

CSBAG BUDGET NEWS



CSOs warn of fiscal indiscipline as borrowing surges past UGX 118 million



A budget representation with priorities. Source pfm-imf blog)

Uganda's public debt has reached unprecedented levels, with total public debt stock standing at **\$32.24 billion (approximately UGX 118 trillion)** as of June 2025, up from **\$25.59 billion** in the previous financial year—a staggering **26%** increase in just 12 months. According to the Ministry of Finance's Debt Sustainability Analysis report for 2024/25, this sharp rise is largely attributed to increased development expenditure in preparation for first oil and the repayment of advances from the Bank of Uganda.

The debt-to-GDP ratio has breached the Charter of Fiscal Responsibility's 50 percent ceiling, hitting **50.9%** in June 2025 and projected to climb to **55.5%** by June 2026. The International Monetary Fund's February 2026 Post-Financing Assessment places the figure even higher at **52.4%**, warning that "fiscal policy space remains constrained, with rising vulnerabilities associated with widening fiscal deficits and a high debt servicing burden

While the Ministry of Finance maintains that debt remains at "moderate risk" and is sustainable over the medium to long term, Civil Society warn that rising debt servicing costs, fiscal indiscipline, and opaque budgeting processes are crowding out critical spending on health, education, agriculture, and child protection services, threatening the very foundation of Uganda's future development.

This points to the abuse of supplementary funding provisions as a major concern. In the FY2023/24, the government requisitioned and received approval for **UGX 8.93 trillion** in supplementary funding on top of the **UGX 52.73 trillion** regular budget. Yet actual expenditure totalled only **UGX 48.68 trillion**

This pattern was echoed in January 2026, when a coalition of CSOs including CSBAG, SEATINI Uganda, CEHURD, Food Rights Alliance, Oxfam Uganda, and ISER issued a joint statement warning that "the limited time given to legislators to scrutinize and debate the addition of **UGX 14 trillion** presented through corrigenda" represented "rising abuse patterns of the budget-making process"

In addition, the CSOs highlighted the fundamental problem facing the nation. About **UGX 32.3 trillion** are expected to be domestic revenue and **UGX 1.3 trillion** budget support, meaning that more than 50% of the budget will be funded by debt. A big portion of this budget is not ours. We are paying interest on debt. We have only **UGX 38 trillion** available for service delivery.

The government debt management comes from the Auditor General's findings on undisbursed loans. According to CSBAG's analysis of the 2024 Auditor General's report, Uganda paid **UGX 73.9 billion in commitment fees** on undisbursed loans in FY2023/24 alone. The cumulative figure for 2018-2024 stands at a staggering **UGX 469.8 billion** In penalties—money paid for loans the country failed to utilize due to poor planning and project unpreparedness.

These penalties arise when government takes loans without adequate planning, leading to project implementation timelines expiring before funds are fully disbursed. The Mbarara-Masaka Transmission Line saw

Euro 34.888 million (UGX 146.53 billion) affected, while the Kampala City Roads Rehabilitation Project had **\$165.843 million (UGX 630.2 billion)** impacted when project implementation time expired before full disbursement.

The Auditor General found that **15 out of 49** loan-funded projects had no feasibility studies whatsoever. Of **UGX 11.837 trillion** allocated across these projects, only **UGX 7.285 trillion** was actually disbursed. This represents not just wasted money in commitment fees, but lost opportunities for development as planned infrastructure projects stall or fail to materialize.

The human cost of Uganda's debt spiral is most evident in the squeeze on public services. Debt servicing consumed **20.99%** of domestic revenue in FY2023/24, up from **17.72%** in FY2021/22 well above the **12.5%** ceiling in the Charter of Fiscal Responsibility to which government committed itself. By FY2026/27, this is projected to reach a catastrophic **45%** of domestic revenues.

The proposed **20%** cut to the agro-industrialisation programme budget for FY2026/27 contradicts Uganda's commitment under the CAADP Agenda and the Kampala Declaration of 2025, which calls on African countries to invest at least **10%** of national budgets in agriculture. Now, with the allocations to agriculture that have been surging between **2 to 4%**, coupled with the latest cuts towards the agro-industrialisation agenda, the Government may not achieve the growth it envisions for the sector.

CSOs have repeatedly flagged what they term "risky public investments" in private enterprises, where government funds are committed without proper due diligence or parliamentary approval. The Auditor General found **UGX 930.53 billion** was cumulatively invested in private firms "without following proper procedures".

This includes **UGX 723.4 billion** to Dei-Biopharma Ltd, a drug and vaccine undertaking, invested "without a valuation report and accompanying due diligence." Another **UGX 207.3 billion** was invested to salvage construction firm ROKO—an investment "executed before parliamentary approval.

While government claims "no money" for critical services, CSOs point to massive revenue losses through tax exemptions and waivers that undermine the domestic revenue base and necessitate further borrowing.

As Parliament prepares detailed budget estimates for 2026/27 and beyond, Civil Society Organizations will be watching closely—not just the debt numbers that appear in official reports, but whether government demonstrates the political will to ensure borrowed money delivers tangible benefits to the Ugandan people who ultimately bear the repayment burden. Uganda's debt trajectory demands nothing less than fundamental reform in how public resources are borrowed, managed, and accounted for.

CSBAG IN THE MEDIA



Link: [News: Govt lauded for adopting half of CSOs budget proposals](#)



#PARTICIPATORYBUDGETING

CSBAG Regional Coordinator Edna Abiko during a talkshow alongside Dep RDC Arua District Mr. Jawoko Denis, Hon Saka Wilfred LC V Terego and Hon Avutia Marlon the Ayivu Division Mayor. The Key focus was on the adjusted NBFP with emphasis on Domestic Revenue projection and what it means for West Nile for service delivery.

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SOURCE: The Ministry of Finance Debt Sustainability Analysis report FY2024/25