood at 27.0 percent. Internet users in Uganda increased by 1.2 million (+10.3 percent) between January 2023 and January 2024.

- i. Uganda was home to 2.60 million social media users in January 2024, equating to 5.3 percent of the total population.
- ii. A total of 33.34 million cellular mobile connections were active in Uganda in early 2024, with this figure equivalent to 67.7 percent of the total population.
- iii. Median mobile internet connection speed via cellular networks: 35.03 Mbps. Median fixed internet connection speed: 12.98 Mbps.

We applaud the government's commitment to advancing Science, Technology, and Innovation (STI) as a key driver of economic growth. A total of Shs 835.98 billion has been allocated to support STI initiatives, including investments in ICT and the creative arts sector. This funding comprises Shs 388.23 billion for STI, Shs 381.75 billion for ICT and digital transformation, and Shs 66 billion dedicated to the creative arts industry.

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.
- 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.

4. OTHER SECTORS IN A SNAPSHOT

4.1 Trade and Commerce

In April 2025, Uganda's merchandise exports rose significantly by 72.1% year-on-year, from USD 644.9 million in April 2024 to USD 1.11 billion. This growth was mainly driven by increased earnings from coffee, electricity, gold, cocoa, sugar, and beer. On a monthly basis, exports rose by 23.5% from USD 899.1 million in March 2025. Excluding coffee and gold, exports increased by 37.2%, indicating broad-based growth.

Coffee export earnings surged by 153.1%, reaching USD 214.4 million in April 2025 due to higher global prices (up 42.3%) and increased volumes. Export volumes rose from 391,307 to 694,318 bags, with strong harvests from Masaka and South-Western Uganda. Italy remained the top coffee buyer (42%), followed by Germany, Spain, India, and Sudan. Regionally, the Middle East was Uganda's top export destination (35.7%), led by the UAE (98.5%), followed by the EAC (24.4%) and the EU (18.5%). Within the EAC, DRC was the top importer.

Merchandise imports also increased by 30.4% year-on-year to USD 1.24 billion, and by 11.2% month-on-month, driven by non-oil private sector imports such as vegetable and animal products, textiles, and mineral products. The EAC was the leading source of imports (32.1%), mainly from Tanzania and Kenya, followed by Asia (32%), the rest of Africa (22.8%), and the Middle East (7.4%). China and India dominated imports from Asia.

Uganda recorded trade surpluses with the Middle East (USD 304 million), EU (USD 158.85 million), and Rest of Europe (USD 4.25 million), but trade deficits with the Rest of Africa (USD 250.14 million), Asia (USD 217.54 million), and the EAC (USD 127.05 million).

4.2 Construction and Real Estate:

Key developments in Uganda's housing sector during FY2024/25 include the continued efforts by the National Housing and Construction Company to increase access to affordable housing. In 2024, 80 housing units were completed, with a target of constructing an additional 2,500 units in the short to medium term. The National Social Security Fund (NSSF) also expanded its real estate portfolio to 3,806 housing units, with 550 units in Temangalo expected to be completed by 2025.

The real estate sector is witnessing growing investor interest, as reflected in a 33% rise in mortgage lending from UGX 526 billion in 2022 to UGX 702 billion in 2023. Looking ahead to FY2025/26, real estate investors are encouraged to capitalize on opportunities presented by Uganda's co-hosting of AFCON 2027 with Kenya and Tanzania. Strategic investment areas include upgrading and expanding housing to international standards, boosting hospitality infrastructure to meet anticipated demand, and enhancing public infrastructure such as roads, ICT systems, and health facilities to support tourism and foreign exchange earnings.

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).⁷ 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.

Challenges within the housing sector include high construction costs, limited access to affordable mortgages, and land ownership issues. Despite concerted efforts to improve access to land ownership, only 30% of land in Uganda is formally titled¹⁰. Additionally, inadequate physical planning has resulted in the proliferation of slum developments.

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

⁷ Africa Housing Finance Yearbook 2023

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:

Uganda's manufacturing sector boasts over 5,000 operational industries, with Jinja standing out as the country's industrial hub, home to over 100 industries. Key industries include steel production, cement, cotton, tobacco, sugar, and breweries. The Uganda Investment Authority (UIA) has played a strategic role in developing and managing a network of industrial parks, such as Namanve, Bweyogerere, Luzira, Kasese, Mbarara, Jinja, Mbale, Soroti, and Karamoja.

The manufacturing sector is largely composed of small and medium enterprises (SMEs), which make up approximately 93.5% of the industry. These SMEs often struggle to achieve economies of scale and face challenges in competing internationally. The manufacturing activities primarily involve end-product assembly and raw material processing, producing low value-added goods such as food and beverages, wood and wood products, textiles, leather, and various forms of fabrication. Manufacturing value-added per capita in Uganda is around USD 27, significantly lower than the USD 57 average for low-income countries and USD 1,277 globally. Additionally, medium and high-technology activities contribute only 13.8% to total manufactured exports, trailing behind regional peers like Kenya and Tanzania.

The Industrialisation Programme under NDPIII aims to expand Uganda's product range, enhance import substitution, and boost export capacity to build economic resilience. The manufacturing sector remains the main driver of industrial activity, contributing over 60% of industrial output and averaging 16% of GDP—surpassing the plan's 10% target.

In FY2024/25, the government allocated UGX 318.37 billion to support key interventions:

Infrastructure Development for Manufacturing:

- i. Progress made on Kabalega International Airport (98% completion), and a land policy approved for Kabalega Industrial Park.
- ii. Continued work on railway projects, including the Tororo-Gulu Meter Gauge Railway and securing funding for the Tororo-Kampala Standard Gauge Railway.
- iii. Advanced 13 electricity transmission projects to support industrial power needs.

Promoting Value Addition:

- i. Uganda signed a framework with Afreximbank to support industrialisation through project financing and launched new factories including steel plants in Iganga and Jinja, and Piston Medical in Namanve.
- ii. Government acquired equity in key value chain companies across pharmaceuticals, textiles, and fruit processing.
- iii. Signed a financing MoU with ACE Global to strengthen commodity trade infrastructure.

Enhancing Market Access:

- i. Uganda leveraged regional and international trade agreements (EAC, COMESA, AfCFTA, EU, India, China).
- ii. Government strengthened 12 embassies to promote trade and investment and held bilateral engagements.
- iii. Launched Uganda's AfCFTA Implementation Strategy and a Free Zones Export Facility at Entebbe for goods headed to West Africa and the Balkans.
- iv. Expanded Uganda Airlines routes to key cities including London and Lusaka.

Strengthening Legal and Institutional Framework:

- i. Passed amendments to the Sugarcane Act and Free Zones Act to enhance self-regulation and merge trade agencies into the Uganda Free Zones and Export Promotions Authority (UFZEPA).
- ii. Rolled out the INVITE programme to support export-ready firms and developed a National Export Development Strategy (2025–2030), prioritizing sectors like agro-industrialization, extractives, and manufacturing with focus markets including the EAC, COMESA, EU, and China.

These efforts are central to Uganda's industrial transformation and aim to drive inclusive growth, job creation, and improved competitiveness in global markets.

4.4 Transport and Logistics:

Transportation and logistics are critical to the economy, serving as its backbone by ensuring the efficient delivery of goods essential for all industries. The efficiency of Uganda's logistics sector directly influences the availability and pricing of commodities, making its performance pivotal to the nation's economic growth. The transport margins for industrial goods are

equally high with estimates ranging between 40%-50%, while the %age of transport costs to the total cost of products in agriculture is estimated at about 60%-70%⁸.

Under the NDPIV, the Government aims to enhance Uganda's transport infrastructure and services through key targets, including:

- i. Reducing travel time in the Greater Kampala Metropolitan Area (GKMA) to 3.5 minutes per kilometre
- ii. Increasing the share of rail cargo from 3% to 20%
- iii. Growing air passenger numbers from 1.96 million to 3.06 million, and cargo volume from 59,072 to 71,777 tons
- iv. Expanding the proportion of paved national roads from 29.5% to 33%, and improving unpaved road conditions

To support these goals, Shs 6,383.6 billion has been allocated in FY2025/26 for the following interventions:

- i. Initiating construction of the Standard Gauge Railway and continuing rehabilitation of the Tororo–Gulu meter gauge railway
- ii. Completing five key bridge projects in Pallisa (Aleles), Kasese (Karujumba), Sironko (Bugibuni Bunadasa), Budaka (Kadokolene), and Tororo (Funguwe Muwafu), among others
- iii. Rehabilitating 451.11 kilometres of District, Urban and Community Access (DUCA) roads across 88 local governments, with 155.16km classified as backlog roads
- iv. Repairing 10 units of equipment at the central and regional mechanical workshops
- v. Maintaining 13 aerodromes nationwide
- vi. Constructing and upgrading 241.4km of national roads
- vii. Rehabilitating an additional 105km of national road network
- viii. Acquiring 711.5 hectares of land to facilitate road infrastructure development

These interventions are designed to boost connectivity, reduce transportation costs, and support inclusive economic growth.

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

⁸ SGR Uganda. (2018). Project Justification; <https://www.sgr.go.ug/project-justification>

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 artists⁹.

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.

In the FY 2025/26 the government has allocated Shs 835.98 billion to support the broader Science, Technology, and Innovation (STI) ecosystem, with targeted investments in ICT and the creative arts industry. Of this, Shs 388.23 billion is dedicated to STI, Shs 381.75 billion to ICT and digitalisation, and Shs 66 billion specifically earmarked for Uganda's creative sector. This significant allocation signals a strong commitment to nurturing the country's creative economy—comprising film, music, fashion, digital content, and visual arts—as a key driver of innovation, youth employment, cultural identity, and export growth. Strengthening this sector will empower local talent, boost creative entrepreneurship, and position Uganda as a vibrant hub for cultural and digital creativity in the region.

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

⁹ 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/>

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 dividend¹⁰.

In October 2024, the East African Community (EAC) launched its Health Sector Strategic Plan (2024–2030) to foster a sustainable and collaborative regional framework for addressing shared health challenges among Partner States. The plan outlines 8 priority areas, 10 strategic objectives, and 42 targeted interventions, supported by a monitoring and evaluation (M&E) framework. Its implementation involves a wide range of stakeholders, including EAC organs and institutions, member states, civil society organizations, research bodies, academic institutions, and autonomous commissions.

To strengthen cross-border health security, the EAC partnered with the International Organization for Migration (IOM) to enhance community engagement and risk communication in border regions. Additionally, the German government pledged €64 million to support EAC health initiatives, with €23 million specifically allocated to pandemic preparedness and the fight against communicable diseases, bolstering the region's health systems and response capacity.

During FY2024/25, significant progress was made in strengthening Uganda's health sector. The Government allocated Shs 721 billion to the National Medical Stores for the procurement of general and essential healthcare supplies, including Shs 100 billion for essential medicines, Shs 116.8 billion for ARVs, Shs 2.9 billion for anti-malarials, Shs 17.8 billion for immunisation supplies, Shs 52.3 billion for laboratory reagents, and Shs 2.1 billion for anti-TB drugs.

In terms of health infrastructure and equipment, key developments included the completion and commissioning of Regional Blood Banks in Hoima, Arua, and Soroti; operationalisation of 16 high-capacity oxygen plants at regional referral hospitals; and ongoing works at Lubowa

¹⁰ 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>

Specialised Hospital, now 68% complete. The Government also upgraded maternity wards and staff housing in newly elevated Health Centre IIIs, distributed 20 digital X-ray machines to general hospitals, and installed CT scans in 14 regional referral hospitals.

Preventive healthcare was prioritised through the nationwide deployment of Community Health Extension Workers, introduction of the malaria vaccine in the routine immunisation programme, and indoor residual spraying in 13 districts, benefiting 2.7 million people. Nutrition, sanitation, and disease prevention education were also enhanced.

Digitisation efforts progressed with the expansion of Electronic Medical Record Systems in national and regional referral hospitals, improving patient management, drug dispensing, and workforce monitoring. The National Ambulance and Emergency Care System was reinforced with additional ambulances.

Looking ahead to FY2025/26, the health sector has been allocated Shs 5.87 trillion to support critical priorities, including functionalising Health Centre IVs, scaling up primary healthcare and community health services, expanding the national e-health infrastructure, promoting reproductive health and nutrition education, strengthening the ambulance and emergency referral system, and continuing the development of specialised facilities for cancer and cardiovascular care.

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, 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 spaces¹¹.

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.

The education sector registered several key milestones in FY2024/25. Access to Universal Primary Education (UPE) reached 9.52 million learners, while 995,116 learners benefited from Universal Secondary Education (USE) and Universal Post O' Level Education and Training. The Higher Education Students' Financing Scheme supported over 5,192 students pursuing degree and diploma programmes, in addition to 4,000 students admitted under Government sponsorship in public universities.

Under the Uganda Intergovernmental Fiscal Transfers (UgIFT) Programme, 166 seed secondary schools were constructed. As part of preparations for CHAN and AFCON 2027, the Government invested Shs 496.8 billion in the construction of Hoima and Akii Bua stadia and other training facilities across the country. Total planned expenditure on these sports infrastructure projects amount to Shs 1.34 trillion. Mandela National Stadium has been upgraded, and the National High-Altitude Training Centre in Teryet, Kapchorwa was commissioned.

To ensure compliance with quality standards, digital school inspection systems were rolled out in all public schools and TVET institutions. To support the professional development of teachers and align with the new minimum qualification of a degree for primary school teachers, the Uganda National Institute for Teacher Education (UNITE) was established. UNITE

¹¹ 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

has enrolled 1,000 students across five campuses and assumed the operations of 23 Primary Teachers' Colleges. Further reforms included the rollout of the Abridged A-Level Curriculum as part of the implementation of the Competence-Based Curriculum, with 357,120 learners completing the 4-year lower secondary cycle and transitioning to A-Level. TVET reforms were also implemented to enhance industry participation, marked by the establishment of a TVET Council, Sector Skills Councils, and a dedicated Secretariat.

For FY2025/26, Government has allocated Shs 5.04 trillion to the education sector. Priority interventions include: continuing the provision of free education under UPE, USE, and Universal Post O' Level programmes; expanding sponsorships and student loans; rehabilitating 120 traditional secondary schools and 31 special needs primary schools; constructing 116 new seed schools and expanding 61 existing ones; recruiting more teachers and support staff; strengthening digital inspection systems for schools; improving textbook-to-student ratios from 1:15 to 1:3; operationalising Bunyoro and Busoga universities; and completing the construction of key sports infrastructure ahead of CHAN and AFCON 2027.

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.

5. CONCLUSION

The fourth quarter of FY2024/25 was marked by moderate but steady economic activity, supported by increased consumer demand, expansion in private sector output, and a stable foreign exchange environment. Key economic indicators such as the Composite Index of Economic Activity (CIEA), Purchasing Managers' Index (PMI), and Business Tendency Index (BTI) reflected sustained confidence and resilience across major sectors including agriculture, construction, manufacturing, and services. However, fiscal pressures persisted, with higher-than-expected government expenditure and shortfalls in non-tax revenues contributing to an elevated budget deficit. To maintain macroeconomic stability and support inclusive growth, policy efforts should focus on enhancing domestic revenue mobilization, controlling public spending, and fostering private sector competitiveness. As the economy strives to meet the ambitious ten-fold growth goal set for 2040, it is imperative to implement robust policies that support consumer spending, enhance financial sector stability, and diversify exports. Encouraging investment, particularly in the oil and gas, mining, and energy sectors, alongside promoting sustainable practices, will be crucial for long-term prosperity.