



POST-ELECTION ECONOMIC AND FISCAL UPDATE



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POST-ELECTION ECONOMIC AND FISCAL UPDATE

**MINISTRY OF FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT**

May 2026

Statement of Economic and Fiscal Policy

This Statement provides an overview of recent macroeconomic developments, and highlights policy actions and emerging issues arising from election-related activities with potential implications for macroeconomic stability and fiscal sustainability.

The macroeconomic environment remained stable during the general elections and the post-election period. Most macroeconomic parameters remain as estimated before the polling date as captured in the Pre-Election and Fiscal Update.

The domestic economy remains resilient despite a challenging global economic environment characterized by subdued global growth, geopolitical tensions, and volatile commodity markets. Economic growth in FY 2025/26 is projected at 6.6 percent as indicated by the high frequency indicators of economic activity that show continued strengthening of domestic activity in the third quarter of this financial year.

Additionally, inflation remained low and stable, while the external position with the rest of the world improved, supported by increased export receipts and sustained foreign exchange inflows from tourism, foreign direct investments (FDI) and remittances.

These developments are indicative of continued progress in the implementation of the Fourth National Development Plan (NDP IV), which focuses on increasing household incomes and improving the quality of life of Ugandans. In addition, they are consistent with the Government's Ten-Fold Growth Strategy aimed at expanding the size of the economy to USD 500 billion by 2040, through strategic investments in productive sectors, infrastructure development, and human capital enhancement.

On the fiscal front, the deficit for this financial year has been revised downwards from 7.8 percent to 7.0 percent of GDP. This adjustment reflects lower than projected expenditure outturns particularly on externally financed projects whose performance remains low.

The successful conclusion of the general elections gives us the opportunity to continue strengthening the efficiency and effectiveness of fiscal policy to increase productivity and speed up the process of socioeconomic transformation in line with Government's aspirations. Major emphasis will be put on investments in Agro-industrialization, Tourism, Mineral-based development (including oil & gas), and Science, Technology & Innovations (ATMS) as well as continued rollout of the Parish Development Model (PDM).

As we continue to set the economy on a tenfold growth trajectory, we are mindful of fiscal and debt sustainability. Therefore, Government will focus on improving domestic revenue mobilization and efficiency of public expenditure to achieve self-sustaining and inclusive growth.



Ramathan Ggoobi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

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1. Introduction

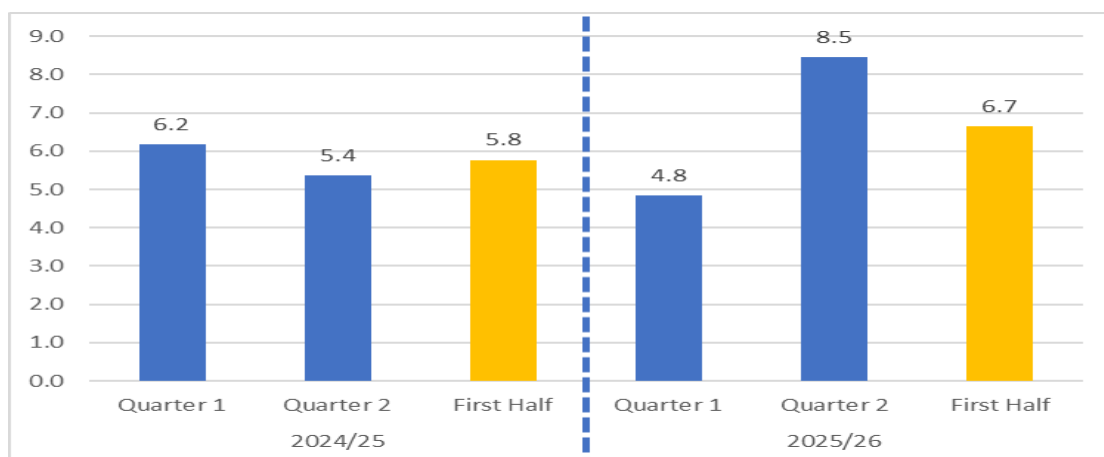
- 1.1 The Public Finance Management Act (PFMA) Cap 171, 2024 requires that the Minister publishes a post-election economic and fiscal update not later than four months after the polling day for a general election.
- 1.2 This update has been written in accordance with this requirement, and its contents are based on;
 - (i) all the policy decisions with economic and fiscal implications that the Government made before the day on which the contents of the economic and fiscal updates were finalized; and
 - (ii) all the other circumstances with economic and fiscal implications which the Ministry was aware of on the day on which the contents of the economic and fiscal updates were finalized.
- 1.3 Therefore, this update provides an assessment of macroeconomic and fiscal developments post-election. Section 1 is the introduction. Section 2 of this update gives a summary of recent domestic and international economic developments. Section 3 discusses Government's fiscal operations for the period January-March 2026 and gives projections for the remaining part of the financial year. Section 4 provides details on expenditure related to the general elections.

2. Economic Performance

Economic Growth

- 1.1 Preliminary estimates from the Uganda Bureau of Statistics indicate that the economy grew by 4.8 percent and 8.5 percent in the first and second quarters of FY 2025/26, compared to 6.2 percent and 5.4 percent in the same periods of FY 2024/25. This results in an average growth rate of 6.7 percent in the first half of FY 2025/26, up from 5.8 percent recorded in the corresponding period of the previous financial year. The strong performance was largely driven by increased aggregate demand, investment, and exports, which boosted production across key sectors of the economy.
- 1.2 The industrial sector expanded by 9.1 percent in the first half of FY 2025/26, up from 6.4 percent in the same period of the previous financial year, supported by increase in manufacturing, construction, and electricity production. The services sector grew by 6.0 percent (from 4.1 percent), driven by activities such as real estate, trade, tourism, financial services, education, and transport. Agriculture, forestry, and fishing grew by 5.9 percent, supported by higher output of cash crops, livestock, and fish, though this was slower than the previous year due to unfavorable weather affecting food crops. Additionally, aggregate demand and investment rose by 15.2 percent and 14.4 percent respectively supported by government programs, improved tourism receipts, and increased foreign direct investment, particularly in oil and gas.

Figure 1:Half Year(H1) FY 2025/26, GDP growth (%)

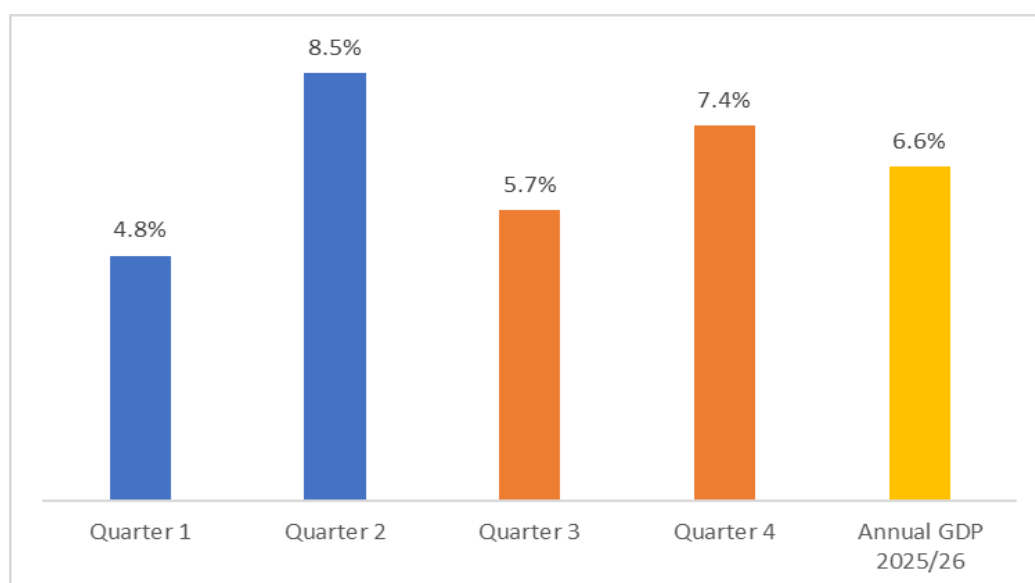


Source: Uganda Bureau of Statistics; Ministry of Finance, planning and economic development (macroeconomic policy department)

1.3 Looking ahead, GDP growth in quarter three and quarter four of this financial year 2025/26 is projected to average 6.6 percent, leading to overall growth of 6.6 percent for the FY 2025/26. The major drivers of this growth are strong aggregate demand, investments and exports, supported by continued implementation of strategic government programs, tourism, oil and gas activities, better weather conditions and a stable macroeconomic environment.

1.4 The trends in high frequency indicators of economic activity points to steady improvement in the level of economic activity in the first three quarters of the financial year. In the period January - March 2026, the Purchasing Managers' Index (PMI) averaged 53.7 which is above the 50 mark- threshold, signaling strong private sector demand, output and employment. Similarly, the Composite index of Economic Activity (CIEA) remained on an upward trend, averaging 184.38 in the period January - March 2026 compared to 172.06 in the same period of the previous year, indicating improvements in economic performance.

Figure 2: Annual GDP growth, FY 2025/26 (Q3, Q4 and Annual GDP are projections)



Source: Uganda Bureau of Statistics; Ministry of Finance, planning and economic development (macroeconomic policy department)

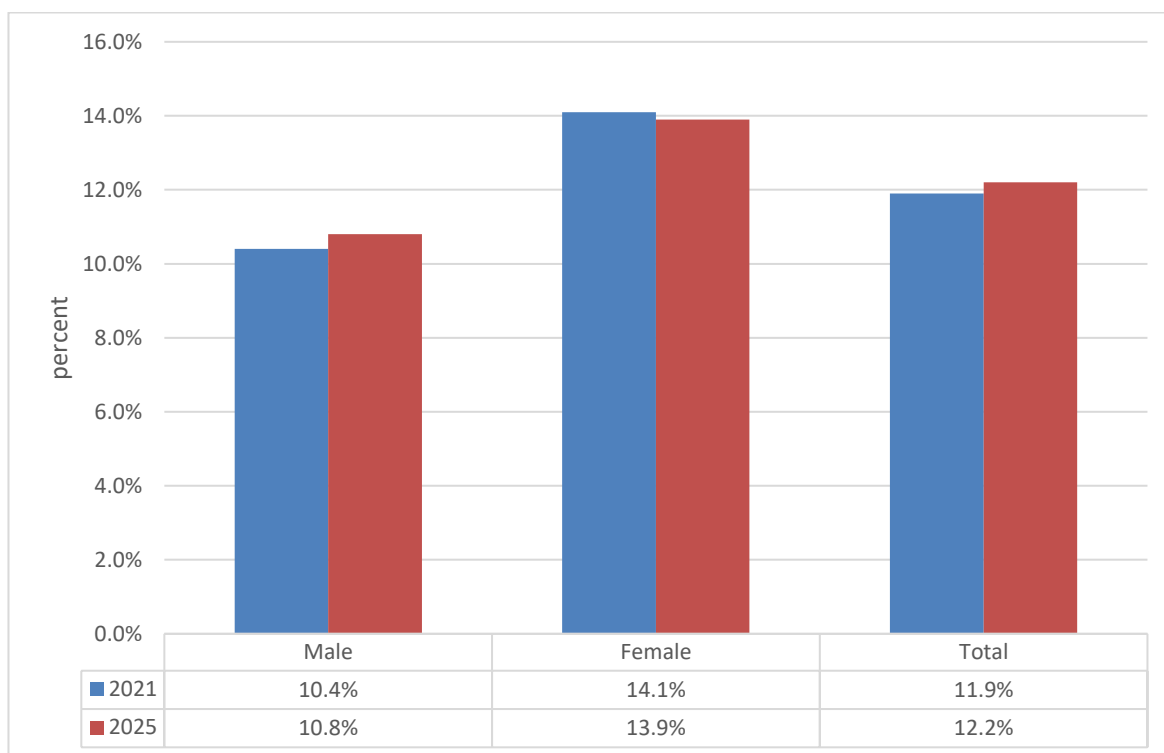
- 1.5 Downside risks to the projected GDP growth include supply chain disruptions, currency depreciation and increase in prices (mainly fuel prices) due to the ongoing global geopolitical tensions.

Employment

- 1.6 The April 2026 update from UBOS on labor market survey shows that the unemployment rate in Uganda marginally increased to 12.2 percent in 2025, up from 11.9 percent in 2021. The increase in unemployment was mostly registered under working-age male population, where the rate increased from 10.4 percent to 10.8 percent. On the other hand, the unemployment rate of the female working age population declined from 14.1 percent in 2021 to 13.9 percent in 2025. This is partly due to structural shifts in labour demand during the period, potentially driven by accelerated growth in services

and trade sectors which traditionally absorb a high proportion of female labour, contrasting with temporary transitions in male-dominated informal sectors.

Figure 3: Trends in unemployment rate



Source: Uganda Bureau of Statistics (UBOS)

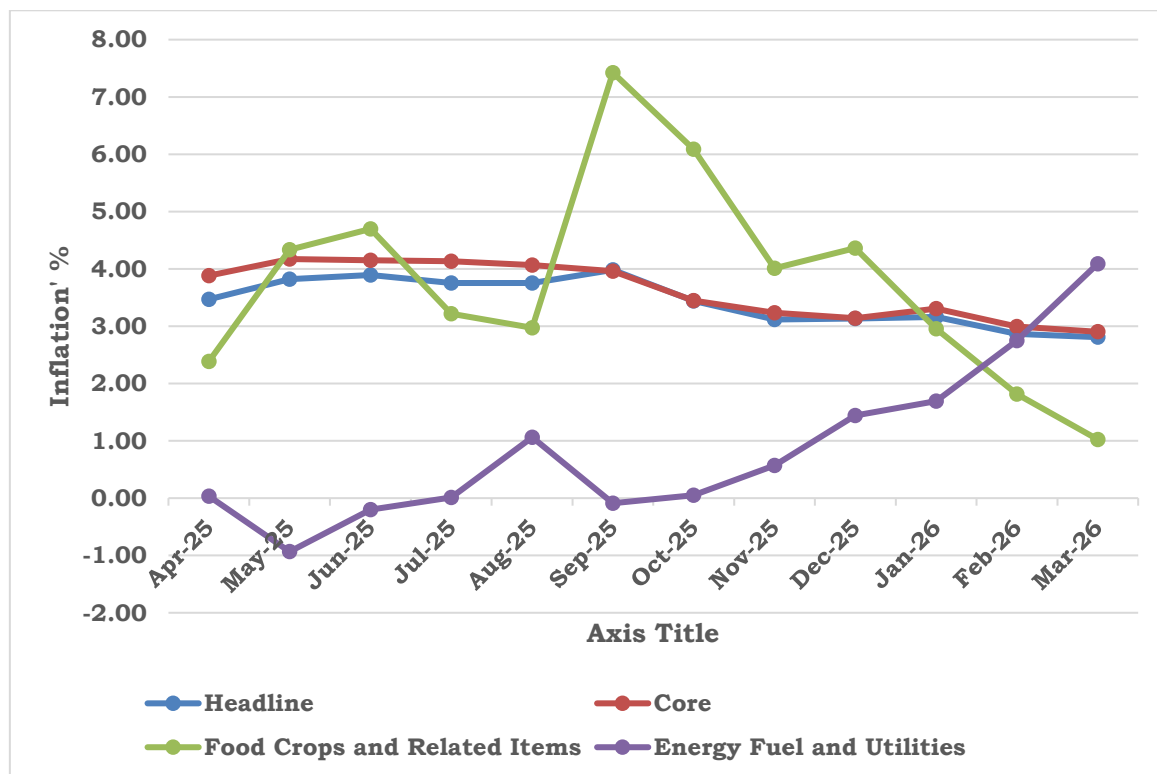
Annual Inflation

- 1.7 Inflation has remained low and stable, with annual headline inflation averaging 3.6 percent in 2025 and declining further to an average of 2.9 percent in the first three months of 2026. This is below the Bank of Uganda’s policy target of 5.0 percent, reflecting prudent monetary policy, stable food prices, and relatively stable exchange rate conditions. The low inflation environment has supported purchasing power and macroeconomic stability, boosting investment and aggregate demand.
- 1.8 More precisely, inflation rate has been coming down since the conclusion of the general elections. Annual headline inflation

declined from 3.2 percent in January 2026 to 2.8 percent in March 2026. This also applies to annual core inflation and annual food crops inflation both of which declined from 3.3 percent and 3.0 percent in January 2026 to 2.9 percent and 1.7 percent in March 2026, respectively.

1.9 On the other hand, the geopolitical tensions in the middle east have resulted in rising global prices for petroleum products. As a result, the annual Energy, Fuels and Utilities (EFU) inflation rose from 1.7 percent in January 2026 to 4.1 percent in March 2026.

Figure 4: Inflation for April 2025 – March 2026



Source: Uganda Bureau of Statistics

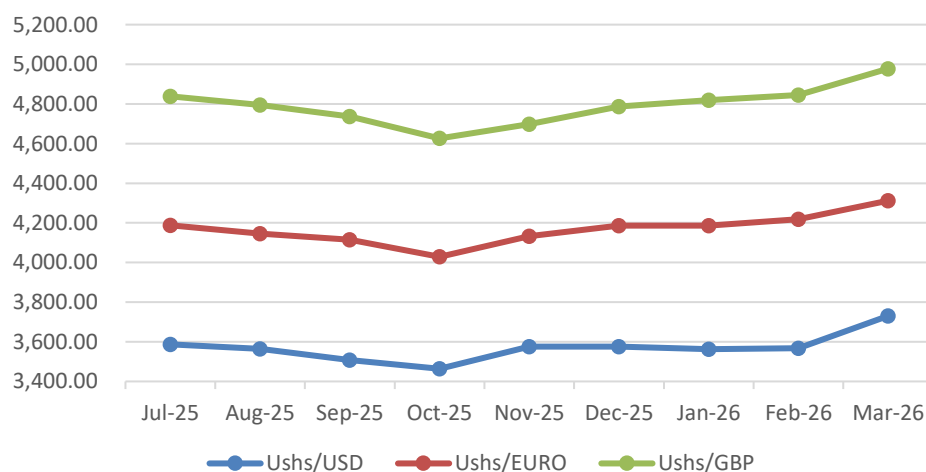
Exchange Rate

1.10 The Uganda shilling has remained stable with a bias towards appreciation for the largest part of this financial year, with no major impact observed due to the elections processes. From

the start of this financial year to February 2026, the Ugandan Shilling appreciated by 0.5 percent against the US dollar having traded at an average mid-rate of Shs 3,568.23/USD in February 2026 compared to Shs 3,586.27/USD in July 2025. This was due to increased foreign exchange inflows from coffee exports, tourism receipts, Foreign Direct Investment (FDI) and remittances.

1.11 However, these gains against the USD reversed in March 2026 with the average midrate reaching Shs 3,730.53/USD. This was due to increased demand for the US Dollar from corporate entities and from importers who are paying more due to the global supply chain disruptions (increased costs in freight and insurance), mainly arising from the escalating tensions in the Middle East and the feed through effect on the global economy.

Figure 5: Exchange Rate against the US Dollar



Source: Bank of Uganda

Interest Rates

1.12 The Central Bank Rate (CBR) remains unchanged at 9.75 percent, a level maintained since October 2024. This sustained monetary policy stance underscores Government's

commitment to maintaining price stability while supporting macroeconomic stability and economic growth.

- 1.13 In the third quarter (January–March 2026), the weighted average lending rate on Shilling-denominated credit declined slightly to 18.65 percent in Q3 from 18.71 percent in Q2, while that on foreign currency-denominated credit decreased to 6.98 percent from 7.96 over the same period.
- 1.14 The decline in lending rates for the Shilling-denominated credit was attributed to improved liquidity conditions in the domestic money market and stable inflation expectations while the decline on the foreign currency-denominated credit was mainly due to easing global interest rate pressures.

Private Sector Credit

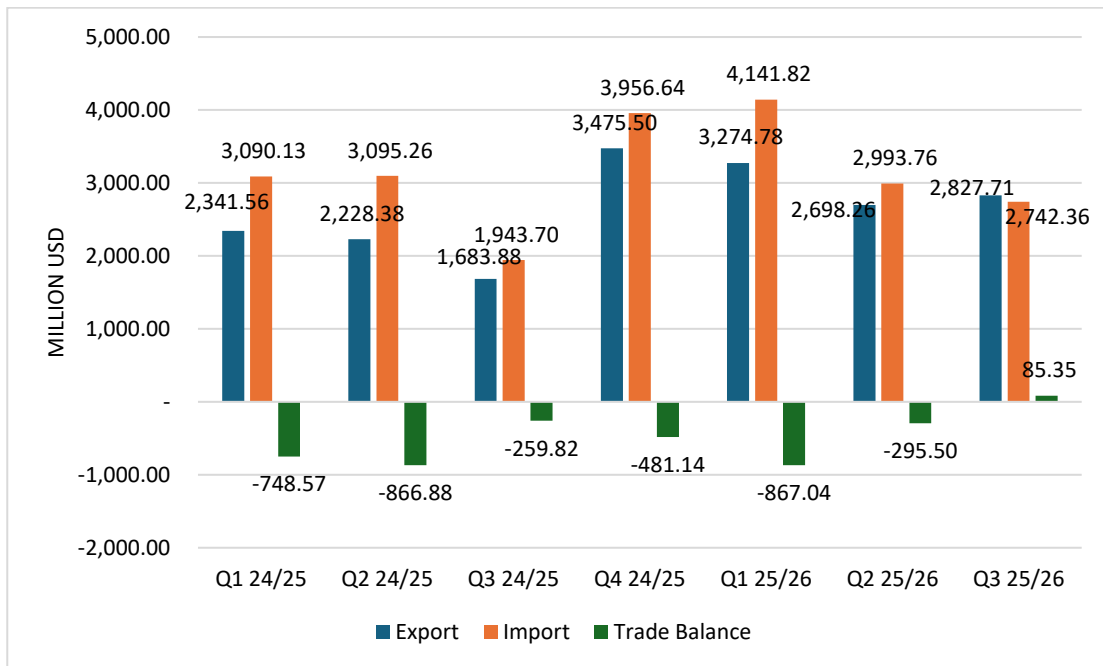
- 1.15 The stock of outstanding private sector credit grew by 2.7 percent to Shs 76,770.15 billion for the third quarter (January–March 2026) compared to Shs 74,725.32 billion recorded in the second quarter (October–December 2025).
- 1.16 During the quarter, loans worth Shs 4,834.55 billion were approved for disbursement to the private sector by various lending institutions. Most of this credit was extended to personal and household sector, followed by the trade sector, business service and building, construction & real estate sectors.
- 1.17 Notably, the average ratio of Non-performing Loans (NPLs) to total gross loans reduced from 3.6 percent at the end of September 2025 to 3.2 percent at the end of December 2025 as the capacity of borrowers to service their loans continues improving owing to better levels of economic activity.

Merchandise imports and exports

- 1.18 On a year-on-year basis, merchandise exports registered a growth of 57.0 percent, increasing to USD 4,261.63 million in the period January to March FY 2025/26 from USD 2,715.01 million in the corresponding period the previous year. This growth was largely driven by an increase in non-coffee formal exports, particularly gold, which rose by 151.4 percent to USD 2,583.46 million from USD 1,027.63 million.
- 1.19 Similarly, the merchandise import bill grew by 36.5 percent, rising from USD 3,103.21 million to USD 4,234.92 million in the period under review. This increase was mainly attributed to formal private sector imports, particularly non-oil imports, which expanded by 40.8 percent, supported by increased domestic demand and recovery in business activity.
- 1.20 Compared to Q2 of FY2025/26 (October to December 2025), export earnings grew by 2.3 percent, increasing from USD 4,167.85 million to USD 4,261.63 million in Q3 (January - March) of the same financial year. In contrast, merchandise imports declined by 7.7 percent, from USD 4,586.12 million to USD 4,234.92 million over the same period.
- 1.21 The growth in export earnings was primarily driven by higher receipts from maize, oil re-exports, electricity, flowers among others. Meanwhile, the decline in imports was largely attributed to reduced import volumes of commodities such as textile and textile products, prepared food stuffs and tobacco, mineral products (excluding petroleum products) among others.

1.22 As a result, the merchandise trade balance improved from a deficit of USD 418.27 million in October to December (Q2) FY 2025/26 to a surplus of USD 26.71 million in January to March (Q3) FY 2025/26. This improvement was mainly due to growth in exports compared to the previous quarter, which more than offset the decline in imports.

Figure 6: Exports, Imports and Trade balance



Source: Bank of Uganda

Foreign Direct Investment (FDI)

1.23 Foreign Direct Investment (FDI) inflows declined by 6.8 percent to USD 737.80 million in Q2 FY 2025/26 from USD 791.88 million in the corresponding period of the previous financial year. The decline in the FDI was modest when compared to the previous election periods which always registered much faster decline in FDI. For example, FDI declined by 8.6 percent in the quarter preceding the 2021 general elections and by 30.3 percent in the quarter preceding the 2016 general elections.

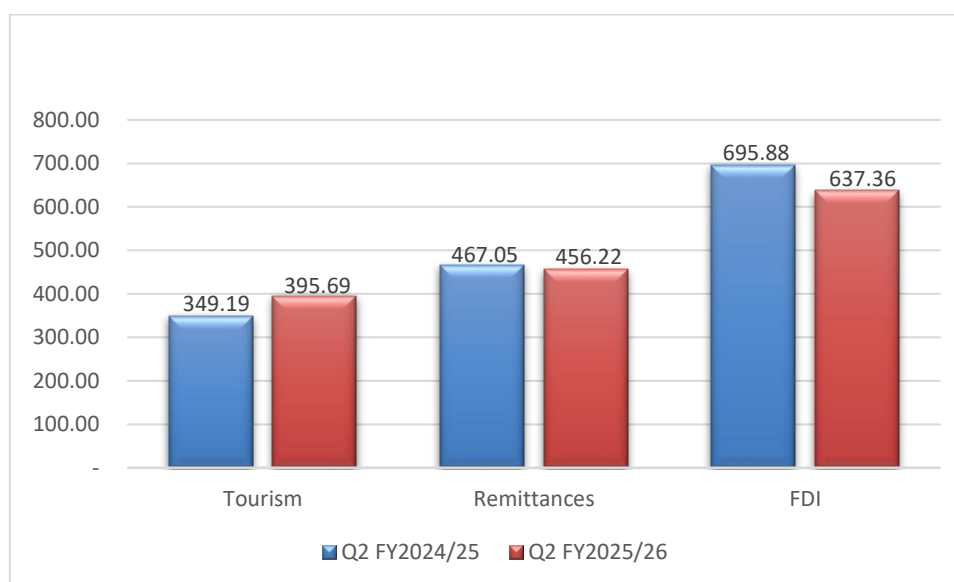
Remittances

1.24 Similarly, remittance inflows from the Ugandan diaspora decreased by 2.3 percent to USD 456.22 million in Q2 of FY 2025/26 from USD 467.05 million in Q2 of FY 2024/25. This decline was mainly driven by weaker economic conditions in key source countries, including the Middle East and Europe, which affected the earning capacity of workers abroad.

Tourism

1.25 Tourism receipts grew by 13.3 percent, increasing to USD 395.69 million in Q2 of FY 2025/26 from USD 349.19 million in Q2 of FY 2024/25. This growth was mainly driven by higher spending per visitor and longer stays, supported by rising international arrivals and stronger demand for high-value leisure travel.

Figure 7: Tourism, Remittances and Foreign Direct Investment (FDI)



Source: Bank of Uganda

3. Fiscal Performance

Overview

3.1 Preliminary data show that Government operations in the third quarter of FY 2025/26 resulted in a fiscal deficit (net borrowing) of Shs 3,740.11 billion, which is lower than the initially planned deficit of Shs 4.337.20 billion for the quarter. This was mainly on account of lower than planned expenditure during the quarter, which more than offset the impact of the shortfalls in domestic revenues and grants.

Table 1:Fiscal operations in Q3 FY2025/26

QUARTER THREE FY2025/26	Budget	Outturn	Performance	Deviation
Revenue (including grants)	9,335.30	8,542.80	91.5%	(792.51)
Domestic Revenues	8,714.52	8,463.27	97.1%	(251.25)
Taxes	7,890.25	8,011.25	101.5%	121.00
Other revenue (Non-tax revenue)	824.27	452.02	54.8%	(372.25)
Grants	620.78	79.52	12.8%	(541.26)
Project grant	620.78	79.52	12.8%	(541.26)
Expenses	11,478.82	10,500.49	91.5%	(978.33)
Compensation of employees	1,406.21	1,402.46	99.7%	(3.75)
Wages and salaries	946.29	970.43	102.6%	24.14
Allowances	263.84	255.63	96.9%	(8.21)
Other employee Costs	196.09	176.41	90.0%	(19.68)
Purchase of goods and services	2,372.47	2,178.34	91.8%	(194.14)
Interest	3,806.16	3,823.24	100.4%	17.07
Domestic	3,260.55	3,510.11	107.7%	249.56
External	545.61	313.12	57.4%	(232.49)
Grants	3,183.50	2,846.85	89.4%	(336.65)
Social benefits	347.73	135.03	38.8%	(212.69)
Other expense	362.75	113.27	31.2%	(249.48)
Gross operating balance	- 2,143.52	- 1,957.70	91.3%	185.82
Net operating balance	- 2,143.52	- 1,957.70	91.3%	185.82
TRANSACTIONS IN NONFINANCIAL ASSETS:				
Net Acquisition of Nonfinancial Assets	2,193.69	1,782.41	81.3%	(411.28)
Fixed assets	2,136.74	1,757.28	82.2%	(379.46)
Nonproduced assets	56.94	25.13	44.1%	(31.81)
Net lending / borrowing	(4,337.20)	(3,740.11)	86.2%	597.10
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
Net acquisition of financial assets	-	- 3,462.36	0.0%	(3,462.36)
Domestic	-	- 3,462.36	0.0%	(3,462.36)
Foreign	-	-	0.0%	-
Net incurrence of liabilities	4,337.20	2,081.31	48.0%	(2,255.89)
Domestic	2,351.81	2,193.09	93.3%	(158.73)
Foreign	1,985.39	- 111.78	-5.6%	(2,097.17)
Errors and Omissions	-	1,803.56		1,803.56

Source: Ministry of Finance Planning and Economic Development

Revenue

3.2 During the period January to March 2026 (Q3), total revenue collections (including grants) amounted to UGX 8,542.80 billion, representing a 91.5 percent performance rate against the quarterly target of UGX 9,335.30 billion, thus recording a shortfall of UGX 792.51 billion. Shortfalls were recorded under both grants and domestic revenues.

Domestic revenue

3.3 Domestic revenue collections achieved a 97.1 percent performance rate against the target of Shs 8,714.52 billion, translating into a shortfall of Shs 251.25 billion. This underperformance was largely attributed to lower-than-target collections from other revenues (non-tax revenue).

3.4 Other revenue (non-tax revenue) registered a shortfall of Shs 372.25 billion against the target of Shs 824.27 billion. This was mainly due to lower-than-expected collections in the form of mining fees and royalties as well as lower than anticipated collections from police express penalties, among others.

3.5 Tax revenue collections on the other hand, recorded a surplus of Shs 121.00 billion against the target of Shs 7,890.25 billion. This performance was largely driven by higher-than target performance in taxes on goods and services as well as taxes on incomes, profits, and gains during the month.

Grants

3.6 Total grants received during January to March 2026 amounted to Shs 79.52 billion against the target of Shs 620.78 billion. The lower than anticipated budget support grant disbursements partly stem from compliance and

administrative delays in meeting project-specific milestones. To remedy this, the Ministry is strengthening oversight frameworks to accelerate project execution and trigger timely disbursements.

Expenditure

- 3.7 Total government expenditure (expenses plus acquisition of non-financial assets) in Q3 FY 2025/26 amounted to Shs 12,282.90 billion against the planned Shs 13,672.51 billion. Both expenses (current spending) and acquisition of non-financial assets (development spending) performed below their respective programs for the quarter. This was partly due to frontloading of expenditure in Quarter two (Q2) of FY 2025/26 to fund preparations for elections, cater for infrastructure, etc. This resulted in the funds released for Quarter three (Q3) of FY 2025/26 to be less than initially programmed, thus the lower expenditure outturns.
- 3.8 Total expenses amounted to Shs 10,500.49 billion against a target of Shs 11,478.82 billion, translating to a performance rate of 95.3 percent. The shortfall was largely under purchases of goods and services, grants, and other expense categories.
- 3.9 Expenditure on the acquisition of non-financial assets amounted to Shs 1,782.41 billion against a planned target of Shs 2,193.69 billion, translating into an outturn of 81.3 percent of the quarterly target. This underperformance was largely attributed to implementation challenges in externally financed development projects, particularly delays in meeting counterpart funding obligations and protracted procurement procedures, which slowed down project execution and disbursement.

3.10 The major objective of government in FY2025/26 is to support economic growth and socio-economic transformation under the Ten-Fold Growth Strategy which focuses on Agro-industrialisation, Tourism Development, Mineral development, and Science, Technology and Innovation (ATMS) as key drivers of accelerated growth. As such, Government released the following funds in the third quarter of FY 2025/26 for this purpose.

- i. Agro-industrialisation was allocated Shs 167 billion to support agro-industrial research and innovation, including the initial rollout of the anti-tick vaccine, as well as operational activities and other critical programme interventions.
- ii. Tourism development was allocated Shs 32.8 billion to support tourism promotion and development initiatives, including the “Explore Uganda” campaign and the development of the Uganda Martyrs Shrine at Namugongo.
- iii. Mineral-based industrial development, including oil and gas, was allocated Shs 469.69 billion to support the continued implementation of interventions aimed at fast-tracking first oil.
- iv. Science, Technology and Innovation, including ICT and the creative industries, received Shs 166.15 billion to support the expansion of internet connectivity and the digitisation of the economy.
- v. Infrastructure was allocated Shs 2,198.51 billion to fund road construction and maintenance, support Uganda Airlines, Uganda Railways and the Standard Gauge

Railway, rural electrification, power transmission lines, etc.

Overall Deficit and Financing

3.11 The overall fiscal deficit (net borrowing) from Government operations in the third quarter of FY 2025/26 amounted to Shs 3,740.11 billion. This financing requirement was mostly met through domestic borrowing.

4. Election Related Spending

- 4.1 Total funds required by the various Ministries, Departments and Agencies (MDAs) involved in preparation and conduct of the general elections for the whole electoral roadmap was Shs 1,238.751 billion. The biggest share of this amount (Shs 838.71 billion) was required by the Electoral Commission.
- 4.2 Shs 76.121 billion was budgeted and released for election related activities in FY2023/24. Shs 312.401 billion and Shs 1,308.107 billion was budgeted for election activities in FY2024/25 and FY2025/26 respectively bringing the total to Shs 1,696.629 billion. This entire amount of Shs 1,696.629 billion was released to the various MDAs involved in elections.
- 4.3 The variance between the initial total requirement and actual releases reflects supplementary allocations driven by emergent security requirements and inflationary adjustments in logistical procurement.
- 4.4 As of April, 2026, Shs 1,508.461 billion had been spent on elections. Of this amount, Shs 1,146.791 billion was spent by the Electoral Commission. Table 2 below shows the details of the financing of the electoral process as of April 2026.

Table 2: Election Financing as at April 2026 (Billion Shillings)

Ministry, Department and Agency (MDA)	Total Requirement	Budget FY 2023/24	Budget FY 2024/25	Budget FY 2025/26	Total Funding to date	Total Releases to date	Total expenditure
Electoral Commission	838.71	76.121	312.401	919.687	1,308.21	1,308.21	1,146.79
Uganda Police Force	360.034	0	0	373.441	373.441	373.441	347.918
Uganda Prisons Service	40.007	0	0	14.979	14.979	14.979	13.753
Grand Total	1,238.75	76.121	312.401	1,308.11	1,696.63	1,696.63	1,508.46

Source: Ministry of Finance, Planning and Economic Development

4.5 The activities of the different Ministries, Departments and Agencies (MDAs) involved in the electoral process are summarized in table 3 below.

Table 3: Roles played by the different MDAs in the election process

Institution	Roles in the General Elections
Electoral Commission	<ul style="list-style-type: none"> ▪ Issuing gazette notices ▪ Publicity and voter education ▪ Production and display of voter location slips procurement of all materials required including the Biometric Verification System ▪ Packing, dispatching and retrieval of polling materials ▪ Conducting of elections in all Administrative Units among others.
Uganda Police Force	<ul style="list-style-type: none"> ▪ Ensuring security at the polling stations ▪ Escorting officials distributing and collecting polling materials ▪ Enforcing law and order during the election period among others.
Uganda Prisons Services	<ul style="list-style-type: none"> • Managing the increased number of inmates caused by the euphoria surrounding the elections

5. Conclusion

The post-election economic environment remained stable as the economy continued to demonstrate resilience, supported by strong growth, low inflation and stable currency.

Going forward, Government of Uganda continues to focus on policy priorities that strengthen domestic revenue collection, maintaining fiscal discipline, supporting private sector development, and promoting export diversification. Additionally, preparations for oil production have been carefully managed to ensure that resource revenues contribute to sustainable and inclusive growth.

Overall, maintaining macroeconomic stability and policy consistency will be critical in sustaining Uganda's growth trajectory and achieving its long-term development objectives.



MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT



Plot 2-8 Apollo Kaggwa Road,
P.O.Box 8147, Kampala, Uganda.
www.finance.go.ug

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