

CSBAG BUDGET NEWS



CSOs warn on budget shortfalls, debt, and underinvestment in key sectors



From left to right: Gilbert Musinguzi (UDN), Allan Ssebulime (PELUM Uganda), Pascal Muhangi (CSBAG), Oscord Mark Otile (ACODE), Christina Namubiru (CSBAG), and Aoyisius Kittengo (SEATINI) at today's press conference on June 8, 2025. Photo: CSBAG

A coalition of Civil Society Organizations (CSOs), under their umbrella of the Civil Society Budget Advocacy Group (CSBAG), has voiced both praise and serious concern over Uganda's approved FY2025/26 national budget during a press conference hosted at the PELUM Uganda Offices in Kampala on June 8, 2025.

The CSOs acknowledged the progress made through reforms but warned that financing shortfalls, rising public debt, and underinvestment in key sectors threaten the realization of national development goals. As Parliament prepares to deliver the budget speech on June 12, 2025, the CSOs' concerns highlight the need for careful consideration of these issues in the final budget presentation.

Mr. Pascal Muhangi, an economist at CSBAG, welcomed Parliament's approval of the FY2025/26 tax bills, especially the exemption of startup businesses from income tax for their first three years.

"We appreciate the Government for the progressive tax reforms... This is commendable because the most sustainable way of growing revenue is to allow start-ups and future taxpayers to grow," Muhangi noted.

He urged the Uganda Revenue Authority (URA) to scale up tax education and enforcement mechanisms to foster compliance, particularly among informal businesses that make up 72% of Uganda's private sector.

Mr. Gilbert Musinguzi of the Uganda Debt Network (UDN) expressed concern over Uganda's rising public debt, projected to reach UGX 106.97 trillion by the end of FY2024/25, and emphasized the importance of ensuring that borrowed funds are efficiently utilized to support sustainable development and service delivery.

With the government expected to borrow UGX 34.82 trillion to finance its UGX 72 trillion budget, the debt-to-GDP ratio is projected at 53.34%, surpassing the 50% cap set in the Charter of Fiscal Responsibility.

"Interest payments alone will consume UGX 9.44 trillion in FY2025/26—25.4% of projected revenue, double the benchmark. This trend undermines service delivery," Musinguzi said. He decried the inefficiency in loan absorption, revealing that over the last decade, UGX 16.41 trillion in borrowed funds remain unutilized yet attract costly commitment charges.

Civil society welcomed the government's focus on Agro-Industrialisation, Tourism, Minerals, and Oil & Gas (ATMS) as outlined in the 10-Fold Growth Strategy. However, CSBAG expressed concern over significant financing gaps in these sectors. Agro-industrialisation will receive UGX 1.88 trillion against a target of UGX 2.45 trillion, while Science and Technology will receive UGX 388 billion against a target of UGX 408 billion.

"These sectors must receive not just rhetorical prioritization but actual financial commitment," Muhangi emphasized.

Miss. Christina Namubiru, Programme Associate at CSBAG, highlighted a mismatch in tourism funding.

Despite tourism's impressive growth contributing UGX 12.06 trillion to GDP in 2024 only UGX 427.59 billion "(0.6% of the total budget) has been allocated in FY2025/26, well below the UGX 464 billion proposed in the NDP IV," she said.

Mr. Allan Ssebulime of Participatory Ecological Land Use Management (PELUM) Uganda warned that climate financing has been slashed by 51%, from UGX 744.83 billion in FY2024/25 to UGX 364.9 billion in FY2025/26.

This is despite Uganda's vulnerability to climate change and a recent rise in compliance to climate-responsive budgeting from 55% to 91%. "These well-developed climate policies may remain aspirational without tangible realization on the ground," Ssebulime noted with concern.

Mr. Oscord Mark Otile from Advocates Coalition for Development and Environment (ACODE) criticized the stagnation in local government funding. "Local governments the foot soldiers of service delivery are seeing their budget decline by 6.7% to UGX 5.73 trillion, despite the national budget increasing," he said.

Pascal Muhangi also flagged a decline in funding for the Uganda National Medical Stores (NMS), which dropped from UGX 721.03 billion in FY2024/25 to UGX 717.6 billion in FY2025/26. He noted that key items like antimalarials and reproductive health supplies have seen reductions, exacerbating medicine stockouts in public health facilities.

In the education sector, CSBAG applauded funding for vocational training and special needs education but criticized the overall budget cut. "The Ministry of Education and Sports faces a UGX 9.8 billion reduction. Basic and secondary education, alongside Technical Vocational Education and Training (TVET), will see budget cuts of UGX 97.6 billion and UGX 78.7 billion respectively," Muhangi said.

He warned this will hinder implementation of the National Costed Service Delivery Standards, especially in capitation grants meant for Universal Primary and Secondary Education.

Civil society also demanded stricter enforcement of the Public Finance Management Act, citing abuse of supplementary budgeting. According to the Auditor General, UGX 17.3 trillion remained unspent over the last six years despite UGX 30.2 trillion being allocated through supplementary budgets.

Furthermore, the URA's repeated failure to meet revenue targets raises red flags. In FY2023/24, it collected UGX 27.86 trillion against a target of UGX 29.96 trillion. With just a month left in FY2024/25, URA still needs UGX 4 trillion to hit its UGX 32 trillion target. Yet, the target for FY2025/26 has been ambitiously raised to UGX 37 trillion.

"Revenue targets must reflect economic realities. We must also rebuild taxpayer trust by improving transparency and accountability in public spending," Muhangi urged.

The CSOs present included: Uganda Debt Network (UDN), Advocates Coalition for Development and Environment (ACODE), Participatory Ecological Land Use Management (PELUM) Uganda, The Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), and Transparency International Uganda.

CSBAG EVENTS



#ODKVISIT

Board members from OXFAM Denmark, joined by OXFAM Uganda's team, visited Rigbo and Rhinocamp Sub-counties to monitor the DANIDA project. They interacted with PBC representatives, who shared progress and achievements. Local officials confirmed the impact, and the visitors expressed strong appreciation for the PBC structures and community transformation.

Total nominal public debt to GDP is projected at 53.34% in FY2025/26, which is inconsistent with the Charter for Fiscal Responsibility (CFR) target of 49.3%. Total domestic debt interest payments to total revenues are projected at 25.41% in FY2025/26, which is inconsistent with the CFR target of 12.5%. Overall fiscal balance including grants to non-oil GDP is projected at -6.58% in FY2025/26, which is inconsistent with the CFR target of -3.0%.

Source: BUDGET COMMITTEE REPORT ON THE ANNUAL BUDGET ESTIMATES FOR FY2025/26

