The Republic of Uganda

THE BUDGET STRATEGY FOR FINANCIAL YEAR 2027/2028

Theme: *Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access.*

Delivered By

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Thursday 10th SEPTEMBER 2026

SPEKE RESORT AND CONVENTION CENTRE, MUNYONYO

PREAMBLE

Your Excellency the President,

Your Excellency the Vice President,

Rt. Hon. Prime Minister,

Rt. Hon. Deputy Prime Ministers,

Honourable Ministers,

Heads of Diplomatic Missions and Members of the Diplomatic Corps,

Members of Parliament,

Cultural Leaders,

Permanent Secretaries,

Resident District Commissioners,

LCV Chairpersons,

Members of Civil Society,

Members of the Private Sector,

Technical Staff from all Ministries, Departments and Agencies of Government,

Ladies and Gentlemen.

Good morning.

A. INTRODUCTION

1. Your Excellency, the Budget Strategy for FY 2027/28 has been prepared in accordance with Article 155 (1) and (2) of the Constitution of the Republic of Uganda and Section 12 (1), (2) and (3) of the Public Finance Management Act, Cap. 171. It sets the strategic direction for preparation of the National Budget.

2. The strategy deepens implementation of the Tenfold Growth Strategy, the Fourth National Development Plan (NDP IV), and the NRM Manifesto for the period 2026 - 2031.

3. Your Excellency, in line with your earlier guidance, the theme of the budget for FY 2027/28 remains: ***"Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access".***

4. The FY 2027/28 budget will prioritise increased production, productivity and expanded access to markets. We aim to finance it largely from our own revenues and private capital, and implement it under strict budget discipline.

5. The FY 2027/28 budget will be distinguished by seven strategic shifts:

   i. **Revenue-led fiscal consolidation:** Domestic revenue mobilization will be placed at the centre of budget formulation by broadening the **tax** base using data and technology to curb revenue leakage, improving compliance and mobilizing complementary financing especially non-tax revenue. The mobilized resources will be prioritized to ATMS, their enablers, and essential public services. Government will contain growth in administrative expenditure, rationalise duplicative activities, strengthen payroll controls, and ensure that growth in recurrent expenditure does not crowd-out development spending.

   ii. **Prudent Management of Oil Revenues:** Manage oil revenues transparently and sustainably in accordance with the PFMA, Cap 171.

   iii. **Mobilization of Private Capital** for the ATMS to boost growth, create jobs and increase household incomes. This will require exploring new and innovative sources of financing by strengthening partnership with the private sector, and improving further the business environment to attract higher levels of foreign direct investment.

iv. **Accelerating the realization of the Tenfold Growth Strategy** through effective implementation of the ATMS and their enablers. This will require strong coordination of public institutions, strong partnership with the private sector, and ensuring policy and implementation consistency.

v. **Putting jobs, exports, and household incomes at the centre of the budget**. Convert higher growth into structural economic transformation, making it export-oriented, generating productive jobs, and fiscally sustainable.

vi. **Wealth Creation Programmes:** Government has invested heavily in wealth creation programmes including the PDM, Emyooga, the Presidential Skilling and Industrial Hubs, among others. This is in line with our agenda of deepening full monetization of Uganda's economy. Government will strengthen the wealth creation programmes to increase production, employment and household incomes.

vii. **Enforcing key budget reforms:** This is meant to strengthen budget discipline, credibility and accountability; improve allocative efficiency, internal controls and audit systems; strengthen procurement and accountability for results; among others.

6. Achieving the above objectives will require mobilizing significant levels of financing, undertaking reforms to improve budget results, and strengthening the implementation of agreed interventions.

B. MOBILISING RESOURCES FOR FY 2027/28

7. Your Excellency, the fiscal strategy for FY 2027/28 is to finance a larger share of Uganda's development from domestic revenues and private capital, while containing non-priority expenditure and borrowing. New borrowing will increasingly be reserved for investments with demonstrable economic returns, while concessional resources already contracted will be absorbed more rapidly.

8. The **resource-led fiscal consolidation strategy for FY 2027/28 and medium term** will include:

(i) Implementation of the Domestic Revenue Mobilization Strategy (DRMS);

(ii) Shifting money to areas that actually deliver results particularly the ATMS and their critical enablers;

(iii) Scaling up existing sources of finance including domestic revenue mobilization, concessional and semi-concessional loans;

(iv) Attracting significant levels of foreign direct investment (FDI) by continuing to improve the business environment;

(v) Co-investment with the private sector through equity partnerships and joint ventures;

(vi) New innovative financing solutions (such as infrastructure bonds, Islamic finance, climate finance, and philanthropy); and

(vii) Scaling up and intensifying non-debt financing structures such as project finance and PPPs.

9. Your Excellency, the specific measures to mobilise resources at the scale required to support high economic growth include the following:

a. Implementation of the Domestic Revenue Mobilisation Strategy (DRMS)

10. In FY 2027/28, Government will move from chasing non-compliance after it occurs to using technology and integrated data to prevent revenue leakage and make compliance easier for honest taxpayers. Government will:

(i) Support the enforcement of digital tax systems, including the Electronic Fiscal Receipting and Invoicing System (EFRIS), Digital Tracking Solution (DTS), against non-adoption, tampering and bypassing;

(ii) Provide funding for a Central Inland Container Depot (ICD) where all imports are received, verified and the due taxes assessed, before being fragmented into over 200 private ICDs, where a lot of revenue is lost;

(iii) Support taxation of e-commerce and digital economy by requiring the Bank of Uganda (BOU) to establish a National Payment Gateway to effectively monitor and tax all digital economy transactions;

(iv) Renegotiate or terminate all Double Taxation Agreements that disadvantage Uganda and limit taxation of services, reinsurance, capital gains, dividends and extractives;

(v) Share data mandatorily and integrate across the whole-of-Government, including National Identification Number (NIN), Birth Registration Number (BRN) data, and strengthen transparency and information-sharing with financial institutions;

(vi) Effectively tax the gold and minerals value chain by strengthening data sharing with Ministry of Energy and Mineral Development (MEMD), Uganda National Mining Company (UNMC), BOU, URA and Refineries;

(vii) Continue to enforce trade order, reduce cash transactions, strengthen sector regulation, improve coordination of MDAs and formalize across sectors in a phased manner;

(viii) Fast-track tax disputes through digital case management, expanded Alternative Dispute Resolution and priority treatment of high-value and long-outstanding cases;

(ix) Secure transit cargo by integrating Regional Electronic Cargo Tracking System (RECTS), Customs declarations and scanners to track consignments from entry to verified exit and automatically flag suspicious movements;

(x) Ensure that those with greatest ability and responsibility to comply do so by strengthening transfer pricing audit skills and intelligence-led compliance for Large Taxpayers, Multinational Enterprises (MNEs) and High Net Worth Individuals (HNWIs) using integrated domestic and international information.

11. Tax policy will support the Tenfold Growth Strategy by closing tax leakages, reducing distortions and ensuring that tax incentives deliver measurable economic value. Government will:

(i) Enforce and scale up digital systems, such as Integrated Revenue Administration System (IRAS), to improve collection of Local Government taxes; and support Local Governments to modernize their online revenue collection systems;

(ii) Establish a system for timely sharing of information between Local Governments and URA on collection of rental and property taxes to enhance compliance;

(iii) Review tax collection methods including staffing in Local Governments;

(iv) Review and revamp the Non-Tax Revenue (NTR) fee rates charged on all Government services to increase the NTR contribution while ensuring that they remain commensurate with the services offered;

(v) Turn incentives for service exporters into an instrument for youth employment, linking them more directly to additional jobs for Ugandans, exports, skills and investment;

(vi) Ensure incentives in Industrial Parks and Free Zones deliver value for money, retaining VAT support that demonstrably generates additional investment, exports and domestic value addition;

(vii) Create a level playing field in the hospitality industry by harmonising VAT treatment of comparable businesses and removing unjustified distortions;

(viii) Ensure preferential import-duty treatment supports Uganda's industrialisation, rationalising Stays of Application and Duty Remission against the jobs, local production, competitiveness and value addition generated for every shilling of revenue forgone;

(ix) Ensure Uganda's mineral wealth delivers a fair return to Ugandans by digitally tracing minerals from production to export, reducing leakage and strengthening revenue mobilisation from the sector; and

(x) Encourage legitimately earned income abroad to come home and work for Uganda by reviewing foreign-sourced income taxation while maintaining strong safeguards against tax avoidance;

b. Shifting money to high-impact growth ATMS areas and service delivery priorities

12. Your Excellency, the planned resources will be deliberately prioritised to the ATMS and their critical enablers to increase productivity, and generate higher economic growth. This will be guided by policy reforms in: land management, procurement and contract management, and prevention of fiscal arrears. A fast-growing economy will generate more revenue to fund future budgets.

13. Funding for activities that demonstrate persistently low economic or service-delivery returns will be reduced or discontinued, with resources reallocated to ATMS priorities and their critical enablers.

c. Prudent management of oil revenue

14. As guided by the Charter for Fiscal Responsibility, a maximum of oil revenue worth 0.8% of the preceding year's non-oil GDP outturn shall be transferred to the Uganda Consolidated Fund to finance the National Budget for development purposes, and the remainder of the oil revenues shall be transferred to the Petroleum Revenue Investment Reserve in accordance with the PFMA Cap 171.

15. Given the finite nature of this resource, it will be critical that oil revenue is used to improve productivity and competitiveness of the non-oil sectors of the economy.

d. Mobilising Private Capital

16. Funding the Tenfold Growth Strategy will require mobilising and leveraging private capital. The interventions include: Public-Private-Partnerships; private equity; attracting significant levels of foreign direct investment; unlocking institutional finance including pensions and insurance, and other innovative financing instruments. These financing sources will be assessed for their affordability and potential for scaling up.

e. Improving loan absorption of concessional loans

17. The portfolio of concessional loans has a very low absorption rate of about 45.5%, leaving about USD 5.51 billion undisbursed by end December 2025. Government will undertake a portfolio clean-up; accelerate land acquisition; procurement and counterpart funding for viable projects; restructure or cancel persistently non-performing loans; and refrain from contracting new loans for projects that have not met minimum readiness requirements.

C. BUDGET REFORMS AND IMPLEMENTATION

18. Your Excellency, realizing budget results will require undertaking further budget reforms in the critical areas of procurement, land acquisition, contract negotiation, project implementation readiness to improve return on investment, strict and timely

monitoring of project implementation, and enforcement of sanctions for non-performance and fraud.

19. The budget strategy for FY 2027/28 will prioritise enforcement of the Charter for Budget Discipline and Accountability, to improve performance management and accountability for results. This is meant to strengthen budget discipline, credibility and accountability, improve allocative efficiency and strengthen internal controls and audit systems.

20. The Charter has non-negotiable rules on: not committing Government without a budget; no supplementary expenditure unless for exceptional circumstances; no accumulation of domestic arrears; not to recruit staff without wage allocation; and not to start implementation of projects when they are not ready.

21. Improving coordination among Government MDAs in implementing Government programmes and building stronger tangible partnerships with the private sector will be prioritised in the execution of the budget for FY 2027/28 and Medium Term.

22. The NDP IV Midterm Review for FY 2024/25 – FY2029/30 will provide the necessary feedback on the areas that need scaling up, and those that are not working. Where necessary, this would trigger changes in budget allocations and further policy reforms to achieve results.

23. The rebasing of GDP will give an indication of the changes in the structure of the economy and the pace of structural transformation. This will further guide economic policy.

24. The FY 2027/28 budget strategy will prioritize the settlement of the existing stock of arrears and prevention of the accumulation of new ones.

D. ECONOMIC PERFORMANCE

25. Your Excellency, the economy is on a high growth trajectory and the macro-economic fundamentals remain strong. Some of the key economic performance indicators are as follows:

    (i) **Uganda's economy continues to grow at a fast rate, estimated to have grown by 6.4% in FY 2025/26,** slightly higher than 6.3% in the previous year. In nominal terms, the size of the economy increased from Shs. 227.9 trillion

(US$61.99 billion) registered in FY 2024/25 to Shs. 250.4 trillion (US$ 69.35 billion) in FY 2025/26.

(ii) **The Shilling vis-à-vis other major currencies has remained stable,** and appreciated by 3.6% against the US dollar in the 12 months to July 2026.

(iii) **Business confidence in the economy continues to improve** with the overall Business Tendency Index (BTI) recorded at 55.7 in June 2026 while the Purchasing Managers' Index (PMI) was 55.5 in July 2026. A score above 50 on these two indices means increasing confidence in the economy.

(iv) **Exports of goods and services increased by 37.4% totaling USD 18.42 billion in FY 2025/26** compared to USD 13.4 billion the previous year, while merchandise (goods) exports grew by 46.4% amounting to USD 15.75 billion in FY 2025/26 compared to USD 10.76 billion in the previous year.

(v) **Foreign Direct Investment (FDI) inflows to Uganda were USD 3.24 billion in FY 2025/26** driven by the near commencement of oil and gas production, while tourism receipts and remittances were USD 1.7 billion and USD 3.03 billion, respectively, in the same period.

(vi) **Uganda's public debt remains sustainable** on account of continued commitment to the implementation of our fiscal consolidation agenda and sustained growth of the economy. **The stock of public debt was equivalent to 54.4% of GDP** during FY 2025/26.

26. The economy is projected to grow at a double-digit rate of **10.2%** in FY 2026/27, driven by the on-set of commercial production of oil and gas, and an average real growth of at least **7%** per annum in the medium term.

27. The continued peace and stability, as well as sound fiscal and monetary policy coordination to maintain macroeconomic stability will provide the bedrock for sustained high economic growth and private sector investment.

E. PROPOSED INVESTMENTS IN STRATEGIC AREAS OF THE ECONOMY FOR FY 2027/28

Overarching Strategic Focus

28. Your Excellency, the FY 2027/28 budget will continue to focus on the ATMS areas prioritizing job creation, export growth and diversification, and wealth creation programmes to improve household incomes. Every major new budget intervention will therefore be assessed against four questions: How many productive jobs will it create? How much will it increase exports or save foreign exchange? How much private investment will it crowd in? And how much will it raise productivity and household incomes?

29. Our strategy is to deepen investment in the **ATMS** to progressively drive the Tenfold Growth Strategy. The ATMS are: **A**gro-Industrialization, **T**ourism Development, **M**ineral-Based Industrial Development, and **S**cience, Technology and Innovation including ICT and Creative Industry. The detailed interventions are as follows:

Agro-industrialisation

30. The focus in agro-industrialisation is on increased production, improved productivity including for smallholder farmers and large-scale agriculture, and value addition for exports. The specific interventions include: Agricultural research, irrigation, extension services, inspection and certification, enforcing quality standards, traceability and market access.

Tourism Development

31. Under this Program, a lot has been done on branding and marketing of Uganda. The priority areas next year and over the medium term, will focus on: increasing investment in infrastructure development of the tourism sites; enforcing hospitality standards and training; and investment in Missions Abroad to promote Economic and Commercial Diplomacy among others.

Mineral-based Industrial Development, Including Oil and Gas

32. The following growth drivers will be prioritized within this Programme: operationalizing the East African Crude Oil Pipeline (EACOP) and constructing auxiliary supportive infrastructure; expediting the construction of the oil refinery and the development

of the downstream petrochemical industry; establishing a framework for transparency and accountability of oil and gas mining activities and revenues to Government; fast-tracking the quantification of mineral deposits; establishing mineral markets and buying centres; and commercialising mining operations and products.

Science, Technology and Innovation (STI), Including ICT and the Creative Industry

33. Government will shift STI financing from isolated research projects to commercialisation of technologies capable of increasing productivity, substituting imports, expanding exports or creating high-value jobs. Priority will be given to strategic industrial value chains, including the pathogen economy; commercial manufacture of viable vaccines, diagnostics and therapeutics; scaling e-mobility and automotive manufacturing; supporting local electronics and industrial-control solutions; strengthening intellectual-property protection; and linking public research financing to clear pathways for industrial production or commercial application.

34. For the creative economy, interventions will concentrate on enforcement of copyright and neighbouring rights, digitisation of intellectual-property administration, development of distribution and monetisation platforms, professionalisation of creative enterprises and support for export-ready music, film, fashion and other cultural products. Public financing for innovation will be milestone-based, with subsequent funding linked to demonstrated technical progress, intellectual property, private-sector participation, production or market uptake.

35. Your Excellency, the ATMS will be supported by continued investment in the **Enablers** and these are:

    i. Peace, Security and Rule of Law;
    ii. Infrastructure Development;
    iii. Irrigation;
    iv. Wealth Creation Funds;
    v. Effective Implementation of the Domestic Revenue Mobilisation Strategy;
    vi. Regional Integration and Export Markets;
    vii. Human Capital Development;
    viii. Administration of Justice; and
    ix. Legislation, Oversight and Accountability.

36. Details of the Enablers are summarized as follows:

Peace, Security and Rule of Law

37. Peace, security and political stability remain a critical enabler for growth, prosperity and socio-economic transformation. Priority will be given to safeguarding national sovereignty, strengthening defence and security capabilities, combating crime, protecting people and their assets, responding to terrorism and emerging threats.

Infrastructure Development (Transport and Energy)

Transport

38. The priority interventions for transport infrastructure in FY 2027/28 include: construction of the Standard Gauge Railway (SGR) and completion of on-going works for the rehabilitation of the Metre Gauge Railway (MGR); construction and completion of on-going works for national road and bridge projects; maintenance of the existing road network.

39. Under water and air transport, priority will be on development and additional capitalisation of Uganda Airlines to acquire more aircraft, to open up more routes for passenger and cargo transportation, and handling capacity. In addition, Kabalega International Airport will also be operationalized, while rehabilitation and upgrading of the existing strategic airports and aerodromes will also be undertaken.

Energy Infrastructure

40. The priority interventions for energy infrastructure in FY 2027/28 will include: investment in new generation capacity to meet the growing energy demand, electricity transmission lines and substations particularly to the industrial parks, growth centres, and other strategic manufacturing areas.

41. The budget strategy will also seek to strengthen Uganda Electricity Distribution Company Limited (UEDCL) to ensure affordable, efficient, and reliable distribution of electricity to consumers.

42. In line with the long-term target of electricity generation of 52,000 MW, Government will seek to diversify the energy mix to ensure sufficient, reliable and affordable electricity for manufacturing targeting 5 cents per kWh, mineral beneficiation, agro-processing, and other value-chains development. Achieving this target will require investment in nuclear energy, hydropower, solar, geothermal and other viable sources.

Irrigation

43. Irrigation will continue to be prioritised to increase production and productivity by reducing dependency on rain-fed agriculture and enabling year-round commercial farming. Public investment will prioritise both micro-small-scale irrigation and supply of bulk water for production. Government will also support investment geared towards value chain development for domestic production of solar powered irrigation systems using local raw materials like lithium.

Wealth Creation Funds

44. Wealth creation programmes have been instrumental in increasing household incomes, creation of productive jobs and poverty reduction. Therefore, Government will continue to finance wealth-creation programmes that demonstrably increase household production, productivity, employment and incomes, with greater emphasis on sustainability, repayment, graduation and measurable results.

Effective implementation of Domestic Revenue Mobilisation Strategy

45. Implementation of the Domestic Revenue Mobilisation Strategy will be critical for realisation of the Tenfold Growth Strategy. This will include tax policy reforms, improving tax administration, increasing capacity of the URA, and addressing tax leakages.

Regional Integration and Export markets

46. Access to bigger and diversified markets for our exports will be important for sustaining high economic growth and increasing incomes for Ugandans. Deepening regional integration and exporting more to regional markets will require continued investment in connectivity such as air transport, ICT infrastructure, modernization of customs infrastructure, cold storage facilities, and Economic and Commercial Diplomacy especially to deal with non-tariff barriers. This will also require deepening the EAC Customs Union and COMESA, and taking full advantage of the African Continental Free Trade Area (AfCFTA).

Human Capital Development (Education, Health, Water and Social Protection)

47. Human capital investment will focus on building a healthy, skilled and productive population through targeted investments in health, education, provision of water, and social protection.

48. Under health, priority will be preventive rather than curative healthcare; sustained investment in functionalising Health Centre IVs, and strengthening primary healthcare and community health services; and continuing with the construction of specialised health facilities for cancer and cardiovascular care, among others.

49. In education, the following will be prioritised: provision of free education under Universal Primary Education (UPE), Universal Secondary Education (USE) and Universal Post-O' Level Education and Training; completing the rehabilitation of traditional secondary schools and special needs primary schools; and operationalisation of the new AFCON 2027 facilities, among others.

50. For water, sanitation and environmental protection, priority will be given to increasing water coverage in both rural and urban areas; Sanitation and Hygiene (WASH) infrastructure; and increasing conservation and protection of forest cover and wetlands.

Administration of Justice

51. Under this programme, priority will be to reduce the time and cost of obtaining justice, accelerating disposal of commercial disputes that constrain businesses, including tying up private capital. The digitization of the court case management systems will continue to improve efficiency of the courts.

Legislation, Oversight and Accountability

52. Parliament plays a critical role in ensuring transparency, predictability and accountability for budget results and effective service delivery. Therefore, strengthening partnership between the Executive and Parliament will enable effective allocation of resources to the key priority areas, support necessary reforms, and strengthen accountability in the implementation of the budget.

Environmental Protection and Climate Change Adaptation

53. Government will continue implementing actions to cushion Ugandans and the economy against disruptive climate change shocks like floods and droughts. Some of the actions will include establishment of early warning systems and restoration of degraded wetlands. Government will also support communities traditionally settled in wetlands to find alternative livelihoods.

F. BUDGET RISKS AND MITIGATION

54. Your Excellency, there are downward risks to be closely monitored, to prevent them from affecting the realization of the objectives outlined in this budget strategy. These include:

i. Low revenue relative to economy: Despite the significant improvement in tax collections from Shs 16 trillion in FY 2019/20 to Shs 36 trillion in FY 2025/26, the ratio of tax to GDP of 14.3% constrains fiscal space. This will be mitigated through stronger tax compliance, closing revenue leakages, and digitization.

ii. Supplementary expenditures weaken budget credibility, divert resources from planned priorities and therefore weaken budget outcomes. They also lead to unplanned borrowing at high cost. In line with the Charter for Fiscal Responsibility, Supplementary expenditures will be only for exceptional circumstances.

iii. Poor project readiness, procurement delays, land acquisition and weak contract management could prevent the budget from translating into physical results. Government is implementing public investment management reforms to improve efficiency of project/programme implementation.

iv. Delays in commencement/ramp-up of petroleum production or lower-than-assumed oil receipts could affect growth and fiscal projections. This will require prioritising the infrastructure for oil production.

v. Unrealistic oil expectations resulting in unsustainable political economy pressures. Oil revenues will be managed prudently and transparently in accordance with the PFMA Cap 171, and the fiscal rule established in the Charter for Fiscal Responsibility.

vi. High domestic borrowing and refinancing risks. The mitigation is by strengthening domestic revenue mobilization, focusing resources on high-impact growth areas, and prudent debt management.

vii. Unpredictable weather patterns as a result of climate change. This will be mitigated by investing in climate-smart agriculture, irrigation, environmental protection including wetlands, and climate resilient infrastructure.

viii. Rising geopolitical tensions, and volatility in global commodity prices. The mitigation is to strengthen local manufacturing for import substitution and diversification of trade networks.

G. CONCLUSION

55. Your Excellency, the FY 2027/28 budget and medium term will accelerate socio-economic transformation, strengthen results, and further improve service delivery. The ultimate objective is to ensure that every shilling of public resources contributes directly to the Tenfold Growth Strategy and full monetisation of the Uganda's economy.

56. Therefore, timely implementation of the necessary budget reforms and actions and ensuring coordination of all actors, including with the private sector, will be an absolute necessity.

I thank you.

For God and My Country.