JOINT CIVIL SOCIETY POSITION PAPER ON THE NATIONAL BUDGET FY2026/27

Presented by ACODE and CSBAG at the National Budget Conference for FY2026/27
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Introduction

As Civil Society Organizations (CSOs) and partners in the Budget Transparency Initiative (BTI), we greatly appreciate the Government of Uganda, particularly the Ministry of Finance, Planning and Economic Development (MoFPED), for providing space for non-state actors to actively participate in the national planning and budgeting processes. This commitment reflects government's openness to inclusive governance, transparency, and accountability.

We acknowledge the positive achievements in maintaining inflation below 5%, sustaining macroeconomic stability, and implementing reforms to support economic growth. The FY 2026/27 budget is especially critical as it marks the second year of implementing the Fourth National Development Plan (NDP IV, 2025/26–2030/31) and the rollout of the Tenfold Growth Strategy. The strategy aims to grow Uganda's GDP from USD 50 billion in FY 2022/23 to USD 500 billion by 2040. Achieving this target requires average annual growth of 12%—a level that cannot be reached through business-as-usual approaches but through bold, strategic, and disciplined policy and budget execution.

This joint paper by ACODE and CSBAG highlights key challenges and opportunities, backed by evidence and citizen voices, and provides recommendations to ensure that the FY 2026/27 budget delivers inclusive, equitable, and sustainable development.

Key Issues

1. Uganda's Growing Debt Burden: A Call for Prudent Debt Management

Uganda's public debt stock has risen steadily, standing at UGX 110 trillion (USD 30.19 billion) by March 2025, up from USD 29.06 billion in December 2024. This translates into a debt-to-GDP ratio of 52%, slightly above the government's target of below 50%. The implications are profound: debt servicing now consumes between 25% and 40% of domestic revenues, crowding out investments in health, education, agriculture, and infrastructure.

Debt has largely financed infrastructure projects. However, weak project appraisal, delayed execution, and reliance on expensive, non-concessional borrowing mean returns have been low. Some projects have failed to generate expected economic growth, undermining Uganda's ability to sustainably service debt.

Recommendations

- Rebalance the debt portfolio toward concessional financing from multilateral institutions with lower interest rates and longer grace periods.
- Avoid high-cost, non-transparent loans from commercial sources.
- Improve project appraisal, monitoring, and evaluation to ensure borrowed funds yield measurable economic and social returns.
- Negotiate better debt terms and lower interest rates with creditors.

2. Enhancing Domestic Resource Mobilization: Closing the Fiscal Gap

The Uganda Revenue Authority (URA) exceeded its revenue targets in FY 2024/25 with a UGX 262.43 billion surplus. However, the expiry of the Domestic Revenue Mobilization Strategy (DRMS) 2019/20–2023/24 leaves a vacuum in policy direction at a time when Uganda's resource needs are rising. The gap undermines revenue mobilization just as demand for public services—health, education, infrastructure, climate action—is growing.

In addition, Uganda's tax base remains narrow, with widespread exemptions and large informal sectors such as artisanal and small-scale mining remaining untapped. Local government compliance with district development planning is also weak—only 43% of local governments have approved plans, and just 11% have submitted physical development plans—limiting efficient resource allocation.

Recommendations

- Fast-track a new DRMS aligned with the 2026–2030 Charter of Fiscal Responsibility.
- Broaden the tax base, rationalize exemptions, and strengthen tax administration systems.
- Support the formalization of artisanal and small-scale miners by reducing costly requirements such as statutory fees and environmental impact assessments.
- Strengthen collaboration between URA and local governments to share data, curb evasion, and improve compliance.
- Enforce compliance by local governments in timely submission of district development and physical plans to support integrated planning.

3. Effective Utilization of Oil Revenues

Commercial oil production is expected to commence in July 2026, generating UGX 3.67 trillion in its first year and rising to UGX 8.5 trillion by 2029. Oil has the potential to raise Uganda's growth rate to 10.4%. However, without strong governance, oil wealth could become a resource curse, undermining inclusive development.

Recommendations

- Finalize and operationalize the Petroleum Revenue Investment Reserve Policy under the Bank of Uganda.
- Ensure oil revenue management under PFM 2015 is transparent, with strong parliamentary oversight.
- Invest revenues in infrastructure, education, health, and climate resilience to achieve long-term benefits.
- Support local content development by building the capacity of Ugandan firms and workers to benefit from oil-sector opportunities.

4. Inequality and Regional Underdevelopment

Uganda's development path reflects stark regional disparities. The Northern Region continues to face deep structural challenges. Poverty levels remain disproportionately high in West Nile (42%) and Lango/Acholi (35%), far above the national average of 16.1%. These figures highlight a persistent cycle of deprivation that constrains opportunities for sustainable livelihoods, education, and social mobility across northern communities.

Within this broader context, Karamoja, with 1.5 million people (3% of Uganda's population), stands out as the most underdeveloped sub-region. Poverty rates soar at 74.2%, the highest in the country. Literacy remains as low as 25.4%, while attendance in early childhood education is just 8.3%. The demographic burden is significant: over half of the population is below 18 years, yet 57% are Not in Employment, Education, or Training (NEET).

Despite these challenges, Karamoja's budget allocation has stagnated at 4%, with per capita allocations 17% below the national average. Chronic underfunding of agriculture and infrastructure has entrenched structural poverty and weakened resilience, reinforcing the region's vulnerability to shocks such as drought, food insecurity, and conflict spillovers.

Recommendations

- Increase Budget Allocation to Priority Sectors; Raise public investment in agriculture and infrastructure in Karamoja to align with the region's development needs. This includes expanding access to climate-resilient farming inputs, rural roads, and water infrastructure that support livelihoods and long-term resilience.
- Adopt Equity-Based Budgeting: Implement a needs-based allocation formula that goes beyond per capita considerations to reflect Karamoja's

higher poverty levels, service delivery gaps, and structural vulnerabilities—ensuring more targeted and impactful public spending.

- Prioritize Karamoja, West Nile, Lango/Acholi and Rwenzori sub-regions for climate affirmative action and livelihood programs.

5. Enhance Climate Change Financing

Uganda has made notable progress in wetland restoration, with coverage reaching 9.3% in 2025, just below the national target. Yet climate change remains a severe threat. Floods, droughts, landslides, and heatwaves increasingly endanger lives and disrupt agriculture, which supports nearly 70% of Ugandans, deepening poverty and inequality. Despite this, only UGX 520 billion—less than 1% of the FY 2025/26 budget—is allocated to climate and environmental management, far below the UGX 105 trillion ($28 billion) needed by 2030 to meet Uganda's NDC commitments.

Regions such as Karamoja, West Nile, and Rwenzori are most affected, while women, youth, older persons, and persons with disabilities face disproportionate impacts due to structural inequalities. Uganda has made progress in gender-responsive budgeting, but mainstreaming equity in climate programs, budget execution, and audits remains weak.

Recommendations

- Scale Up Climate Investment: Increase allocations to at least 3–5% of the national budget, focusing on adaptation in agriculture, water, disaster preparedness, and urban planning.
- Localize Climate Action: Mainstream climate resilience into local government programs such as the Parish Development Model (PDM), Emyooga, and District Development Plans.
- Promote Climate Equity: Introduce affirmative action in budget execution and monitoring for stressed sub-regions and vulnerable groups.

6. Prioritize Productive Use of Solar Energy in the Agricultural Value Chain

Energy access remains a major constraint to agricultural transformation. Only 20–30% of Ugandans have electricity access, with rural coverage even lower. Limited and unreliable grid supply undermines mechanization, irrigation, and agro-industrialization.

Uganda has strong renewable potential, especially solar. The Renewable Energy Policy (2019) targets raising renewable energy's share to 30% by 2030, and a national Roadmap for productive use of solar energy has been developed. Scaling solar in agriculture could power irrigation pumps, dryers, cold storage, and agro-processing units, reducing post-harvest losses, increasing rural incomes, and strengthening food security and climate resilience.

Recommendations

- Provide adequate resources in the budget to operationalize the National Roadmap for Scaling Up Productive Use of Solar Energy , with a focus on powering agricultural value chains.
- Integrate Solar in sectoral Budget Framework Papers (BFPs): Government ministries like Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), Ministry of Energy and Mineral Development (MEMD), and Local Government should explicitly include solar-powered agricultural infrastructure (e.g., irrigation, cold chains) in their BFPs to access national and donor financing.
- Tag Solar Projects in Program-Based Budgeting (PBB): Under NDP IV's PBB approach, solar-related agricultural initiatives should be tagged under relevant programs like Agro-Industrialization and Sustainable Energy Development, making them visible and fundable.
- Engage Ministry of Finance Planning and Economic Development on Climate and Green Budgeting Windows: Leverage emerging budget lines under Climate Change Budget Tagging (CCBT) to position solar-agriculture projects as climate adaptation tools, eligible for special financing or incentives.
- Prioritize Investment in the Public Investment Plan (PIP): Ensure solar energy for agriculture projects are captured in the PIP, enabling structured appraisal and funding through the Development Committee and accessing concessional funding.
- Build capacity and create guidelines for DLGs to include solar-powered agricultural technologies in local government budgets under decentralized planning, especially in high-production zones.

7. Youth Unemployment and Skills Development

Youth unemployment in Uganda remains a critical challenge, threatening inclusive growth and national stability. According to the 2024 Census, the unemployment rate for youth aged 18–30 stands at 16.1%, with female youth disproportionately affected (18.7%) compared to males (13.4%). Even more concerning, 51% of youth aged 15–24 are Not in Employment, Education, or Training (NEET)—a clear indicator of systemic exclusion from the economy and limited access to skills or opportunities.

With approximately 700,000 youth entering the labour market annually, Uganda's economy is struggling to absorb this growing workforce into meaningful employment. This mismatch between labour supply and demand continues to fuel underemployment, frustration, and vulnerability—especially among young women.

Recommendations

- Increase funding for TVET, ICT, and innovation hubs, aligned with labor market demands.
- Promote youth participation in agriculture value chains, tourism, green economy, and creative industries.

8. Enforcement of National Service Delivery Standards

The 2024 Costed Service Delivery Standards provide a framework for harmonizing costs and improving accountability. These standards are beneficial to cost harmonization and control, as well as raising the service quality in the delivery of public goods and services in Uganda. However, adoption across government ministries, departments, and agencies remains uneven, reducing effectiveness.

Recommendations

- Enforce compliance with service delivery standards through signed client service charters and uniform price lists to improve accountability, curb corruption, and ensure efficiency across MDAs and local governments.
- Strengthen independent monitoring and oversight by CSOs, Parliament, and citizens to enhance transparency and hold duty-bearers accountable.

9. Investing in Specialized Healthcare

In 2021 alone, over 10,000 Ugandans sought specialized medical treatment abroad, while fewer than 1,000 foreign medical tourists visited Uganda the same year, according to the Uganda Tourism Board (UTB). This stark imbalance reflects the limited availability and quality of specialized healthcare services within the country.

According to the International Journal of Travel Medicine and Global Health, Uganda spends approximately UGX 400 billion (US$108 million) annually on foreign medical referrals—a significant financial outflow that strains national resources and exposes gaps in the domestic health system. The lack of regional specialized hospitals forces patients to either travel long distances within Uganda or seek costly care abroad, undermining equity in health access and increasing financial pressure on households and the government alike.

Recommendations

- Prioritize Regional Specialized Hospitals: In the FY 2026/27 budget, allocate funding for the construction and equipping of at least four regional specialized hospitals to provide advanced services in cardiology, oncology, nephrology, and neurosurgery. This will reduce costly foreign referrals and ease congestion at national referral hospitals.
- Promote Public–Private Partnerships (PPPs): Attract private investment in specialized healthcare infrastructure, technology, and training through well-structured PPPs to expand access and improve service quality.
- Build Specialized Human Capital: Invest in continuous training and upskilling of health workers in specialized fields to strengthen local expertise and reduce dependency on external care.

Conclusion

The FY 2026/27 budget comes at a pivotal moment in Uganda's development journey, where achieving the tenfold growth target must go hand in hand with equity, inclusiveness, and resilience. This will require prudent management of debt and oil revenues, stronger domestic revenue mobilization, and targeted investments in climate resilience, youth employment, and marginalized regions. At the same time, strengthening service delivery standards and healthcare capacity is essential to meet rising demands. Above all, the budget must remain people-centered, ensuring that no region or community is left behind in the pursuit of rapid growth and sustainable development.

About ACODE

The Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank based in Uganda, working across East and Southern Africa. For over 22 years, ACODE has been at the forefront of shaping public policy through rigorous research, evidence-based analysis, policy dialogue, and capacity building. Our work addresses a wide range of governance, development, and environmental issues affecting citizens and communities in the region. ACODE was ranked among the Top 100 Think Tanks worldwide in the 2017 Global Think Tank Index by the University of Pennsylvania.

About CSBAG

The Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together CSOs at national and district levels to influence Government decisions on resource mobilization, allocation, and utilization for equitable and sustainable development. CSBAG works to ensure that budgets are pro-people and responsive to the needs of Ugandan citizens.