

# CSBAG BUDGET NEWS



## Full monetization of Uganda's economy, priorities and concerns in the FY2025/26 Budget



Matia Kasaija, Minister of Finance, while reading the budget speech at Kololo Independence Grounds on 12th June 2025.

On 12th June 2025, Uganda's Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija, presented the national budget for the Financial Year 2025/26 under the theme: "Full Monetization of the Ugandan Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access."

In a wide-ranging address at Kololo Independence Grounds, Hon. Kasaija outlined the government's commitment to transforming Uganda's economy through strategic investment in infrastructure, social services, and wealth creation programmes. While the presentation was comprehensive and optimistic, it also brought to light critical issues that demand deeper reflection, particularly from a civil society perspective.

### Health and Education

Hon. Kasaija highlighted key milestones in the health sector, including expanded access to medicines, investment in oxygen plants, and continued construction of specialized centers for cancer and cardiovascular diseases. A total of Shs 5.87 trillion was allocated to health in the new budget.

Yet despite these efforts, the healthcare system still faces challenges such as under-staffing, frequent stockouts of essential drugs, and limited access to quality care in rural areas.

Hon. Kasaija acknowledged the need for "strengthening primary healthcare and community health services" but did not elaborate on how systemic weaknesses would be addressed beyond infrastructure and equipment.

In education, the minister allocated Shs 5.04 trillion and cited achievements such as the construction of 166 seed schools and the operationalization of teacher training reforms.

However, issues like high dropout rates, unequal distribution of teaching resources, and low learning outcomes remain, particularly in underserved areas. The budget promises to improve inspection systems and textbook availability, yet the gap between policy and implementation continues to raise concerns.

### Wealth Creation

A substantial portion of the budget is devoted to wealth creation initiatives. Hon. Kasaija revealed that over Shs 9 trillion has been invested in such programmes over the past decade, including the Parish Development Model (PDM), Emyooga, the Agricultural Credit Facility (ACF), and Uganda Development Bank (UDB) initiatives. An additional Shs 2.43 trillion has been allocated in FY2025/26 alone.

"Each parish gets Shs 100 million per year," the minister stated, adding that 2.63 million beneficiaries had accessed PDM funds by June 2025. Investments reportedly target crops, livestock, and poultry, contributing to increased household incomes and food security.

However, questions linger around the effectiveness, inclusiveness, and long-term sustainability of these initiatives. Hon. Kasaija described digital tracking mechanisms such as the PDM Information System (PDMIS) and the WENDI and ZAIDI applications, designed to reduce corruption and improve service delivery. Yet he stopped short of addressing reported delays, access barriers, and instances of politicization that have surfaced in previous programme rollouts.

### Public Debt and Revenue Collection

Uganda's debt burden is growing. Hon. Kasaija reported a budget deficit of 7.6% of GDP, with only 60% of the FY2025/26 budget expected to be financed through domestic revenue. To bridge the gap, the government continues to rely heavily on borrowing.

Nonetheless, Hon. Kasaija emphasised his commitment to increasing domestic revenue through reforms at the Uganda Revenue Authority (URA), expanded use of electronic tax systems, and improved enforcement mechanisms. "We are eliminating corruption and leveraging digital platforms," he declared, setting a revenue collection target of Shs 37.2 trillion.

While these measures are crucial, they must be balanced against the risk of overtaxing ordinary Ugandans, particularly in an economy still heavily reliant on informal trade.

### Gender and Social Protection

Hon. Kasaija outlined key interventions under the Social Assistance Grants for the Elderly (SAGE), the Uganda Women Entrepreneurship Programme (UWEP), and the Youth Livelihood Programme (YLP). In total, over 495,000 older persons, 271,000 youth, and 235,000 women have reportedly benefited.

For FY2025/26, an additional Shs 404.9 billion was earmarked for social protection. While these numbers are impressive, the minister did not address structural barriers such as gender-based disparities in access to credit, land ownership, and market integration that affect women and youth participation in the monetized economy.

Hon. Matia Kasaija's FY2025/26 budget speech offers a vision of a modern, diversified, and inclusive Ugandan economy. With continued investment in infrastructure, agro-industrialisation, social services, and ICT, the foundations for growth are visibly being laid.

However, the speech also underscores the urgent need to align policy intentions with actual outcomes—specially in health, education, social protection, and environmental sustainability. For the ambitious Tenfold Growth Strategy to succeed, government actions must go beyond figures and infrastructure. They must be rooted in accountability, transparency, and genuine inclusiveness.

As the minister concluded his presentation with confidence in Uganda's trajectory, the onus remains on the government to turn fiscal blueprints into transformative realities for all Ugandans.

## CSBAG EVENTS



### #KAMPALACAADPDECLARATION

**CSBAG Deputy ED joins the Comprehensive Africa Agriculture Development Programme, Non State Actors Group with members from across Africa to reflect, learn and lay strategies for effective Non State Actor engagement of the Kampala CAADP Declaration process at country, regional and continental level for transformation of Africa's agriculture**

**The stock of public debt is projected at USD 31.5 billion, equivalent to Shs 116 trillion, by end June 2025. Of this, external debt accounts for USD 15.49 billion, equivalent to Shs 56.3 trillion, and domestic debt USD 16 billion, equivalent to Shs 59.77 trillion. As a ratio of GDP, our public debt is estimated at 51.26 percent, which is consistent with the Charter of Fiscal Responsibility.**

Source: BUDGET SPEECH FOR FINANCIAL YEAR 2025/2026

