



# BUDGET TRENDS

CIVIL SOCIETY BUDGET ADVOCACY GROUP | JANUARY 2025 | VOL. 57

## UNDERSTANDING AFRICA'S AGRICULTURE FINANCING STRATEGY

(KAMPALA DECLARATION 2026-2035)



Economic Highlights

Financing Uganda's Agricultural Transformation

Why should we invest in Agriculture

# EDITORIAL



Agriculture plays an important role in Uganda's socio-economic transformation, employing 62.3% of our population and contributing 24.1% to our GDP.

Dear Readers,

On behalf of the Civil Society Budget Advocacy Group (CSBAG), I would like to take this opportunity to welcome you to a new year! We hope that the year ahead brings you prosperity, good health, and happiness. As we begin this new year, we at CSBAG are committed to keeping you updated on the various budget trends that will shape Uganda's economy. Through this magazine, we will bring you insightful analysis, expert opinions, and in-depth features on the budget and its implications for different sectors.

In this edition, we focus on Uganda's economic highlights, including inflation, Central Bank Rate (CBR), and other key indicators. We also explore the importance of investing in agriculture to drive economic growth and prosperity for all Ugandans. Agriculture plays an important role in Uganda's socio-economic transformation, employing 62.3% of our population and contributing 24.1% to our GDP.

As Uganda's economy continues to unfold, it's clear that our country's public debt has narrowed our fiscal space, reducing government investment in key sectors. Our total debt stood at UGX 93.607 trillion as of June 2024, with high-interest payments and commitment fees eating into our revenue. To address these challenges, we must prioritize borrowing for high-return projects, adopt a more selective borrowing strategy, and strengthen project assessment and implementation frameworks.

We also need to establish effective public-private partnerships, incorporate green financing, and leverage remittances from Africans living abroad. Increased investment in agriculture is crucial, particularly in value addition to reduce post-harvest losses. The government's Agro-Industrialization Programme is a step in the right direction, but more needs to be done. Over the last three financial years, the government has invested UGX 3,265 billion in the programme, which is still insufficient considering the sector's role in national development.

We hope you find this edition informative and insightful. Your feedback is always welcome, and we look forward to hearing your thoughts on how we can improve our future publications.

*Mr. Julius Mukunda*  
Executive Director CSBAG

# ECONOMIC HIGHLIGHTS



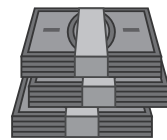
## Central Bank Rate (CBR)



**9.75%** **---**

The Bank of Uganda decided to keep interest rates steady, maintaining the Central Bank Rate at 9.75%. This move aims to support economic stability and growth

## Inflation Update

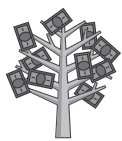


**3.6%** **↑**  
OVERALL INFLATION

**4.2%** **↑**  
CORE INFLATION

Uganda's inflation rate edged up in January 2025, with overall inflation rising to 3.6% and core inflation increasing to 4.2%, up from 3.3% and 3.9% in December 2024, respectively.

## Economic Growth



**6.7%** **↑**

Uganda's economy showed a slight pickup in growth, expanding by **6.7%** in the three months to September 2024, a slight improvement from the **6.2%** growth rate recorded in the previous quarter.

## Decomposed Consumer Price Index



**3.6%** **↑**  
OVERALL INFLATION

**4.2%** **↑**  
CORE INFLATION

Uganda's inflation rates ticked up in January, with headline inflation rising from 3.3% to 3.6%, and core inflation increasing from 3.9% to 4.2%.



# FINANCING UGANDA'S AGRICULTURAL TRANSFORMATION

On 11th January 2025, at the Extraordinary African Union Summit on the Post Malabo Comprehensive Africa Agriculture Development Programme (CAADP) Agenda, African leaders officially endorsed and committed to a new agricultural development strategy to be implemented over the next decade. The CAADP action plan and strategy (2026-2035) and the Kampala Declaration shifted focus from agriculture-led growth to strengthening Africa’s Agri-food systems under the vision, **“Sustainable and Resilient Agrifood Systems for a Healthy and Prosperous Africa”** which was informed by the complexity between agriculture, nutrition, economic development, and other sectors.

Critical to the implementation of the strategy is ensuring that the sector’s financing needs are met. Unlike the Maputo and Malabo declarations where no country registered progress on achieving the ambitious goal of a 10% annual allocation of public resources to agriculture, the Kampala Declaration is positioned to leverage alternative funding sources including public-private partnerships for the financial sustainability of agricultural initiatives.

## THE FINANCING STRATEGY

### Annual Re-investment of 15% of Agrifood contribution to GDP in Agriculture.

Strategic Objective 2 of the Kampala Declaration is hinged on boosting Investment and Financing for Accelerated Agrifood Systems Transformation. To complement the Maputo and Malabo ambition that required all African countries to allocate at least 10% of their respective total public expenditure to agriculture, the Kampala CAADP Declaration focuses on mobilizing \$100 billion in public (domestic and overseas development assistance) and private (domestic and foreign) investment in African Agrifood systems by 2035 and that at least 15% of Agrifood contribution to GDP is reinvested annually in the sector.

Reinvestment of 15% of the Agrifood contribution to GDP into Agriculture implies that the continent would be required to invest at least USD 1,147.182 billion annually in the sector since its contribution is estimated at 40% translating into USD 11,471.82 billion over the next 10 years (2026-2035) to boost Africa’s Agrifood systems.

Country	GDP (US\$ Billion)	Agriculture % GDP (2023)	15% Reinvested Annually (US\$ B)
Ethiopia	159.7	35.8%	8.6
Tanzania	79.13	23.7%	2.8
Gabon	20.05	6.5%	0.2
Uganda	51.09	24.1%	1.8
Comoros <sup>1</sup>	.34	37.2%	0.1
Kenya	108.7	21.8%	3.6
Togo	9.76	18.1%	0.3
Burundi	4.24	25.2%	0.2
Senegal	30.93	17.4%	0.8
South Sudan	7.14	10.4%	0.1
Equatorial Guinea	11.97	3.1%	0.1
Botswana	19.39	1.6%	0.0
Angola	109.67	14.9%	2.5
Benin	19.67	25.4%	0.7
<b>Africa</b>	<b>2867.955</b>	<b>40% (estimated)</b>	<b>1147.182</b>

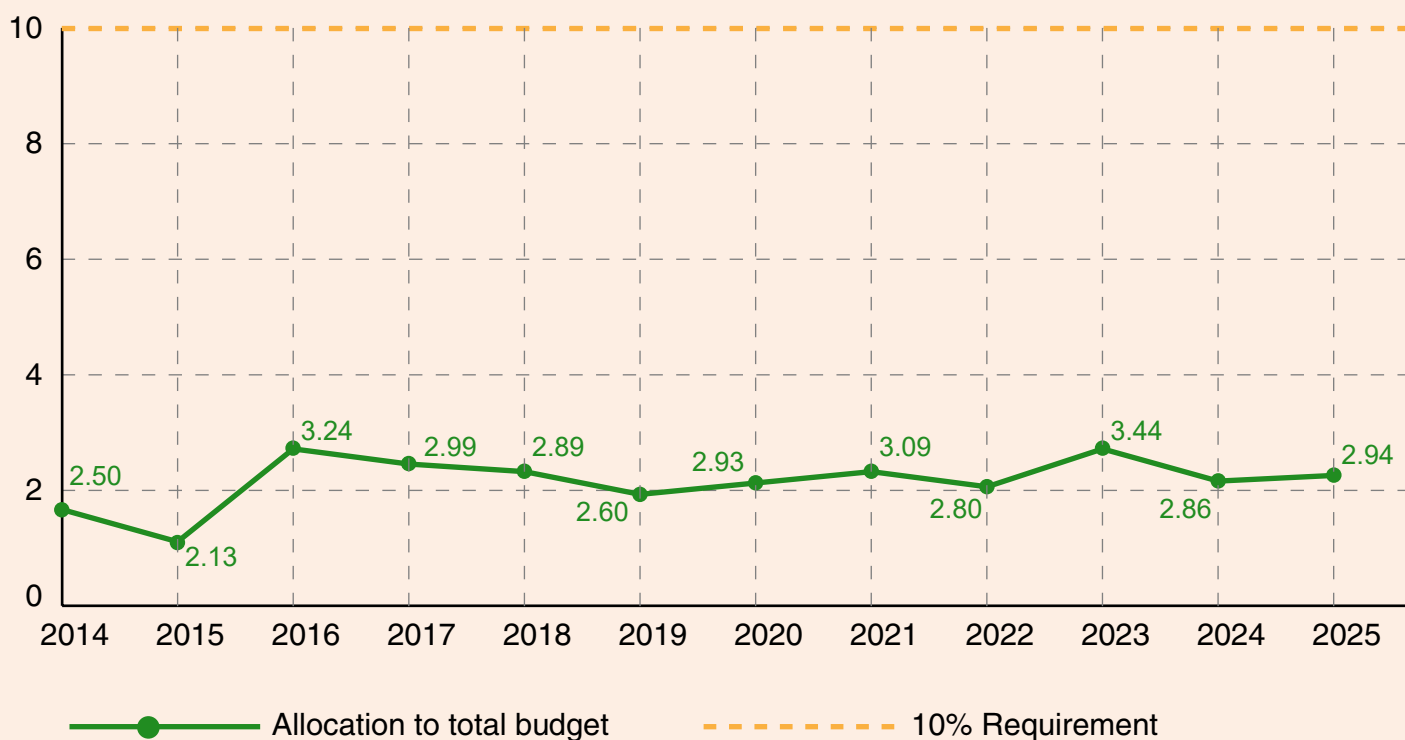
Author’s computation using data from IMF <https://www.imf.org/external/datamapper/NGDPD@WEO/AFQ>

## UGANDA'S FINANCING FOR AGRICULTURE

Agro-industrialization is envisioned as one of the Key drivers that will grow Uganda's economy tenfold in the next 15 years to a USD\$500 billion GDP by 2040. However, like all African countries, Uganda struggles to meet its financing requirements to boost the agrifood sector. From Table 1 above, Uganda requires at least USD\$1.8 billion reinvestment in agriculture annually, complemented by 10% budget allocations to scale up growth in agrifood systems in the country.

However, since 2014, the country's allocation to the sector has fallen short of the recommended 10%, with 2023 having the highest allocation of 3.44%, as shown in Figure 2 below. The desire to boost the sector remains elusive since public investment is expected to slightly increase in FY2025/26 to 2.94%. With this unrealistic allocation, Uganda is most likely to not achieve the commitments made under the Kampala Declaration.

**Figure 1: Trend Analysis of Uganda's Public Investment in Agriculture (2014-2025)**



Source: Author's compilation using data from the Ministry of Finance

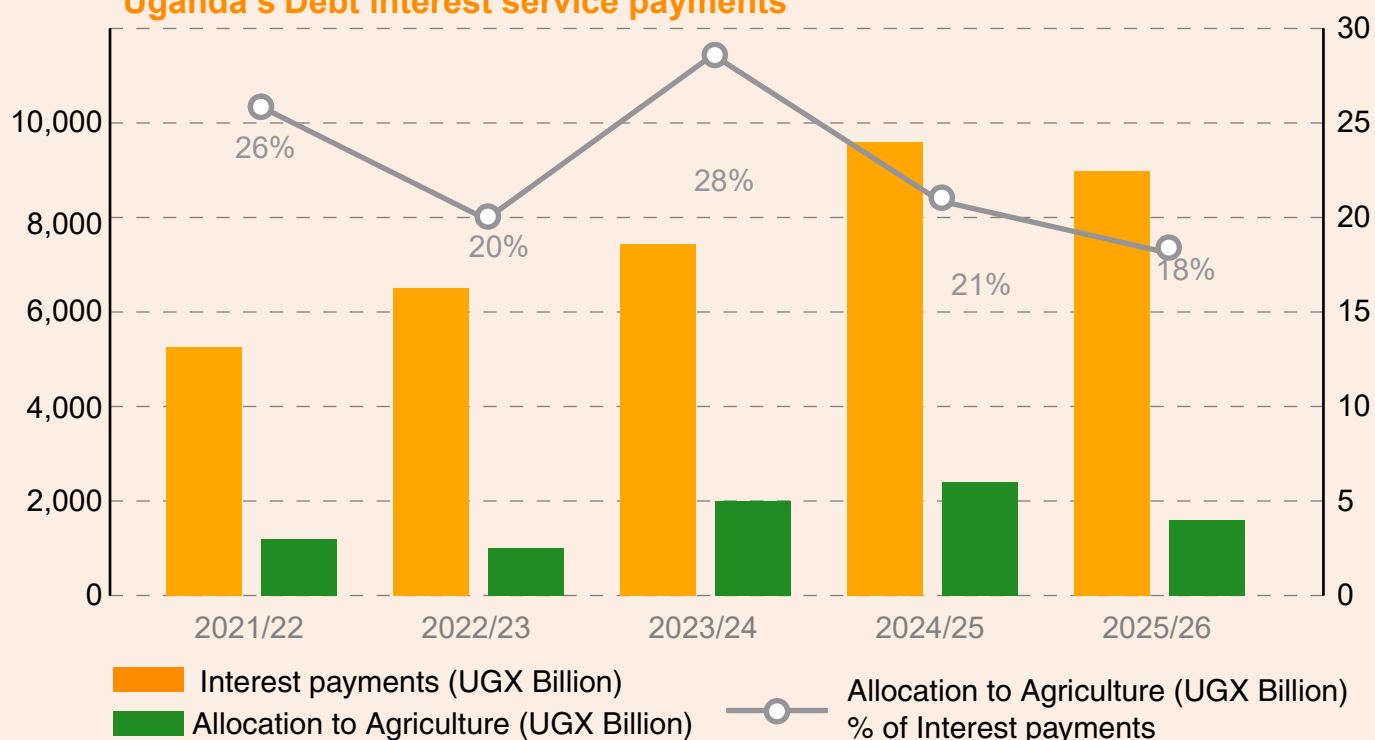
Uganda's public debt has also narrowed the country's fiscal space consequently reducing the government's investment in key sectors. As of 30th June 2024, the total debt stood at UGX. 93.607 trillion, of which UGX. 39.159 trillion was domestic debt stock while UGX. 54.449 trillion was external debt stock.

Whereas this is still within the recommended threshold of below 50% of GDP, the high-interest payments and commitment fees required to sustain this debt have increased and currently, the country plans to spend an estimated 27.4% of its generated revenue on interest

payments for FY2025/26. Over the last 11 years, the government has borrowed funds worth USD 11.86 billion for investments of which USD 608.43 million was earmarked for agro-industrialization. However, to date, only 47.5% of this has been disbursed.

Uganda's expenditure on interest payments for the accumulated debt is 4.6 times more than the actual allocation to the agriculture sector as illustrated in Figure 2 below.

**Figure 2: Comparison between allocation to agriculture and Uganda's Debt interest service payments**



During the implementation of the Kampala Declaration, the government needs to prioritize borrowing for high-return projects by adopting a more selective borrowing strategy, ensuring that loans under agro-industrialization are directed toward projects with clear economic benefits and long-term returns as well as strengthening project assessment and implementation frameworks to ensure timely execution of projects to reduce on interests incurred on undisbursed loans.

### **Establish effective public-private partnerships for sector investments.**

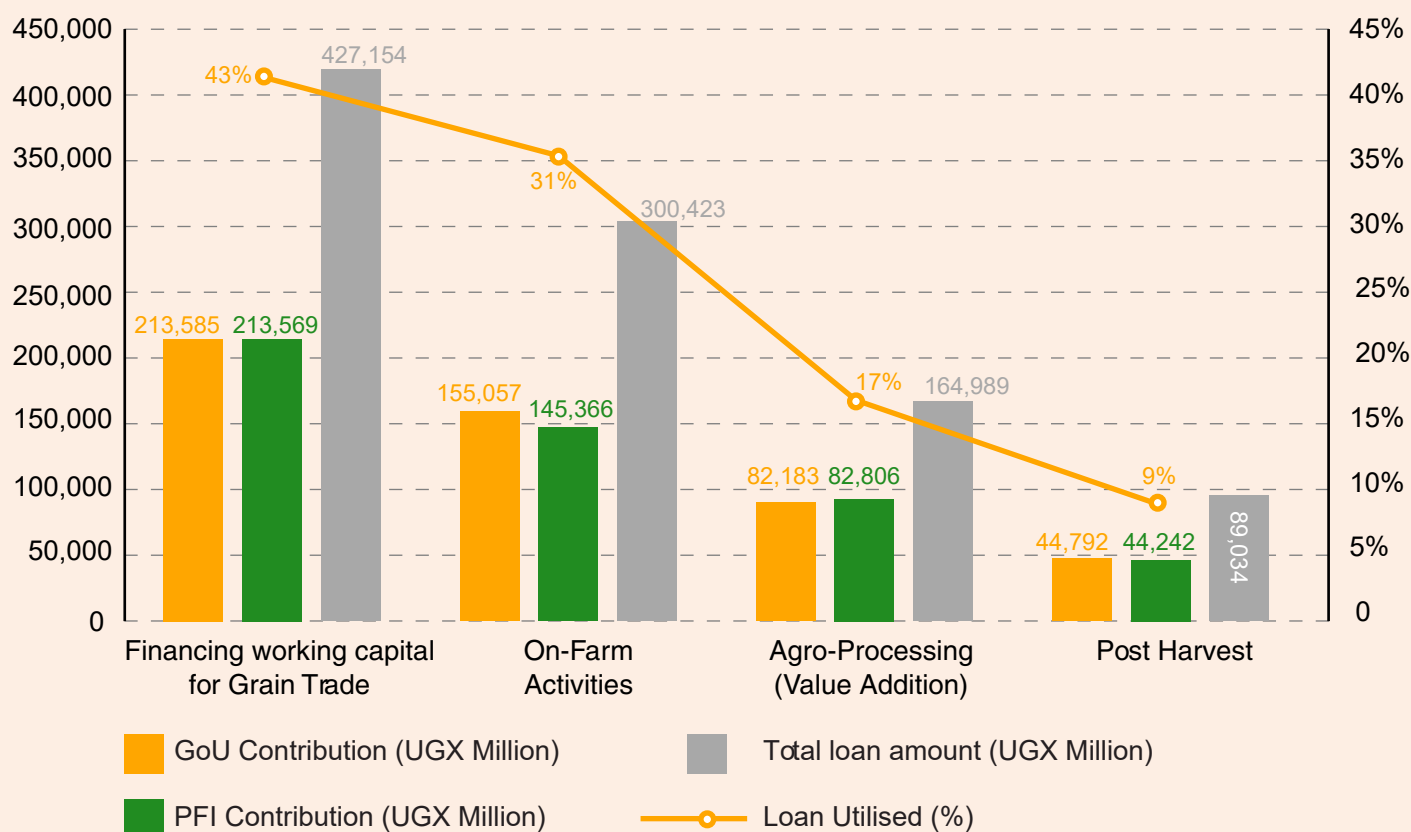
The Private sector is recognized as a vital actor in upscaling Africa's financing needs and is placed at the center of the implementation of the CAADP declaration 2026-2035. The private sector in Africa accounts for over 80% of total production, two-thirds of total investment, and three-fourths of lending within the economy and provides jobs for about 90% of the employed working-age population, however, private sector participation in agriculture is still minimal. Under the Malabo declaration, only 9 Member States (Burundi, Cabo Verde, Comoros, Eswatini, Ghana, Lesotho, Mali, Morocco, and Tunisia) were on track to achieve the strategy of boosting private-public partnerships.

Uganda has however implemented several successful public-private partnerships under agriculture and the most notable one is the Agriculture credit facility

which was formed in 2009 by the government of Uganda in partnership with commercial banks, micro-deposit-taking institutions, Credit Institutions, and the Uganda Development Bank aimed at providing short, medium, and long-term financing to agriculture projects especially those involved in Agro-processing, post-harvest handling, and storage facilities and trade.

The government committed to a contribution of UGX 30 billion annually to the ACF scheme. To date, the bank has disbursed UGX.495.62 billion of the government's contribution with recoveries standing at UGX.335.12 billion resulting in a cumulative loan disbursement of UGX.981 billion consequently providing capital to 4,442 agricultural projects. This PPP arrangement has boosted agriculture modernization, especially farm expansion, with total credit for farm inputs totaling UGX.47,439,255,457 as of the end of June 2024 and 2,767 rural farmers making up to 62% of the total borrowers reached with credit.

**Figure 3: Agricultural Credit Facility Portfolio June 2024**



Source: ACF-Progress-report-for-June-2024-BoU

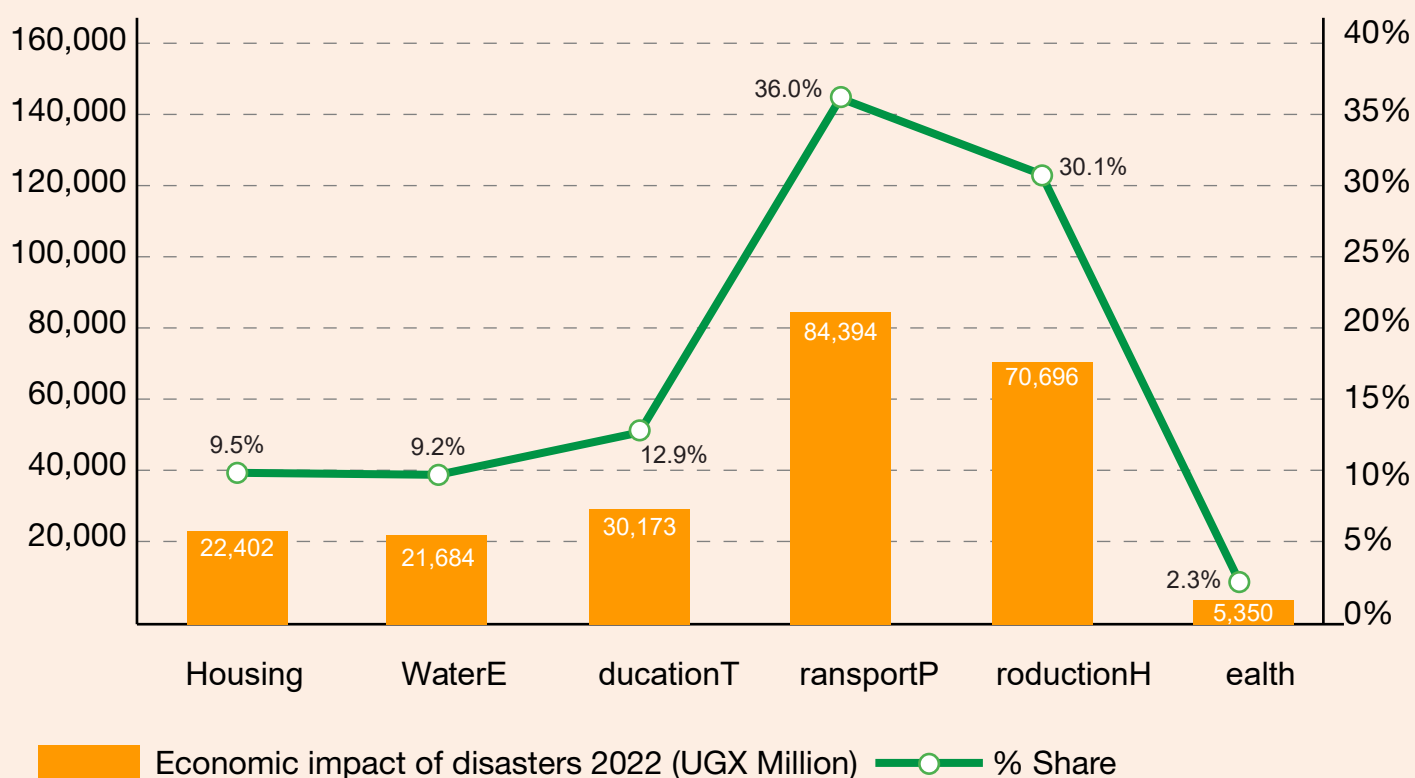
However, effective private sector participation is hindered by the high riskiness of the sector and weaknesses in the respective country's legal and policy frameworks. Uganda conducted a comprehensive climate change risk and vulnerability assessment which indicated that agriculture vulnerability and riskiness stood at 4.07% and 4.18% respectively against the 5% target. Thus, to effectively catalyze private sector participation in agriculture for the next decade, African governments are geared towards de-risking the sector and creating an enabling environment (policy and regulatory) for private sector investment, ensuring that strategies appropriately balance public and private interests and ensuring a supportive.

**Promoting alternative financing models to traditional investment and finance.** Amidst evolving funding priorities, the need for alternative financing methods to complement traditional investment in Agriculture is paramount. Key alternative financing models identified for the 2026-2035 CAADP strategy include.

### **Incorporating Green Financing into Implementation Support.**

The climate change crisis has re-directed financing for agriculture towards building resilient and sustainable agri-food systems. Agrifood systems are currently responsible for a third of the world's greenhouse gas (GHG) emissions—second only to energy systems. In Uganda, agriculture is the second largest emitter, contributing 26.9%, followed by energy (10.7%) and waste (2.3%). However, the sector is highly vulnerable (4.07%) to the effects of climate change. In 2022, climate hazards are estimated to have caused damages to key crops amounting to 1,934,245 hectares up from 1,671,009 hectares of agriculture cropland in 2021, this translated to 33.7% an estimated loss of UGX. 23.9 billion in 2022 up from UGX. 17.9 billion in 2021.

**Figure 4: Economic impact of climate change on the sector in Uganda (2022)**



<https://www.necoc.opm.go.ug/ASDR/ASDR%202021%20&%202022.pdf>

Thus, the transition towards sustainable and climate-smart agriculture is recognized as a central piece of the implementation of the CAADP Strategy and Action Plan and the continent aims to leverage pathways like the Green Climate Fund to accumulate financing for climate-related projects while ensuring environmental sustainability. The African Development Bank has since 2018, mobilized USD\$189.6 million of concessional finance for mitigation and adaptation programmes representing 8% of the total funding approved for African countries since the commencement of the Green Climate Fund. In Uganda, the fund supports 14 projects (both public and private) with an estimated value of USD.105.9 Million.

Whereas this is still minimal, African countries especially Uganda ought to ensure the development of bankable climate-sensitive projects to leverage funds under the GCF thus boosting investment in agrifood systems and ensuring sustainability.

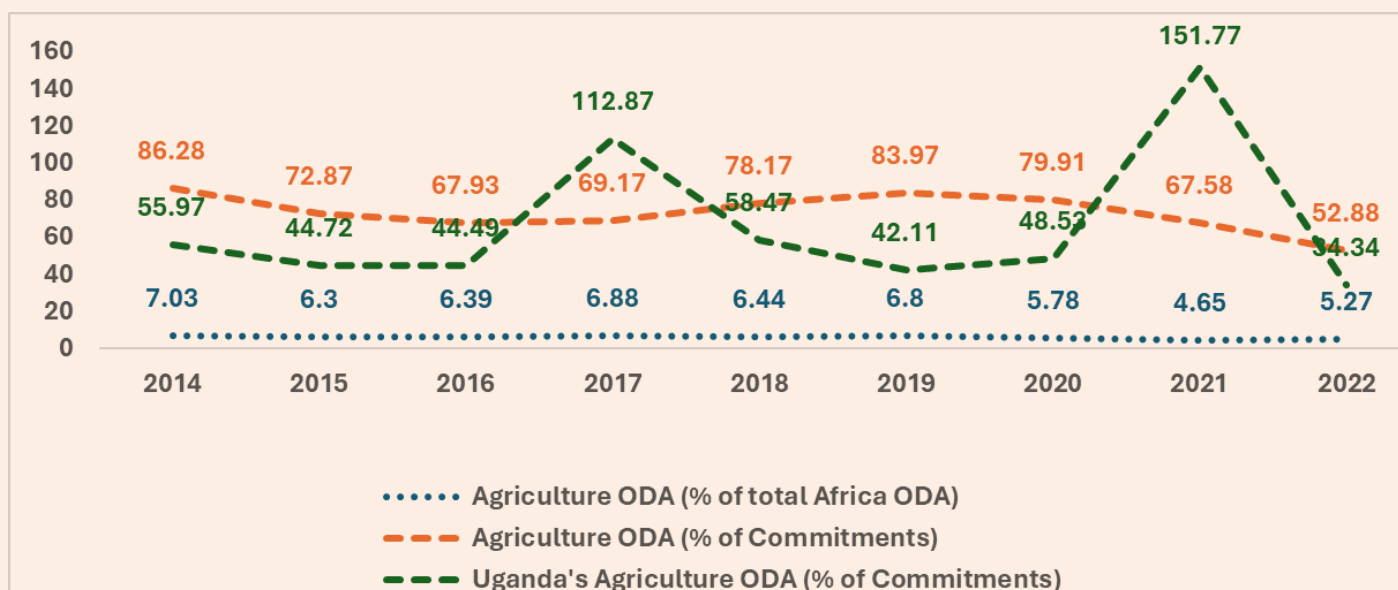
### Enhancing technical capacities through Donor Funding.

Whereas donor funding has played a significant role in Africa's overall development, it has experienced a downward trend in recent years fueled by competing/ changing priorities, global pandemics, and the limited impact of aid. In Figure 3 below, aid contribution to

agriculture declined to 5.27% in 2022 from 7.03% in 2014, and the overall disbursements when compared to commitments made in 2022 were only 52.88%, indicating a downward trend. For Uganda, ODA disbursements declined to 34.34% in 2022 from 42.11% in 2019 despite the peak at 151.77% peak in 2021.

Therefore, the post-Malabo CAADP era looks at shifting away from relying on donor funding for project and budget support to leveraging technical expertise provided by the development partners. This would strengthen the capacity of the CAADP implementing entities, and boost the necessary skills, and knowledge necessary to drive the transformation of the agrifood systems.

**Figure 5: Trends in Official Development Assistance Inflows to Africa and Uganda for Agriculture**



Source: RESKASS, <https://www.resakss.org/node/11>

### Enhancing diaspora remittances for Agrifood systems development.

The CAADP strategy 2026-2035 aims at leveraging remittances from Africans living abroad to boost financing for agriculture. It is estimated that 40.4 million Africans are living outside their country of origin. As of 2023, diaspora remittances to Africa grew to USD90.2 billion accounting for 5.2% of Africa's GDP, and these were projected to exceed USD100 billion by the end of 2024. Remittances have a vital role to play in supporting and achieving the Sustainable Development Goals especially to reduce inequalities, help to end poverty, and address decent work and economic growth. Thus, the Post-Malabo declaration aims at issuing diaspora bonds that make it easier and guarantee diaspora remittances to Africa as well as develop tax breaks for diaspora investment in agrifood systems.

In 2021, Uganda was the 10th highest recipient of remittance inflows in Sub-Saharan Africa, with approximately USD 1.1 billion received, accounting for 2.3% of GDP. However, the cost of remittances to Uganda is high at 11% of the transaction value, compared to the global average of 6.3%. As a result, individuals prefer to use informal channels, such as unlicensed foreign exchange bureaus, hawala, friends, family members, traders, and unregistered mobile money agents. There is a need to increase interoperability among telecom operators and money transfer operators to reduce the cost of international remittance.

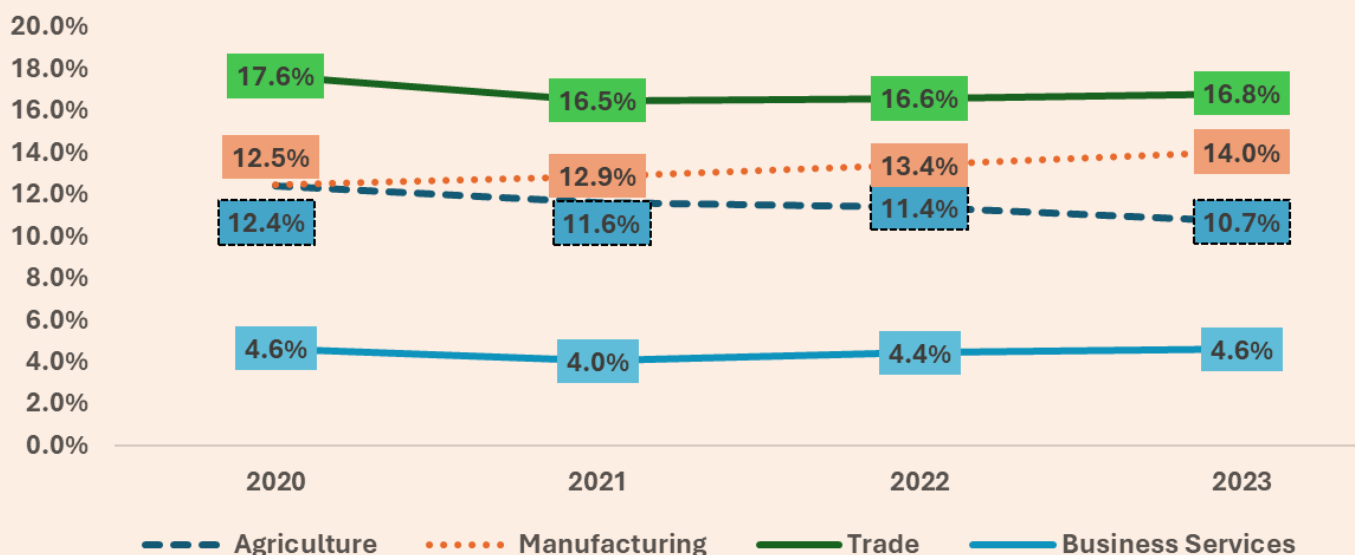
### Developing and promoting de-risking instruments in agriculture

To incentivize private sector participation, the CAADP strategy aims at utilizing tax incentives/breaks and regulatory reforms and enhancing innovative and digital payment systems as well as promoting the use of indemnity and crop insurance for smallholder farmers to promote lending by commercial banks.

Agro-insurance in Uganda is provided both by the government and private sector. Specifically, in 2016, under a public-private partnership, the government introduced the Uganda Agriculture Insurance Scheme (UAIS), where the government contributes an insurance subsidy of about UGX. 5 billion annually to support small-scale and large-scale farmers in high-risk areas. According to the Insurance Regulatory Authority, as of December 2017, only 45,704 farmers had taken up insurance cover, however, this has increased to 687,608 farmers insured under the scheme as of the end of March 2023.

On the other hand, access to credit is mainly through commercial banks which are currently 26 with 614 branches (2021) across the country from 566 in 2020. According to Bank of Uganda data, commercial bank credit increased by 41% from UGX.169.795 billion in 2019 to UGX.239.569 billion in 2023. However, the share of this that goes to agriculture is still insignificant, standing at 10.7% compared to 14.0% for manufacturing and 16.8% for trade in 2023. Access to credit for agriculture in Uganda is hindered by the high default rates, estimated at around 30% by the Bank of Uganda in 2019.

**Figure 6: Share of commercial bank credit by Sector**



Source: Author's computation using Bank of Uganda Data

Uganda requires coordinated efforts between the government and the private sector to ensure effective de-risking of the sector through nationwide insurance coverage and enhancing the usage of digital-based facilities like the internet among farmers.

### Mobilizing Revenues from Mineral Exploitation.

Africa's mineral wealth is envisioned as an opportunity to boost financing for implementing the CAADP Strategy and Action Plan. Africa is home to 30% of the world's mineral reserves, 8% of the world's natural gas, and 12% of the world's oil reserves. The continent has 40% of the world's gold and up to 90% of its chromium and platinum and holds 65% of the world's arable land.

According to the strategy, partner states are expected to earmark a portion of the revenues from mineral exploitation purposed for undertaking capacity building, and infrastructure development, all key to the agriculture sector and the operational costs associated with implementing the strategy and action plan as well as support the African Union Commission,

the African Union Development Agency, and Regional Economic Communities.

Creating Special Funding for Continental Institutions. The strategy envisions the establishment of a special fund where all member states and the private sector would pool funds specifically for the African Union Commission, the African Union Development Agency, and Regional Economic Communities to ensure effective implementation of the CAADP Strategy and Action Plan. These funds would be used to address various needs including capacity building to project support, and respond quickly to emerging challenges.

The Comprehensive Africa Agriculture Development Programme presents a remarkable pathway for driving transformative change in Africa's Agrifood Systems. However, bolstering critical investments in infrastructure, research, and agrifood systems value chains that drive this growth requires prudent financing mechanisms, including leveraging private sector engagement and ensuring strong coordination frameworks at all implementation levels.

# WHY SHOULD WE INVEST IN AGRICULTURE?



Asiimwe Keneth

The Agro-Industrialization Programme is central to Uganda’s socio-economic transformation, significantly contributing to the Gross Domestic Product (GDP), food security, and livelihoods. Agriculture, employing 62.3% of the population and contributing 24.1% to GDP in 2023 (UBOS, 2024), remains Uganda’s economic backbone. Notably, 33% of Ugandans are engaged in subsistence agriculture, underscoring its critical role in food security and economic growth.

The programme enhances agricultural productivity and value addition, creating links between agriculture, industry, and trade. It aligns with SDG 1 (ending poverty), SDG 2 (zero hunger), Agenda 2063 (modernized agriculture), and EAC Vision 2050 (regional integration). Addressing food security is urgent as 46% of Ugandans face food insecurity, and 26% of children under five are stunted (UBOS, 2024). Uganda’s population, projected to grow from 45.9 million in 2024 to 54 million by 2030 (UBOS, 2024), underscores the importance of sustainable agricultural practices.

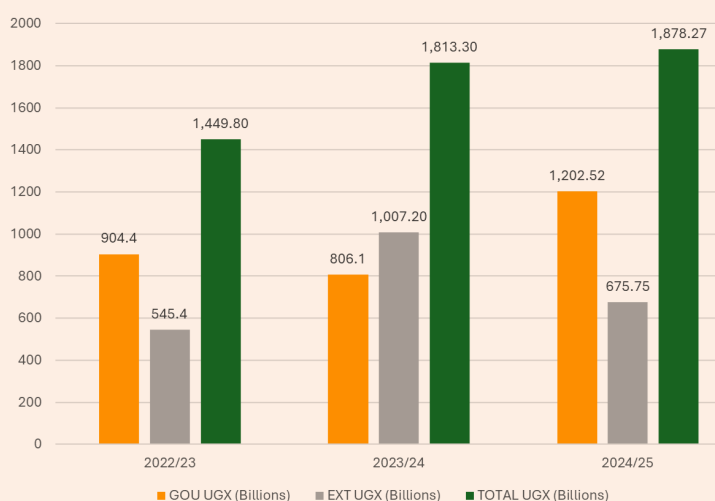
Furthermore, NDP IV identified Agro-Industrialization as one of the key priority areas to enable the country achieve the 10 fold growth strategy of growing Uganda’s economy from the USD \$50 billion in FY2022/23 to USD \$ 500 billion in FY2039/40 with

this programme projected to contribute annual export earnings worth USD \$25 billion by 2029/40. Despite of all this, agriculture sector continues to face several bottlenecks that hinder it from making its potential contribution and as thus increased financing and capacity building for players in agriculture sector would potentially overcome these bottlenecks.

## FINANCING OF AGRO-INDUSTRIALISATION PROGRAMME FY2022-23/ FY2024-25

Over the last financial years, the Government of Uganda has cumulatively invested up to UGX 3,265 billion in the Agro-industrialisation Programme. Despite this investment, the allocation remains relatively small compared to the sector’s significant role in national development. Notably, agriculture is the largest employer, with 62.3% of households involved in agriculture, and 33% engaged in subsistence farming, which necessitates increased financing to achieve full monetization of the economy. The graph below illustrates the financing trends for the Agro-industrialisation Programme.

The graph below shows financing of Agro-industrialisation Programme FY2022/23-FY2024/25



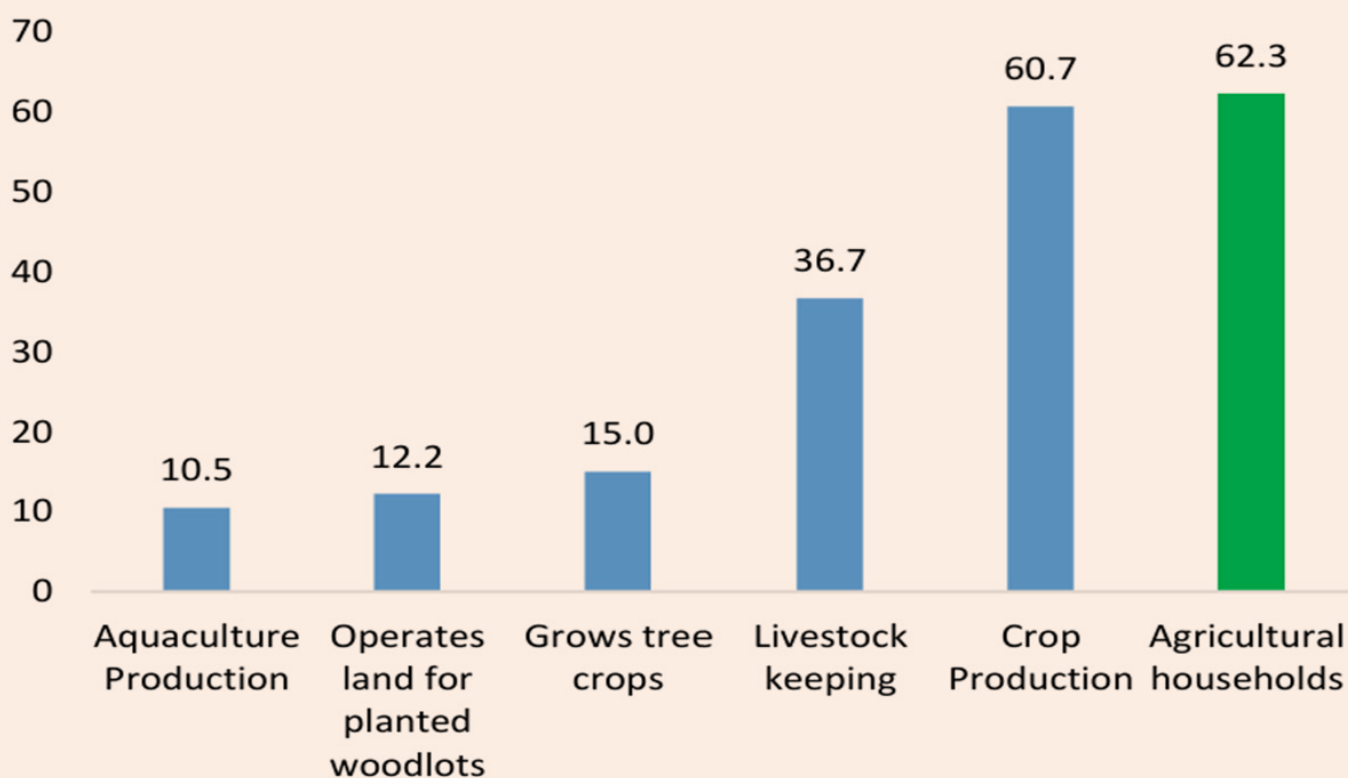
Source: Budget speeches for FY2022/23-FY2024/25

## GATEWAY TO FULL MONETIZATION OF THE ECONOMY/NDP IV.

Over the last three financial years, Uganda's national budgets have been anchored on a theme "Full Monetization of the Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access" all in the name of achieving Uganda's vision 2040 which aims to achieve a transformed Ugandan society from peasantry to a modern and prosperous society with a GDP per Capita target of USD 9500. This theme itself communicates relevance of the agriculture sector in the journey of socio-economic transformation.

NDP IV identified Agro-industrialisation as one of the key areas that will help Uganda to achieve the 10fold growth strategy of growing Uganda's economy to USD 500 billion by 2039/40 thereby contributing USD 25billion annual export earnings by that time. Furthermore, the UBOS Census report 2024 revealed that 33% (3.5million households) of households in Uganda are still in subsistence economy and these can only join money economy if there is increased investment in agriculture value chain from production, post-harvest, value addition to markets. Agriculture sector employs 62.3% of our population and this provides an opportunity for transformation of a portion of it if targeted investment and financing of agriculture is done.

### Percentage Distribution of Agricultural Households by type of Agricultural Activity

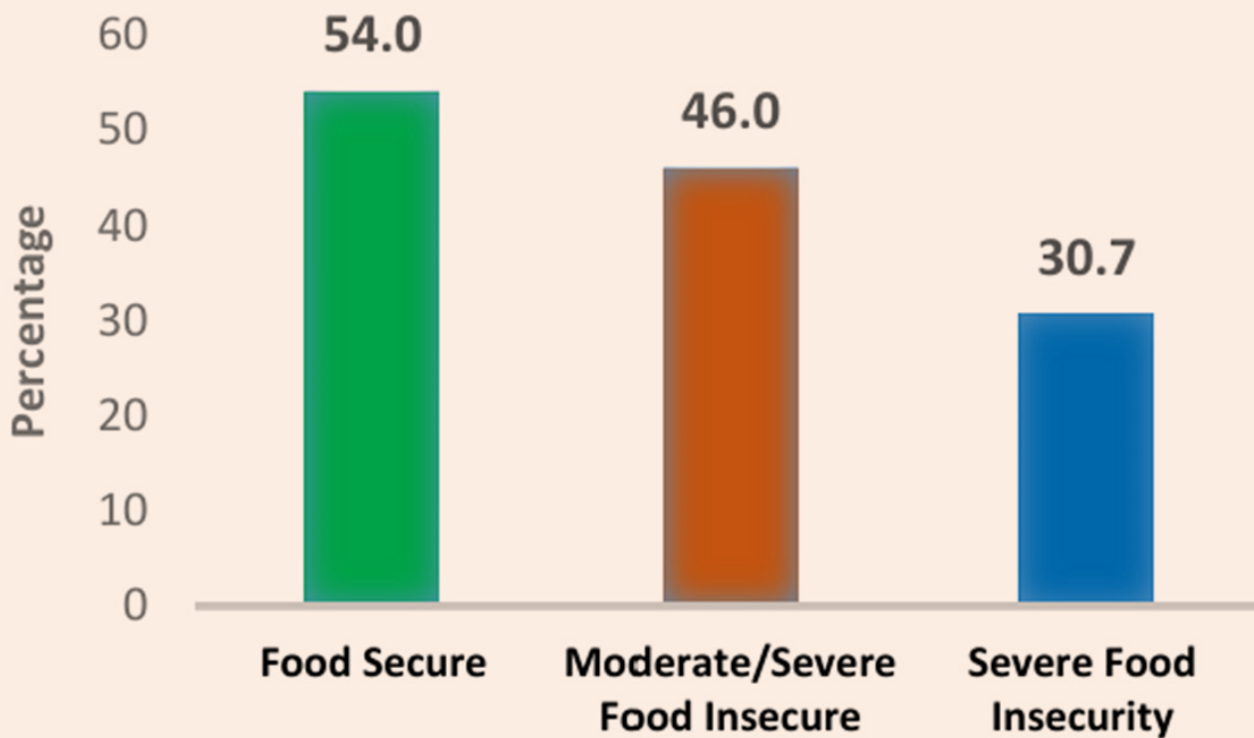


### SOLE WARRANTER OF FOOD SECURITY:

According to UBOS population census report 2024, five in every ten (54.0%) households were food secure, leaving 46% households' food insecure. The Ankole sub-Region had the highest proportion (70.4%) of food secure households. Karamoja sub-Region had the highest proportion (62.9%) of severely food insecure households. There is a need for increased financing of agriculture, especially with focus on inclusivity and equity for example Karamoja sub-region which has 63% of households being food insecure needs more interventions in agriculture. It is only agriculture that can guarantee food security. This was proved during the COVID 19 pandemic which saw most developed countries struggling with food shortages thus making it more justifiable and relevant to prioritize investment in the agriculture sector.

In addition to the above, Sustainable Development Goal 2 aims to end hunger, achieve food security, improve nutrition, and promote sustainable agriculture by 2030. The continental, regional and national development frameworks such as Agenda 2063, EAC Vision, NDP's, and Vision 2040 promote interventions targeted to address food insecurity. Therefore, increased financing of agriculture is an essential for Uganda to achieve SDG2.

## Percentage Distribution of Households' Food Insecurity Experience



Source: UBOS census report 2024

Agriculture sector remains the highest employer of Uganda's population (62.3%) with immense capacity to be at the forefront of the social economic transformation journey of ensuring full monetization of Uganda's economy. With 33% of the households remaining in a subsistence economy, it is imperative that the government increases investment and financing of the agriculture sector especially value addition to reduce the post-harvest losses which have become another cancer given the perishability of agricultural produces.

## OUR WORK

# IN THE MEDIA - JANUARY 2025

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Friday, January 10, 2025

## BUSINESS

# CSBAG CALLS FOR A SALARY REVIEW COMMISSION

By Sarah Nabakoosa

The Civil Society Budget Advocacy Group (CSBAG) has called for the establishment of a Salary Review Commission to ensure uniformity in public expenditure.

This recommendation was among several proposals CSBAG wants to be included in the final fourth National Development Plan (NDPIV) which will commence in July this year.

CSBAG executive director Julius Mukunda presented their proposals on NDPIV and the 2025/2026 national budget on Wednesday to the Budget Committee of Parliament chaired by Patrick Opolot Isiagi (Kachumbala County MP).

Mukunda emphasised that establishing a salary review commission will help to streamline government spending and eliminate inefficiencies in public sector remuneration.

He pointed out inconsistencies in salary structures across government agencies, which contribute to wastage and demoralisation among civil servants.

"For instance, a legal clerk with a diploma under the Directorate of Public Prosecutions (DPP) earns an untaxed salary of sh3.5m, while an assistant commissioner of legal affairs with a master's degree in another public service entity earns sh2.9m, which is taxed," Mukunda explained.

He said these disparities not only undermine morale, but also hamper the efficiency of government operations.

CSBAG also proposed amendments to the Public Finance Management Act (PFMA) and revisions to parliamentary procedures to align them with program-based budgeting.

According to Mukunda, the current legal and institutional frameworks do not adequately support the programmatic approach required to achieve NDP4 objectives.

"Parliament's oversight role remains largely sectoral, making it difficult to track programmatic outcomes that span multiple sectors. Establishing program-based parliamentary committees would enable effective oversight and accountability," he said.



### REVENUE MOBILISATION

A major hurdle to achieving the ambitious goals of NDPIV is the low tax-GDP ratio, which averages 14.5%.

CSBAG recommended doubling domestic revenue mobilisation to reduce reliance on foreign aid. Mukunda proposed comprehensive

tax reforms, including increased compliance, a review of tax exemptions, and modernisation of tax systems, particularly for VAT, corporate taxes, and digital players.

"As a country, we need localised revenue collection mechanisms at the district level. We suggest creating revenue mobilisation departments. Essentially, localised Uganda Revenue Authority (URA) branches to improve collections across the board," he added.

According to IMF and World Bank, Uganda has potential to have a higher tax to GDP ratio of over 25% and, therefore, have a bigger tax base if several reforms are undertaken including eliminating tax evasion and scrapping tax exemptions.

Reports from the finance ministry indicate Uganda government loses more than sh4trillion annually in tax exemptions

### STRENGTHENING ACCOUNTABILITY

To ensure transparency and accountability, CSBAG urged the Office of the Auditor General (OAG)

to introduce annual audit reports on NDPIV programmes and projects and not only when an issue arises.

"These reports should be publicly accessible and include achievements, challenges, and areas needing improvement," he noted.

A midterm review done about the third National Development Plan (NDPIII) which ends this year in June established that only 17% of the targets set had been achieved.

Mukunda also emphasised the need to hold accounting officers and sector leaders accountable for their performance.

"Those who fail to meet agreed targets should explain why and propose rectifications," he said.

Patrick Opolot Isiagi, the Budget Committee chairperson, reiterated the importance of parliamentary oversight in ensuring the success of NDP4.

"Our role as legislators is not just to approve documents, but to follow through with oversight. After approving, we must monitor progress," Isiagi said.

# GOVT RELEASES SH719.98B FOR SCHOOLS,

By Nelson Mandela Muhoozi

The finance ministry has released sh719.98b for schools, institutions of higher learning and hospitals in the third quarter of the financial year 2024/25.

The total amount of funds released for schools and institutions of higher learning totals sh545.43b, while sh174.55b is for hospitals nationwide.

This is part of a total of sh15.64 trillion the ministry has released for third quarter (January - March, 2025), representing 21.68% of the approved budget of sh72.136 trillion, according to the finance ministry's permanent secretary, Ramathan Ggobi.

While announcing the expenditure releases during a press conference at the ministry headquarters in Kampala, Ggobi directed accounting officers to ensure timely submission of warrants to the ministry for approval.

Additionally, he said the quarter three release is in line with the ministry's continued effort to maintain aggregate financial discipline by moving resources from old priorities and consumptive items towards agro-industrialisation, tourism development, mineral-based industrial development and science, technology and innovation, including information communication technology (ICT) and accelerator actions (enablers).

## FUNDS FOR EDUCATION INSTITUTIONS

Of the sh45.43b allocated to schools and institutions of higher learning, sh112.28b is for capitation grants to cater for the first term of the school year, which opens on February 3.

A total of sh15.95b has been released for capital development under universities, while sh92.75b to all public universities, Uganda Management Institute and Law Development Centre, in line with semester two requirements.

Additionally, sh124.45b has been released to education ministry for the Uganda Secondary School Expansion Project (USEEP), refugee skilling project and other contractual obligations.

Reagan Katerera, the treasurer of a headteachers' association in Fort Portal city, who is also a headteacher at Fort Portal Secondary School, said funds coming in early will help schools prepare for opening.

John Bosco Sebabi, who heads St Mary's SS Kiteme A'level section, said at times the funds don't reach the grassroots because of the strings attached. However, he said the release is good news for government-aided schools.

## WHAT CAPITATION GRANTS COVER

The capitation grants expenditure guidelines indicate that 50% of the grant is supposed to be used on instructional materials, including chalk, paper and a few textbooks,

## Expenditure releases for FY 2024/25 (Shillings)

CATEGORY / ITEM	AMOUNT RELEASED	CATEGORY / ITEM	AMOUNT RELEASED	CATEGORY / ITEM	AMOUNT RELEASED
<b>WAGE</b>		<b>AGRO-INDUSTRIALISATION</b>		Directorate of Government Analytical Laboratory	2.85b
Wages and salaries across govt	2,044 billion	Interventions under Ministry of Agriculture, Animal Industry and Fisheries	68.03b	<b>INFRASTRUCTURE</b>	
<b>NON-WAGE RECURRENT</b>		<b>TOURISM DEVELOPMENT</b>		Ministry of Works and Transport	394,55b
Pension and gratuity	283.28b	Ministry of Tourism, Wildlife and Antiquities and Uganda Tourism Board	38.71b	Ministry of Energy and Mineral Development	243,34b
Education capitation grants	112.28b	<b>MINERAL-BASED INDUSTRIAL DEVELOPMENT</b>		Ministry of Kampala Capital City and Metropolitan Affairs	111,58b
Local govt	159.87b	Uganda National Oil Company	63b	<b>HUMAN CAPITAL DEVELOPMENT</b>	
Health institutions under local governments	36.8b	Petroleum Authority of Uganda	4,65b	Ministry of Education and Sports for Uganda Secondary School Expansion Project (USEEP), refugee skilling project and other contractual obligations	124,45b
Parish Development Model (PDM)	529b	<b>SCIENCE, TECHNOLOGY, INNOVATION AND ICT</b>		Capital development under Universities	15,90b
Uganda Development Bank	30b	Interventions under Science, Technology and Innovation, Ministry of ICT and National Guidance and National Information Technologies Authority	125,92b	Ministry of Health for Global Alliance for Vaccines and Immunisation (GAVI), Global Fund and outstanding contractual obligations	264,71b
Uganda Development Corporation	31b	Parliament	166,83b	For contractual obligations under Uganda Cancer Institute and Uganda Heart Institute	43,42b
Public Universities, Uganda Management Institute and Law Development Centre	92,75b	Judiciary	58,23b	Regional hospitals	6,85b
Ministry of Gender, Labour and Social Development	45,77b	Auditor General	16b	<b>REVENUE GENERATING VOTES</b>	
Referral Hospitals including Mulago and Butabika Hospitals	35,9b	Missions abroad	115b	Local govt (Health centre IIs, Seed schools, irrigation)	231,64b
Uganda Cancer Institute	8,84b	National Citizenship and Immigration Control	16,05b	URS, Immigration, Control, UNBS, LDC and URA	12,54b
Uganda Heart Institute	7,52b	Uganda Registration Services Bureau	5,26b		
Uganda Blood Transfusion Services	5,78b	National Lotteries and Gaming Board	2,08b		
Subventions under Ministry of Health	21,85b	Uganda National Bureau of Standards	1,64b		
National Medical Stores	110,85b	<b>DEVELOPMENT BUDGET</b>			
Ministry of Defence and Veteran Affairs	817,46b	Both govt and external financing	3,314 billion		
Uganda Police Force	182,27b	State House	sh5.43b		
Uganda Prisons Services	43,65b				
Internal Security Organisation	28,08b				
External Security Organisation	18,71b				

PHOTO BY MPALANYI SSENKONGO



Ggobi (left) addressing stakeholders at the finance ministry offices. From second-left is Mukunda, acting director budget Hannington Ashaba and ministry spokesperson Jim Muqungu (Scan the picture using the Vision Digital Experience to watch video)

pays sh58,300 per term per student at O'level and sh90,000 per term for each A'level student.

For special needs students under USE at inclusive schools, the Government pays sh192,500 per learner per year.

For exclusive special needs schools at secondary, the Government pays sh1.25m per learner per year as a capitation grant.

Under Universal Post-Ordinary

Level Education and Training (UPOLET), the Government pays sh270,000 per student per year as capitation. However, hard-to-reach schools get an extra sh2,000 per learner.

**FUNDS FOR HEALTH INSTITUTIONS**  
Of the sh74.55b released to hospitals, sh36.6b has been released for health institutions under local governments.

Additionally, health institutions' operational funds have been released as follows: sh35.9b for referral hospitals, including Mulago and Butabika; sh6.84b for Uganda Cancer Institute (UCI) and sh1.57b for Uganda Heart Institute (UHI). Another sh5.78b is for Uganda Blood Transfusion Services and sh43.42b for contractual obligations under UCI and UHI.

# HOSPITALS

## Rationalising

The finance ministry's permanent secretary, Ramathan Ggobi, said the ministry is finalising the full transfer of the budget functions for the institutions affected by the Rationalisation of Government Agencies and Public Expenditure (RAPEX) process.

Julius Mukunda, the Civil Society Budget Advocacy Group (CSBAG) executive director, asked the Government to address issues of slow project implementation.

"We still have projects that have no feasibility studies and concept notes. How sure are we that the funds released will be implemented when some projects lack these basic requirements?" he questioned.

Mukunda said the element of funds being released late still exists and noted that the Government had promised to publish whenever funds are released, although no progress has been made on the issue.

regional hospitals have been allocated sh6.85b, while sh231.64b has been released to local governments to support the upgrading of health centres IIs to IIs, completion of seed secondary schools and micro scale irrigation projects.

## STATE OF THE ECONOMY

According to Ggobi, the economy, as measured by the Gross Domestic Product (GDP), grew by 6.7% during the first quarter (July-September last year) of the current financial year 2024/25, compared to 5.6% recorded in the same period of last financial year 2023/24.

"This growth was broad based, mainly driven by food crop production (agriculture); agro-processing and construction (industry), as well as wholesale trade and transport activities (services)," he explained.

## INFLATION AND EXCHANGE RATE

Whereas headline inflation increased to 3.3% in December last year, from 2.9% in November, driven mainly by increased demand during

the festive season, the over inflation remains subdued & within the policy target of 5% according to Ggobi.

He explained that since the start of this financial year the Ugandan shilling I maintained relative stability against the US dollar.

In December last year, shilling appreciated by 0.4 having traded at an average mid-rate of sh3,664 per Dollar, compared an average mid-rate of sh3,678.65 per dollar, November last year. This partly attributed to increased remittances inflows during month, as Ugandans working abroad sent funds back to families for the festive season and increased Foreign Direct Investment (FDI), especially the oil sector.

Remittances for quarter of financial year 2024 were \$389.06m, compared to \$360.13m recorded for same quarter of the previous financial year, implying growth of 8%.

Similarly, FDI registered growth of 25.4% in quarter one of financial year 2024 compared to the same quarter of the previous financial year. Total FDI in quarter one of financial year 2024/25 \$799.46m, compared \$637.58m.

## DOMESTIC REVENUE

By the end of December last year, Ggobi said Government had collected domestic revenues amounting to sh15.33 trillion, against a target for the half year of sh15.01 trillion, implying a cumulative surplus of sh326.85b.

"During the second half of the financial year, Uganda Revenue Authority (URA) and other revenue collection institutions are expected to collect sh16.65 trillion, total collections expected financial year are sh2 trillion," he said.

## ECONOMIC OUTLOOK

Based on the performance of the first half of the financial year, Ggobi said the economy is projected to grow between 6% and 6.5%. Additionally, inflation is projected to remain within the 5% target of the Central Bank, while the foreign exchange rate also anticipated to remain stable, supported by continued inflows of FDI into the Oil and Gas sector.

On the fiscal front, domestic revenues are projected to perform at 100%.

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**BUDGET PLANNING IN AN ELECTION YEAR**

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By Aloysius Kasoma

Civil Society Organisations (CSOs) in Uganda's agricultural sector have expressed dissatisfaction with a 6.86% reduction in funding for the agro-industrialisation programme, as outlined in the National Budget Framework Paper (NBFP) for the 2025/26 financial year.

The decrease, amounting to sh124.51b, has drawn criticism from the Civil Society Budget Advocacy Group (CSBAG), which convened a press conference at Participatory Ecological Land Use Management (PELUM) Uganda offices in Ntinda, Kampala on Sunday.

The NBFP reveals that the budget for the agro-industrialisation programme has been reduced from sh1.81 trillion in 2024/2025 to sh1.6 trillion in 2025/2026.

CSOs argue that this decrease undermines efforts to achieve Uganda's broader economic goals, including full monetisation of the economy through commercial agriculture, industrialisation, and expanded market access.

They argue that since Uganda has a global comparative advantage in agriculture, with the potential to be a global food basket, millions of Ugandans will get out of poverty if the Government adequately funds the sector.

Lawrence Kanakulya, the programme officer for advocacy at PELUM Uganda, expressed frustration with the persistent underfunding of sustainable agriculture approaches within the agro-industrialisation programme.

"The budget decline poses a significant hindrance to achieving the 10-fold economic growth strategy. This reduction of sh124.5b presents challenges for a programme already underfunded, relative to its critical role in driving economic transformation," Kanakulya said.

He highlighted the programme's goals, such as generating annual export earnings from the current \$8.4b to \$20b by 2039/2040, and noted that inadequate funding threatens the realisation of these targets.

#### ALIGNING WITH KAMPALA DECLARATION

Kanakulya cited the recently concluded Kampala Comprehensive Africa Agriculture Development Programme declaration as a blueprint for transformative investment in agriculture across Africa, which implored African governments to increase funding to the sector.

The declaration emphasises agriculture as a cornerstone for economic growth and food

# CSOS CALL FOR INCREASED FUNDING FOR AGRO-INDUSTRIALISATION



Kanakulya, (second left) with other members from the Civil Society Budget Advocacy Group, during the press conference at PELUM Uganda offices in Ntinda on Sunday

## 2025/2026 BUDGET PLANS FOR AGRO-INDUSTRIALISATION

According to the National Budget Framework Paper (NBFP), the Government plans to enhance agro-industrialisation through investing in value addition for key products under wealth creation initiatives.

This, according to the budget document, involves supporting both vertical and horizontal value addition to produce high-value, multi-input products, such as nutritious foods, baby foods and animal feeds.

These products utilise a combination of inputs, such as milk, eggs, maize, vegetables and fruits, thereby enhancing the economic value of agricultural outputs.

"Improving productivity is another critical focus aiming to boost agricultural production and profitability. This can be achieved by providing essential resources, such as fertilisers, quality seeds and seedlings to enhance yields per acre.

Additionally, promoting large-scale irrigation for strategic crops will increase production volumes, ensuring a consistent supply of raw materials

for agro-industrial enterprises," the Government revealed in the draft national budget.

The Government also plans to support market access, investment in infrastructure and the implementation of the warehouse receipt system.

"This system will facilitate activities, such as sensitisation, education, financing, transportation, aggregation, storage and adherence to quality standards, while also connecting producers to broader markets," the Government states in the NBFP.

The document also indicates that effective enforcement of rules and regulations is crucial to bolstering exports of agricultural products, such as beef, horticulture and other commodities.

The Government says other key strategic interventions for the sector include, providing affordable credit to farmers and increasing long-term capital to wealth creators at interest rates of not more than 12% per annum, through various funding initiatives.

security and calls for substantial financial commitments to achieve sustainable agri-food systems by 2035.

"The Kampala Declaration has laid out a bold vision for funding agriculture in Africa, with Uganda at the centre of this transformative agenda. However, the real challenge lies in translating these commitments into actionable outcomes," he argued.

The declaration sets a target of mobilising \$100b in public and private investment for African agri-food systems by 2035.

Kanakulya noted that this financial commitment underscores the sector's potential to drive development

and improve livelihoods, but Uganda must step up its efforts to align national budgets with these continental aspirations.

CSOs called on the Government to prioritise funding for sustainable agriculture, such as agroecology and organic farming, to enhance food security, environmental health, and economic resilience.

They argue that the current budgetary allocation is insufficient to address the programme's objectives and risks stalling progress toward Uganda's long-term economic vision.

**AGRO-INDUSTRIALISATION KEY TO ACHIEVING \$500B ECONOMY**

The CSOs have emphasised the critical role of agro-industrialisation in Uganda's strategy to increase its gross domestic product (GDP) from the current \$54b to \$500b in 2039/2040.

According to analyses by the CSBAG, achieving this target will require an average annual growth rate of 13.7%, significantly higher than the 6.1% recorded in 2023/2024.

The CSOs noted that agriculture, industry and services sectors, currently comprising 95% of Uganda's GDP and, therefore, must be adequately funded to maintain annual growth rates of at least 13.7%, to enable the country achieve the target of propelling

the economy to \$500b.

"Agro-industrialisation, alongside initiatives, such as innovation and technology development, tourism and sustainable extractives industry development, forms the backbone of the Government's economic transformation agenda. Yet these programmes received only sh2.67 trillion in the current budget, representing a mere 5% of the total allocation," the CSOs said in their joint statement.

In addition to funding gaps, Uganda faces significant challenges in food safety and agricultural input quality, which undermine agro-industrialisation efforts.

The CSOs commended the Government's initiatives, such as the establishment of a national agricultural food safety laboratory and border inspection facilities, but pointed out persistent underfunding of the Uganda National Bureau of Standards (UNBS).

Despite its mandate to enforce quality standards, UNBS has received only sh940 million annually for the past two financial years, leaving it understaffed and under-resourced.

With UNBS operating at just 28 entry points compared to the 554 managed by the Uganda Revenue Authority, the country's ability to monitor counterfeit agricultural products remains inadequate.

To address these challenges and unlock the potential of agro-industrialisation, the CSOs called for strategic investments and systemic reforms.

They advocated for the establishment of a national seed company to improve the availability of high-quality seeds, increased funding for UNBS to strengthen quality enforcement, and enhanced collaboration between UNBS and URA to improve border surveillance and protect Uganda's food supply chain.

Considering the fact that 43% of arable land in the original East African Community (Uganda, Tanzania and Kenya) is in Uganda and Uganda is the second leading producer of organic food in the world, increased funding to the agro-industrialisation has the potential to unlock unprecedented economic opportunities for millions of Ugandans

## FOREX RATES

CURRENCY	BUY	SELL
DOLLAR.	3680	3720
EURO.	3,730	3,950
POUND.	4470	4800
KENYA SH.	28	31
TZ SH.	1.35	1.62
DIRHAM.	965	1150
S.A. RAND	190	250
JAPANESE YEN	18	40
RWANDESE FRANC	2.1	4.5
DOLLAR SMALL	3400	3720

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**NATIONAL BUDGET FRAMEWORK PAPER 2025/26**  
**FISCAL DISCIPLINE, FINANCING STRATEGY AMONG OTHERS**

# OUR WORK IN PICTURES - JANUARY 2025



Representatives from various Civil Society Organizations (CSOs) at the National Budget Framework Paper (NBFP) retreat, organized by CSBAG. (Photo: CSBAG) - January 3, 2025



From left to right: Specioza Namwebe Kiwanuka, Researcher at Makerere University, Penina Kyarimpa, Agri-business Development Specialist, Eustace Ssajabbi, Executive Director of Agency for Integrated Rural Development, Charles Opiyo, Resilient Livelihoods Program Manager at OXFAM, and Julius Mukunda, Executive Director of CSBAG, at the CSO side event of the African Union Extraordinary Summit on Comprehensive Africa Agriculture Development Programme (CAADP) at Speke Resort Munyonyo on January 10, 2025. (Photo: CSBAG)



Mr. Julius Mukunda, Executive Director of CSBAG, holds the NDP IV booklet during a meeting with the Parliamentary Budget Committee to present civil society views on the NDP IV. January 8, 2025. Photo: CSBAG.



From right to left: Mr. Julius Mukunda, Executive Director of CSBAG, Pascal Muhangi, Economist at CSBAG, and Eric Odong, Economist at CSBAG, presenting their CSO Position Paper in response to the National Budget Framework Paper for FY 2025/26 to the Parliamentary Committee on Finance, Planning, and Economic Development. January 14, 2025. Photo: CSBAG



From left to right: Mugoya Musa, Program Officer at ISER; Lawrence Kanakulya, Advocacy Officer at PELUM Uganda; Pascal Muhangi, Economist at CSBAG; Mr. Jonathan Lubega, Policy Analyst at SEATINI; and Richard Mugenyi, Advocacy and Communications Manager at RHU, during a press conference at PELUM offices on January 12, 2025. (Photo: CSBAG)



Mr. Julius Mukunda (center), ED CSBAG, and the PSST, Ramathan GGoobi (extreme left), during the Quarter Three Press Briefing organised by MoFPED, on January 21, 2025.



A team from CSBAG, led by Mr. Julius Mukunda, Executive Director (2nd from right), met with the Director of the Anti-Corruption Directorate, Mr. Robert Lugolobi (2nd from left), at the IGG offices on January 23, 2025, to discuss leveraging technology to enhance access to government reports. (Photo: CSBAG)



From Center to right: Hon. Kunihira Agnes Abwoli, Chairperson of the Gender, Labor and Social Development Committee, Emmanuel Kasaija, Program Manager at FOWODE, Tom Kulumba, Gender and Youth Manager at RHU, Elsie Kahunde, Sharifa Namatovu, both Program Associates at CSBAG, and Mr. Donny Silus, Research and Policy Specialist at World Vision (extreme right). (Photo: CSBAG)



From R-L, Hon. Boniface Okot, vice chairperson of the trade committee, Mr. Jeff Wadulo, Team Lead at Jenga Afrika, Mr. Pascal Muhangi, Economist at CSBAG, and Mr. Jonathan Lubega, a project officer from SEATINI presenting the CSO Position Paper on Tourism and Trade in response to the FY 2025/26 NBFP to the Parliamentary Committee on Tourism, Trade, and Industry on 13/01/2025 (Photo: CSBAG)



From R-L: Mr. Pascal Muhangi, Economist at CSBAG, Christina Namubiru, Program Associate at CSBAG, Mr. Lawrence Kanakulya, Advocacy Officer at PELUM Uganda, as they met with the Parliamentary Committee on Agriculture, Animal Industries & Fisheries to present the CSO Position Paper on the Agro-industrialisation Program in response to the NBFP for FY 2025/26. (Photo: CSBAG)



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