INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/215

UGANDA

August 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR UGANDA

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Uganda, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its July 27, 2026 consideration of the staff report that concluded the Article IV consultation with Uganda.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 27, 2026, following discussions that ended on April 30, 2026, with the officials of Uganda on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 28, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staff of the IMF and the World Bank
- A **Statement by the Executive Director** for Uganda

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2026 Article IV Consultation with Uganda

FOR IMMEDIATE RELEASE

- The Ugandan economy has performed well since the expiration of the 2021–24 Extended Credit Facility arrangement, with a weak fiscal position as a notable exception. Strong growth momentum continues, supported by robust domestic demand, low inflation, and a pickup in private sector credit.
- Revenue mobilization and expenditure restraint of the government, vigilant monetary policy, and exchange rate flexibility will be critical to expand Uganda's policy buffers. Future oil revenue should be geared to enhancing growth and improving social development while safeguarding intergenerational equity.
- Strengthening governance and anti-corruption institutions, improving the business environment, and reducing trade barriers are essential to translate Uganda's strong growth into more jobs and broadly shared prosperity, particularly as oil production begins.

Washington, DC – July, 28, 2026: On July 27**,** the Executive Board of the International Monetary Fund (IMF) concluded the 2026 Article IV Consultation[1] with Uganda. The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

The Ugandan economy has performed well since the expiration of the 2021–24 Extended Credit Facility arrangement, with a weak fiscal position as a notable exception. Strong growth momentum continues, supported by robust domestic demand, low inflation, and a pickup in private sector credit. Growth reached 6.3 percent in FY2025/26 (Q1–Q3), maintaining the same strong momentum recorded in FY2024/25. Headline and core inflation stood at 3.7 percent and 3.4 percent, respectively, in June, remaining well below the Bank of Uganda's medium-term core inflation target of 5 percent.

Strong capital inflows have supported Uganda's international reserves. Despite strong coffee and gold exports, the current deficit remains high due to private sector imports of capital goods associated with investment activity, increased gold imports, and a wider services

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the https://www.imf.org/en/countries/uga page.

account deficit. Sizable portfolio inflows have boosted gross international reserves, reaching $6.1 billion at end May 2026 (or about 2.7 months imports of goods and services).

The overall fiscal deficit widened to 6.0 percent of GDP in FY2024/25, from 4.7 percent in FY2023/24, reflecting higher recurrent spending and rising interest payments. Spending pressures persisted in the first eight months of FY2025/26, with the overall deficit projected to widen further to 7.1 percent of GDP for the fiscal year.

Looking ahead, growth momentum will continue, further boosted by the start of oil production, which will make lasting improvement in the fiscal and external balances. exchange rate movements, elevated energy prices, and higher transportation costs are expected to push headline inflation above 5 percent in FY2026/27, while core inflation is projected to reach the BoU's 5-percent medium-term target before end-2026. A prolonged or intensified conflict in the Middle East and Ebola outbreak pose significant downside risks to the outlook in the near term. Other risks include tighter global financial conditions, potential delays in oil production, and climate-related shocks.

Executive Board Assessment[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Uganda's continued robust growth momentum, low and stable inflation, as well as the favorable outlook bolstered by the anticipated start of oil production. At the same time, they expressed concern about the weakening fiscal position, noting the high debt service burden and the crowding out of private sector credit. Directors also noted the significant downside risks, including spillovers from a prolonged conflict in the Middle East, tighter global financial conditions, further delays in oil production, and climate-related shocks.

Directors agreed that stronger fiscal consolidation, anchored in enhanced domestic revenue mobilization and improved expenditure discipline, is needed to reduce debt vulnerabilities, ease crowding-out pressures, and rebuild policy space. They recommended the swift adoption and implementation of the Domestic Revenue Mobilization Strategy to broaden the tax base, improve administration, and rationalize tax expenditures. They stressed the critical need for stronger budgetary discipline, including tightening controls on supplementary spending, improving spending efficiency, and enhancing public financial management. Directors underscored the urgency of establishing a robust and transparent framework for managing oil revenues, to safeguard sustainability and support intergenerational equity.

Directors supported the Bank of Uganda's tight monetary policy stance to anchor inflation expectations amid successive shocks and heightened global uncertainty. They emphasized that monetary policy should remain data-driven and forward-looking, alongside continued efforts to enhance policy transmission. They highlighted the importance of exchange rate flexibility for absorbing external shocks, and the need to continue building foreign exchange reserves. Directors supported continued efforts to strengthen central bank independence, including through full implementation of the 2021 Safeguards Assessment recommendations.

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[3] At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summing up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

Directors commended the financial system's strong capital and liquidity buffers, while calling for vigilant monitoring of the sovereign bank nexus. They also encouraged continued efforts to translate gains in financial inclusion into broader financial deepening and to address structural constraints to lending.

Directors underscored that accelerating structural reforms, particularly to improve the business environment and strengthen governance, is essential to support private sector-led inclusive growth and enhance resilience. They highlighted the need to strengthen the anti-corruption framework and the judiciary, reduce non-tariff barriers, and deepen regional trade integration. Continued efforts to strengthen climate resilience remain important.

The next Article IV consultation with Uganda will be held on the standard 12-month cycle.

Uganda: Selected Economic and Financial Indicators, FY2023/24-2030/31[1,2]

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
	(Percent, unless indicated otherwise)							
Output, prices, and exchange rate								
Real GDP	6.1	6.3	6.1	8.7	8.0	6.4	6.2	5.8
Non-Oil real GDP	6.1	6.3	6.1	6.0	6.0	6.0	6.0	6.0
GDP deflator	5.4	5.2	3.8	5.0	4.6	4.5	4.6	4.9
Headline inflation (period average)	3.2	3.5	3.4	5.4	4.4	5.0	5.0	5.0
Core inflation (period average)	3.0	3.9	3.4	4.8	5.0	5.0	5.0	5.0
Terms of trade ("–" = deterioration)	8.1	12.6	1.9	3.0	2.6	2.6	1.9	1.9
Exchange Rate (Ugandan Shilling/US$) ("–" = appreciation)	0.7	-2.5	…	…	…	…	…	…
Real effective exchange rate ("–" = depreciation)	3.3	4.8	…	…	…	…	…	…
Money and credit								
Broad money (M3)	8.7	13.3	11.2	14.6	13.4	11.7	12.3	11.6
Credit to non-government sector	9.7	10.3	9.1	10.3	10.3	8.9	8.6	8.5
Bank of Uganda policy rate (percent) [3]	10.3	9.8	9.8	…	…	…	…	…
M3/GDP (percent)	20.4	20.7	20.9	21.0	21.1	21.2	21.4	21.5
NPLs (percent of total loans)[3]	4.9	3.7	3.6	…	…	…	…	…
Central government budget								
Revenue and grants	14.1	14.7	14.6	15.4	16.3	16.5	16.8	17.1
Of which: grants	0.5	0.6	0.4	0.5	0.4	0.3	0.2	0.2
Of which: oil revenue	0.0	0.1	0.1	0.6	1.7	1.9	2.1	2.2
Expenditure	18.8	20.7	21.7	22.0	22.5	22.8	23.1	23.3
Of which: Current	13.2	15.2	15.8	15.5	15.7	16.0	16.4	17.0
Of which: Capital [4]	5.4	5.2	5.5	6.1	6.3	6.2	6.1	6.3
Overall balance	-4.7	-6.0	-7.1	-6.6	-6.2	-6.3	-6.4	-6.2
Of which: Net domestic borrowing	4.2	5.4	5.5	6.2	5.5	5.6	5.8	5.4
Primary balance	-1.6	-2.3	-2.5	-2.1	-1.4	-1.2	-1.0	-0.3
Non-oil primary balance	-1.6	-2.3	-2.5	-2.1	-2.5	-2.4	-2.4	-1.8
Non-oil primary domestic balance	-0.1	-1.2	-0.8	-0.1	-0.5	-0.4	-0.5	0.1
Public debt								
Public gross debt[5]	50.6	52.3	55.1	55.5	55.9	57.1	58.2	59.2
External[6]	28.1	27.2	27.3	25.4	24.1	23.3	22.4	21.9
Domestic	22.5	25.1	27.8	30.1	31.8	33.8	35.8	37.3
Investment and savings								
Investment	22.4	22.8	23.0	23.7	23.9	23.9	23.9	24.1
Public	5.4	5.2	5.5	6.1	6.3	6.2	6.1	6.3
Private	17.0	17.4	17.5	17.5	17.6	17.7	17.7	17.8
Savings	14.4	16.6	15.9	18.2	20.6	22.0	21.9	22.2
Public	0.5	-0.9	-1.7	-0.7	-0.2	-0.2	-0.3	0.1
Private	13.9	17.5	17.6	19.0	20.8	22.2	22.2	22.2
External sector								
Current account balance	-8.0	-6.2	-7.1	-5.4	-3.2	-1.9	-2.0	-1.9
Current account balance (excluding grants)	-8.0	-6.2	-7.3	-5.6	-3.4	-2.0	-2.1	-1.9
Exports (goods and services)	18.8	21.7	27.1	33.1	34.4	32.2	30.2	28.9
Imports (goods and services)	27.6	28.9	34.4	36.1	34.7	31.1	29.3	28.6
Gross international reserves								
In billions of US$	3.2	4.3	6.0	6.4	7.0	7.9	8.3	8.8
In months of next year's imports of goods and services	2.2	2.2	2.7	2.7	3.0	3.3	3.3	3.3
Memorandum items:								
GDP at current market prices								
Ush. billion	203,706	227,875	250,808	286,210	323,318	359,627	399,564	443,516
US$ billion	53.9	61.8	…	…	…	…	…	…
GDP per capita (Nominal US$)	1,174	1,307	1,402	1,486	1,559	1,641	1,723	1,807
Exchange Rate (Ugandan Shilling/US$)	3,778.5	3,685.4	…	…	…	…	…	…
Population (million)[7]	45.9	…	…	…	…	…	…	…

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30.

[2] All figures are based on the 2016/17 rebased GDP.

[3] Latest available data. NPLs: December 2025; BoU policy rate: May 2026.

[4] Capital expenditures include net lending and investment on hydropower projects, and exclude BoU recapitalization.

[5] Debt is on a residency basis.

[6] External debt includes publicly guaranteed debt.

[7] Based on figures from the 2024 census by the Uganda Bureau of Statistics.

INTERNATIONAL MONETARY FUND

UGANDA

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

May 28, 2026

EXECUTIVE SUMMARY

Context. Uganda's robust growth momentum continues, supported by strong domestic demand, low inflation, and a pickup in private sector credit growth. The outlook is set to strengthen further with the expected start of oil production in late 2026, which would strengthen fiscal and external balances over the medium term. Spillovers from the conflict in the Middle East have so far been limited, but a prolonged or intensified conflict poses a significant downside risk in the near term. Other risks include tighter global financial conditions, further delays in oil production, and climate-related shocks.

Fiscal Policy. While public debt remains sustainable, high debt service costs and sizeable financing needs are crowding out private sector credit and creating fiscal vulnerabilities. Strengthening domestic revenue mobilization and enforcing stronger budgetary discipline are critical to building durable fiscal space to address pressing development and social spending needs. The Charter of Fiscal Responsibility should ensure prudent use of upcoming oil revenues, carefully balancing the need to increase development and social spending and safeguard intergenerational equity.

Monetary, financial, and external sector policies. The Bank of Uganda's (BoU) tight monetary stance has helped anchor inflation expectations amid volatile commodity prices and an uncertain external environment. Monetary policy should remain data-driven to focus on meeting the BoU's medium-term inflation target and foster financial deepening. Uganda's exchange rate regime is considered floating with the external position assessed as moderately weaker than warranted by fundamentals. Two-way exchange rate flexibility should be preserved, with continued efforts to build adequate foreign exchange reserves buffers. While the financial sector remains resilient, macro-financial risks and structural constraints to lending warrant continued vigilance.

Structural reforms. Addressing governance weaknesses, lowering costs of doing business and conducting trade, and improving policy predictability are essential to bolster Uganda's private sector-led growth. Priority reforms include reducing non-tariff barriers, improving the predictability, coverage, and efficiency of the tax system, and strengthening the anti-corruption framework and judicial system.

Approved By
Papa N'Diaye (AFR)
and Jay Peiris (SPR)

The mission team consisted of Ms. Rahman (head), Messrs. Qu and Tchaidze (AFR), Mr. Fernández Martin (MCM), and Mr. Kiiashko (SPR). Ms. Armas (MCM) contributed to the preparation of the mission. The mission was assisted by Mr. Walker (Resident Representative) and Ms. Babirye (local economist). Mr. de Castro (LEG) participated remotely. Discussions were held in Kampala during April 22-30, 2026. The team met with Mr. Kiwanuka, Attorney General; Dr. Musenero, Minister for Science, Technology and Innovation; Dr. Atingi-Ego, Governor of the Bank of Uganda (BoU); Mr. Ggoobi, Permanent Secretary and Secretary to the Treasury; and other senior officials of the government and the BoU. Staff also held discussions with representatives of civil society, development partners, and the private sector. Mr. Vaval Pierre-Charles and Ms. Ndome-Yandun provided excellent assistance for the preparation of this report.

CONTENTS

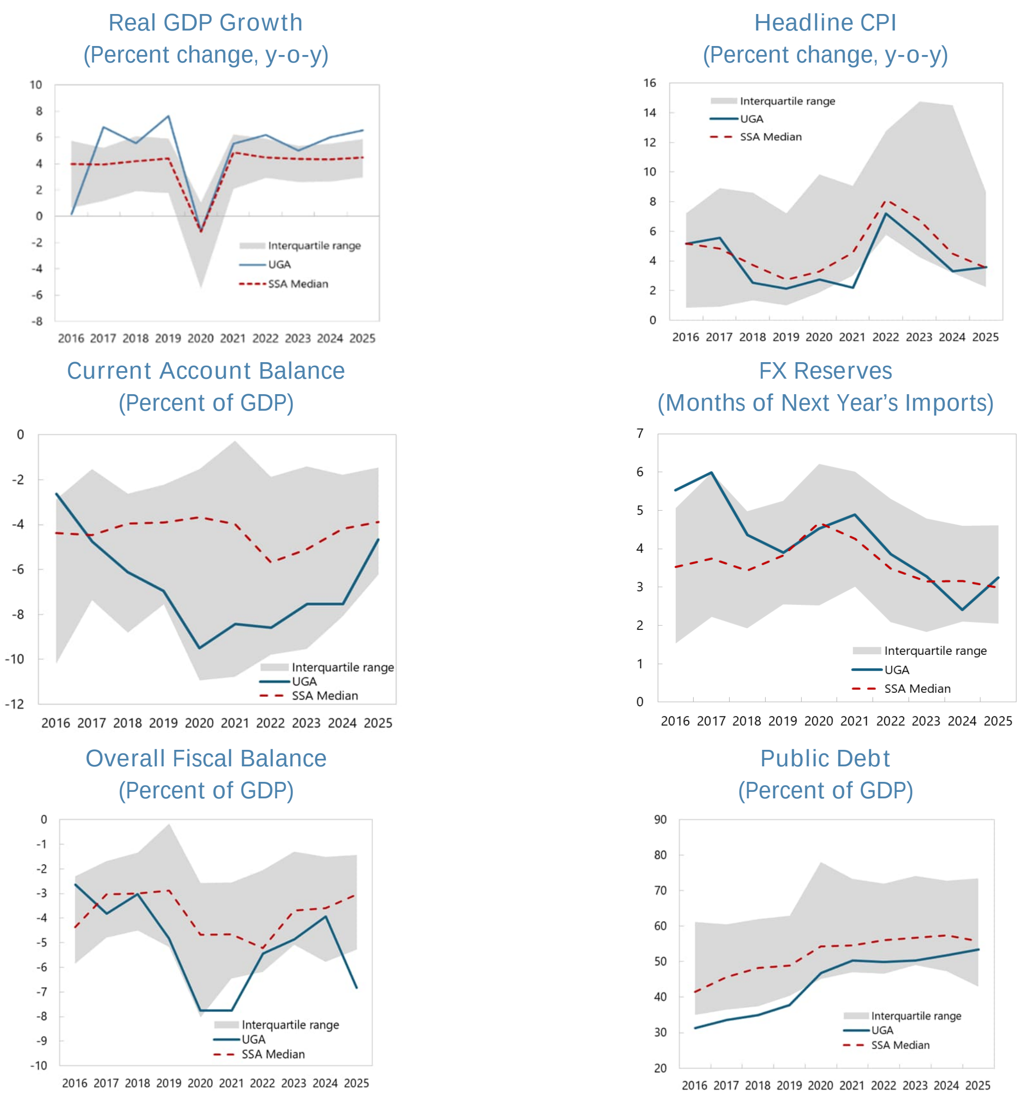
TABLES

ANNEXES

CONTEXT

1. **The Ugandan economy has performed well since the expiration of the 2021-24 Extended Credit Facility (ECF) arrangement, notwithstanding a marked weakening in fiscal outcomes.** Growth has remained robust at around 6 percent despite repeated external shocks, while proactive monetary policy actions have ensured price stability (Text Figure 1). Although the current account deficit (CAD) remains elevated, it has narrowed and FX reserves have increased over the past year. This performance compares favorably with peers in sub-Saharan Africa (SSA). In contrast, fiscal outcomes have deteriorated markedly: the overall fiscal deficit increased sharply and public debt rose to above 50 percent of GDP at end-2025 contributing to the already-high debt-servicing burden.

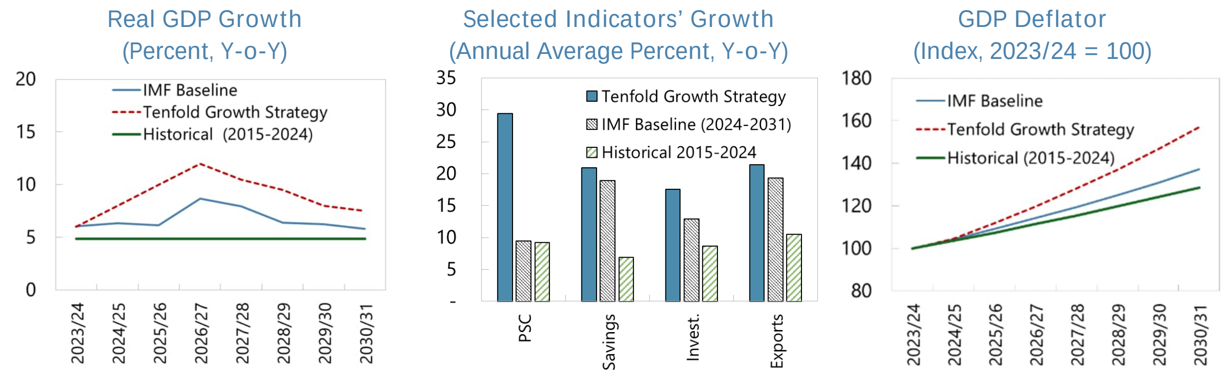
Text Figure 1. Key Macroeconomic Indicators in Uganda and Peers



Sources: WEO and IMF staff calculations.
Notes: Numbers for 2025 are estimates.

2. **The Ugandan authorities have articulated an ambitious development agenda.** Their tenfold growth strategy aims to achieve socio-economic transformation by promoting agro-industrialization, tourism, mineral development, and science, technology, ICT, and innovation (ATMS). While the strategy envisages sustained increases in domestic savings, investment, private sector credit growth, and exports as main drivers of growth, the underlying reforms needed to deliver these outcomes are yet to be fleshed out (Text Figure 2). Uganda held general elections in January 2026, and President Museveni won a seventh five-year term, extending his tenure that began in 1986.

Text Figure 2. Uganda's Tenfold Growth Strategy in Historical Context



Sources: Tenfold Growth Strategy, IMF staff estimates.
Notes: Table D1 in the Tenfold Growth Strategy report was used for the GDP deflator and real GDP growth rates. The growth rates in selected indicators were derived by finding the compound average growth rate needed to reach their respective targets by 2040. PSC = Private Sector Credit; Savings = Gross Domestic Savings; Invest. = Gross National Investment; Exports = Gross exports of goods and services.

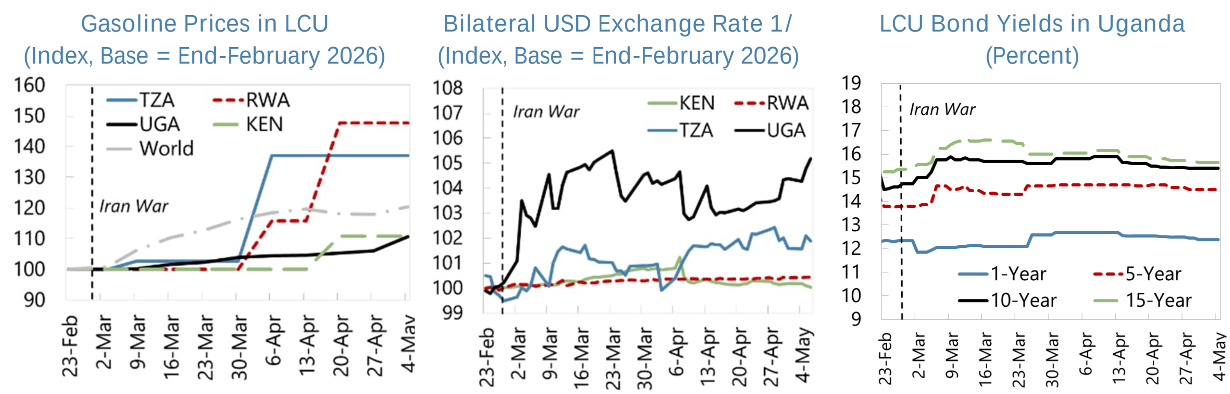
3. **Rebuilding policy space and buffers while advancing reforms is critical to supporting the authorities' ambitious growth strategy.** The current policy mix—characterized by a loose fiscal stance increasingly financed through costly borrowing alongside a tight monetary policy—has helped avert high inflation and large external imbalances but has weighed on private sector activity. Policy priorities should include achieving a durable fiscal consolidation that preserves space for development and social spending, while reducing debt-related vulnerabilities and easing constraints on monetary policy; preserving external competitiveness and strengthening resilience to external shocks through two-way exchange rate flexibility and buildup of adequate FX reserves; and improving governance, the business environment, and trade logistics to achieve a stronger private-sector led growth.

RECENT ECONOMIC DEVELOPMENTS

4. **Real GDP growth strengthened in FY2025/26H1 amid contained inflation.** Following growth of 6.3 percent in FY2024/25, real GDP growth increased to 6.5 percent in FY2025/26H1, reflecting stronger performance in agriculture and industry (Figure 1). High-frequency indicators point to continued expansion, supported by robust domestic demand and a pickup in private sector credit growth driven by foreign currency-denominated lending (Figure 5). Inflation remained

contained, reflecting a tight monetary policy stance, currency appreciation, and favorable weather conditions and energy prices in 2025. Both headline and core inflation stood at 3 percent in April 2026, well below the Bank of Uganda's (BoU's) 5 percent target for core inflation. Spillovers from the ongoing war in the Middle East have been limited so far reflecting Uganda's overall food self-sufficiency, low reliance on imported fertilizer, and the fuel import mechanism introduced in 2024 that has a short supply chain. As a net oil importer[1], the main impacts have been through rising fuel prices, some depreciation pressures on the currency, and higher yields of government bonds (Text Figure 3).

Text Figure 3. Impacts of the Conflict in the Middle East



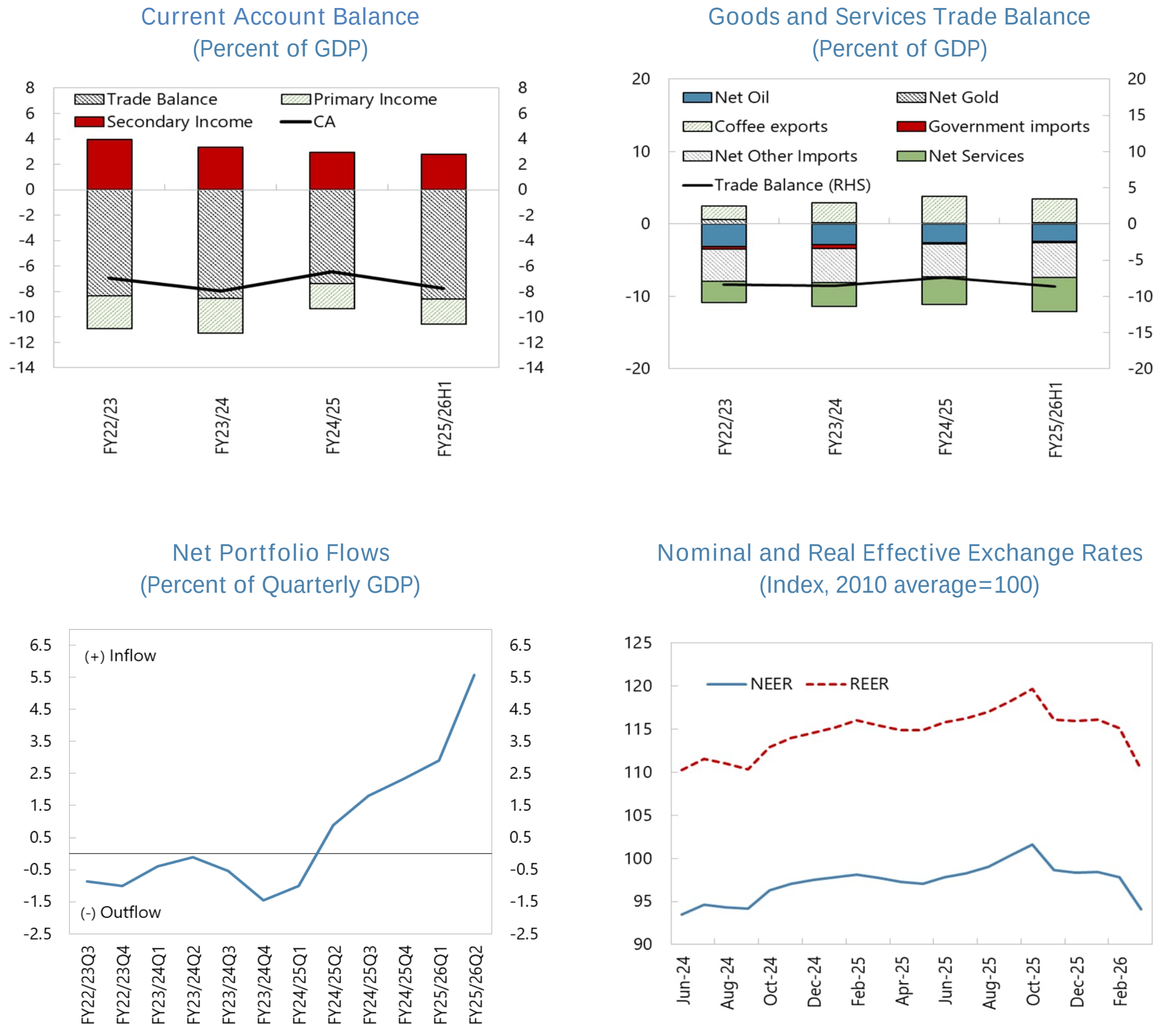
Sources: Ugandan authorities, Global Petrol Prices Database, Bloomberg, Refinitiv.
Notes: LCU = Local Currency Unit.
1/ Values above 100 indicate a depreciation, values below 100 indicate an appreciation.

5. **The current account deficit (CAD) widened in FY2025/26H1, while portfolio inflows remained strong (Text Figure 4).** After narrowing in FY2024/25 (from 8.0 percent of GDP in FY2023/24 to 6.2 percent), the CAD widened markedly in FY2025/26H1. The deterioration reflects higher private sector imports of capital goods associated with investment activity, increased gold imports, and a wider services account deficit. However, the financial account surplus remained strong, driven by sizable portfolio inflows, which strengthened further in FY2025/26H1 to 2.2 percent of GDP from 1 percent of GDP in FY2024/25. FX reserves continued to grow, reaching $6 billion at end-March 2026 and covering about 3.1 months of goods imports.[2] Both nominal and real effective exchange rates appreciated during most of 2025.

[1] Oil imports accounted for about 2.8 percent of GDP in FY25/26.

[2] Excluding temporary cross-currency repo contracts, the reserve coverage stands at 2.7 months of imports of goods and services.

Text Figure 4. Recent Developments in Selected BOP Indicators



Sources: BoU, Haver and IMF staff calculations.

6. **Fiscal developments to date show broadly stable tax revenue performance relative to FY2024/25 but higher spending (Text Table 1).** As of early May, the authorities adopted five supplementary budgets.[3] While much of this additional spending is expected to be offset by cuts elsewhere, the overall fiscal deficit is projected to widen in FY2025/26 to 7.1 percent of GDP, mostly reflecting higher interest payments. Financing continues to rely heavily on the domestic market,

[3] Altogether, these supplementary budgets authorized additional spending in the amount of 3.2 percent of GDP for the following: the 2026 general elections, defense and security needs, several infrastructure projects, the acquisition of additional aircraft for Uganda Airlines, operationalization of the national ambulance system, preparations for the Non-Aligned Movement ministerial meeting, recruitment of teachers for newly created secondary schools, and health-related costs within the bilateral cooperation agreement with the U.S.

including offshore inflows and pension and provident funds. Repayments to the BoU have proceeded in line with the revised amortization schedule previously agreed with the MoFPED.

Text Table 1. Fiscal Developments in FY2024/25 – FY2025/26, July - February
(Percent of Annual GDP)

	FY2024/25		FY2025/26	
	July-February	Full Year	July-February	Forecast
Revenues and grants	9.3	14.7	9.2	14.6
Tax Revenues	8.2	13.0	8.4	13.2
Non-tax Revenues	0.6	1.1	0.6	1.1
Grants	0.4	0.6	0.2	0.4
Expenditures and net lending	12.3	20.7	13.5	21.7
Current expenditures	9.5	15.2	10.3	15.8
Wages and salaries	2.3	3.5	2.2	3.4
Interest payments	2.5	3.7	3.2	4.6
Other current	4.7	8.0	4.9	7.7
Development expenditures	2.5	5.2	2.9	5.5
Domestically financed	1.5	3.4	2.1	3.4
Externally financed	1.0	1.8	0.9	2.1
Other spending (net lending, arrears clearance, etc.)	0.3	0.3	0.2	0.4
Overall fiscal balance	-3.0	-6.0	-4.3	-7.1
External financing, net	0.1	0.5	0.6	1.6
Budget Support Loans (incl. commerical)	0.1	0.3	1.0	1.5
Project Loans	1.0	1.6	0.5	1.8
Amortization	-0.9	-1.3	-0.9	-1.7
Domestic Financing, net	3.2	5.4	4.4	5.5
Banks and BoU, net	1.0	1.3	-0.2	0.1
Non-bank, net (incl. offshore)	2.3	4.2	4.6	5.4
Errors and residuals	-0.3	-0.1	-0.8	0.0

OUTLOOK AND RISKS

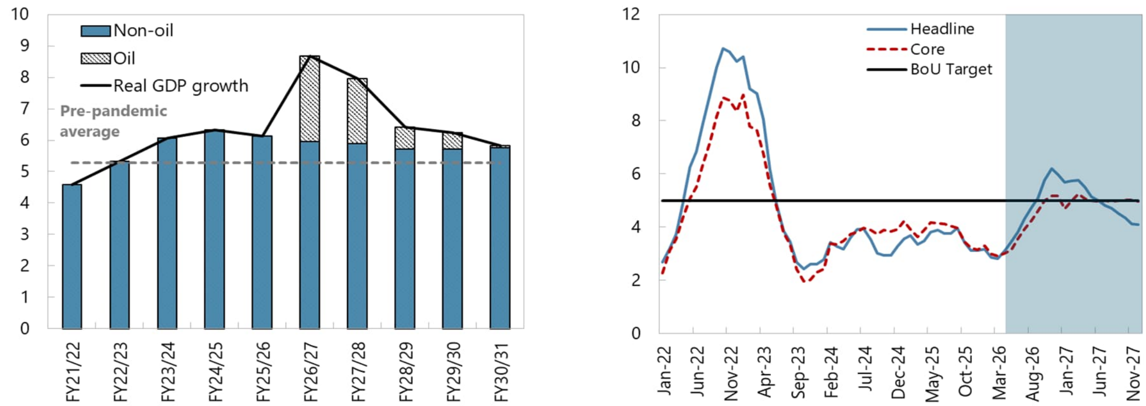
7. The FY2025/26H2 outlook for growth, inflation, and the current account balance is impacted by the post-election slowdown and spillovers from the war in the Middle East. Real GDP growth is projected to slow to 5.7 percent year-on-year in FY2025/26H2, from 6.5 percent in FY2025/26H1. Aligned with the April 2026 WEO commodity price assumptions including for oil, inflationary pressures are expected to rise, with the exchange rate depreciation, rising energy prices, and higher transportation costs pushing headline inflation to 5.4 percent in FY2026/27. The FY2025/26 CAD is projected to widen to 7.1 percent of GDP driven by increased fuel imports and higher transportation costs with end-June 2026 FX reserves coverage in months of imports projected to decline to 2.7.

8. The medium-term outlook remains robust. Uganda's broad-based, domestic-demand-led growth is expected to continue, with an additional boost from the oil sector (Text Figure 5). The start of oil production is projected to lift growth above 8 percent per year during FY2026/27-FY2027/28, while keeping inflation anchored around the BoU's 5 percent target for core inflation over the

medium term. The CAD is forecast to narrow to 5.4 percent of GDP in FY2026/27 and decline further to around 2 percent over the medium term, driven by oil exports and declining oil-project-related imports (Table 4b). Foreign exchange reserves are expected to rise above 3 months of import coverage by FY2027/28.

Text Figure 5. Real GDP Growth and Inflation, Past Performance and Outlook

Growth Projection (Percent) | Inflation (Percent)



Sources: Haver; IMF World Economic Outlook database; UBOS; and IMF staff calculations.

Notes: OEMDE = Other Emerging and Developing Economies.

9. **The economy faces several near- and medium-term risks.**

a. **Near-term risks are mostly on the downside** stemming from heightened global uncertainties, in particular the war in the Middle East. Any intensification of the conflict or a prolonged duration could disrupt trade and capital flows as well as remittances receipts resulting in lower growth, higher inflation, elevated borrowing costs and CADs, and declining buffers (see Box 1).

b. **Medium-term risks are more balanced.** External downside risks include rising protectionism and geopolitical tensions and higher interest rates in advanced economies. Domestic downside risks include further erosion of fiscal discipline, which could exacerbate debt servicing costs and crowding out effects and impact the credibility of the inflation targeting regime, and delays in oil production due to technical, legal, or financial setbacks which would adversely affect growth and fiscal and external balances. Additionally, reliance on rain-fed agriculture leaves Uganda vulnerable to climate shocks. On the upside, a timely start to oil production and persistently high oil prices could support both fiscal and external buffers, while renewed reform momentum following the 2026 elections could strengthen economic fundamentals and investors' confidence.

Authorities' Views

10. **The authorities remain more optimistic than staff regarding the macroeconomic outlook.** They expect real GDP growth to exceed 10 percent in FY2026/27 and remain around

7 percent in the medium run reflecting the government's investments under the Tenfold Growth Strategy, including in the priority sectors (ATMS) and related enablers to boost production and productivity. They agreed with staff on the risks, particularly regarding spillovers from the war in the Middle East. Core inflation is expected to range from 5.0 to 5.3 percent over the next 12 months, albeit with risks of higher inflation from a prolonged and escalated war in the Middle East. Stronger-than-expected domestic demand driven by investment in the extractive sector and public spending, as well as adverse weather conditions, could add to inflationary pressures.

POLICIES

A more vigorous revenue-based fiscal consolidation, better budgetary discipline, a vigilant monetary policy that addresses inflationary concerns and facilitates credit recovery, and continued exchange rate flexibility are needed to help build policy space and buffers. Prudent management of oil resources is necessary to improve social development and ensure intergenerational equity. Uganda should build on its recent gains in financial inclusion and make more tangible progress in governance, business, and the trade environment to ensure a more robust private sector-led growth.

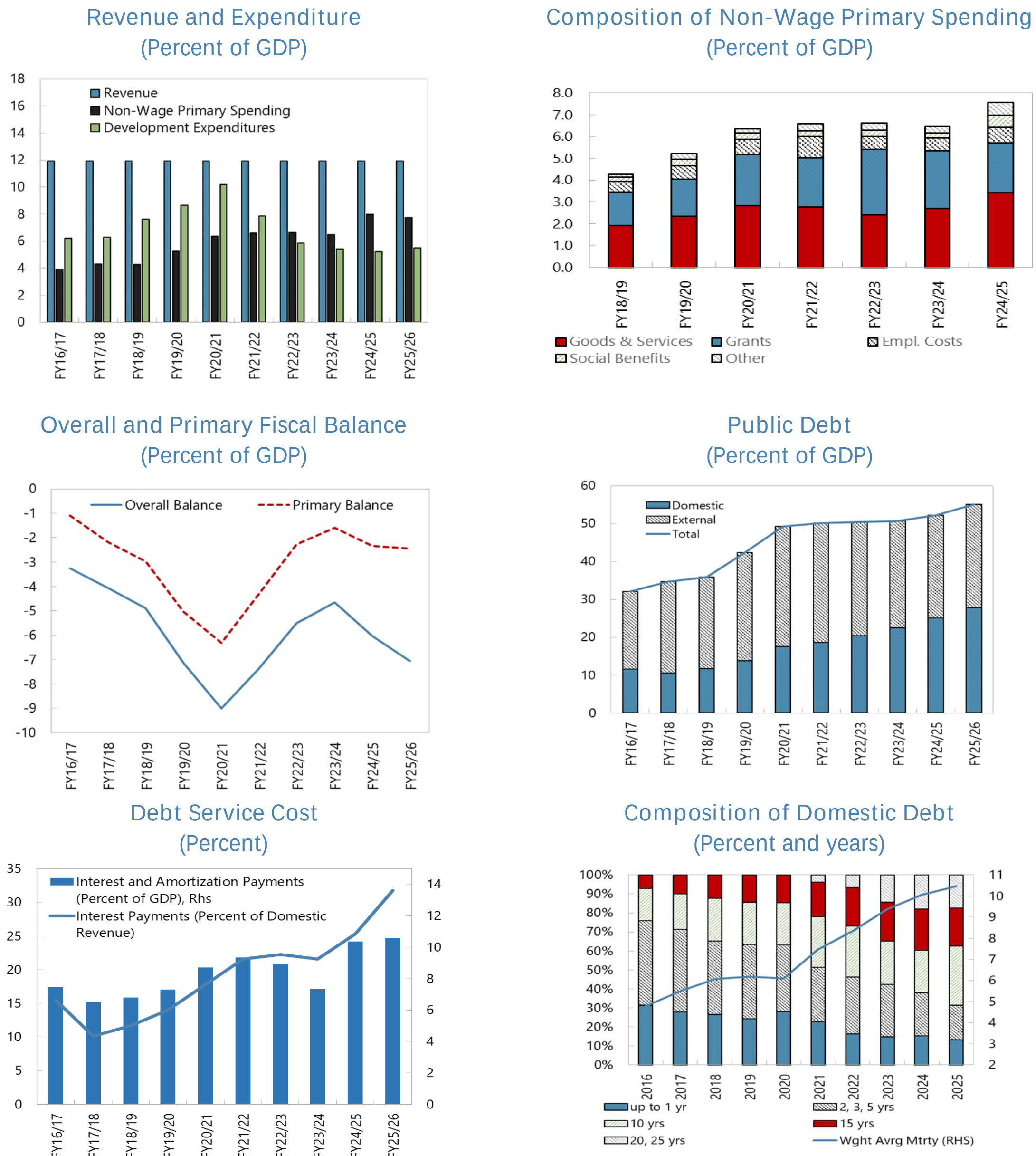
A. Fiscal Policies: Reduce Debt related Vulnerabilities, Create Policy Space to Support Growth

11. With stagnating revenue/GDP levels since the COVID-19 pandemic and rising current spending, debt-related vulnerabilities have increased (Text Figure 6). Limited revenue reforms and weak budgetary controls, as manifested in frequent supplementary budgets, have resulted in higher deficits with public debt projected to reach 55.1 percent of GDP in FY2025/26, a 13 percentage points of GDP increase since 2019, and a violation of the limits specified in the Charter of Fiscal Responsibility (CFR). Financing has relied largely on domestic sources and non-concessional foreign borrowing, contributing to elevated real interest rates in the 10-14 percent range. As a result, interest payments are projected to absorb almost a third of domestic revenues in FY2025/26, while total debt service costs stand at around 10 percent of GDP, up sharply from the 6-7 percent of GDP pre-pandemic range. High real domestic interest rates, along with open current and capital accounts, strong growth, and broad macroeconomic stability, have attracted sizeable foreign portfolio flows into the domestic market (the stock of foreign holdings stood at $2.7 billion as of March 2026, which is equivalent to 4 percent of GDP and 45 percent of FX reserves), creating risks of sudden withdrawals.

12. The overall FY2026/27 fiscal deficit is projected to improve by half a percentage point of GDP due to the start of oil production in late 2026 (Text Table 2). Parliament approved the FY2026/27 budget on April 28, 2026, with a revenue package that relies heavily on administrative measures, complemented by several tax policy measures, including excise tax increases on fuel products and various withholding taxes and stamp duties. Staff's assessment suggests no net gains in tax revenues as a share of GDP relative to FY2025/26 given offsetting impacts from other measures, such as the extension of some tax expenditures, and the increase in GDP due to oil production. On the expenditure side, some rationalization of current spending due to the

elimination of one-off expenditures (such as election-related spending) is expected to be outweighed by higher development spending. Fiscal financing is expected to continue to rely heavily on domestic sources, although the authorities are exploring external borrowing options and are close to finalizing their inaugural sukuk issuance.

Text Figure 6: Selected Fiscal Indicators



Sources: Haver, Ugandan authorities, and IMF staff calculations.
Notes: Debt Service includes amortization and interest payments. “Employment Costs” include various allowances. FY2025/26 numbers are IMF staff projections.

Text Table 2. Staff's Baseline (No Adjustment) Fiscal Scenario (Percent of GDP)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Revenues and Grants	14.7	14.6	15.4	16.3	16.5	16.8	17.1
Tax Revenues	13.0	13.2	13.2	13.2	13.3	13.5	13.8
Non-tax Revenues	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Oil Revenues *	0.1	0.1	0.6	1.7	1.9	2.1	2.2
Grants *	0.6	0.4	0.5	0.4	0.3	0.2	0.2
Expenditures	20.7	21.7	22.0	22.5	22.8	23.1	23.3
Current Spending	15.2	15.8	15.5	15.7	16.0	16.4	17.0
Wages and salaries	3.5	3.4	3.4	3.5	3.6	3.7	3.7
Interest payments *	3.7	4.6	4.5	4.8	5.1	5.4	5.9
Other current	8.0	7.7	7.6	7.4	7.4	7.4	7.4
Development Spending	5.2	5.5	6.1	6.3	6.2	6.1	6.3
Externally financed development spending *	1.8	2.1	2.5	2.4	2.2	2.1	2.1
Domestically financed development spending	3.4	3.4	3.6	3.9	4.0	4.0	4.2
o/w financed by oil revenues *	0.1	0.0	0.7	0.7	0.7	0.7	0.7
o/w financed by non-oil revenues	3.3	3.4	2.9	3.2	3.3	3.3	3.5
Other spending (arrears clearance, net lending, etc.)	0.3	0.4	0.4	0.5	0.5	0.6	0.0
Overall balance	-6.0	-7.1	-6.6	-6.2	-6.3	-6.4	-6.2
Non-oil primary domestic balance (excludes * items)	-1.2	-0.8	-0.1	-0.5	-0.4	-0.5	0.1
Public Debt	52.3	55.1	55.5	55.9	57.1	58.2	59.2
Interest spending to domestic revenue, percent	26.2	32.4	30.4	30.1	31.5	32.4	34.7

13. Over the medium term, fiscal deficits and debt servicing costs are expected to remain elevated under the baseline (no adjustment) scenario (Text Table 2, Tables 2A and 2B). While the nearly finalized Domestic Revenue Mobilization Strategy-2 (DRMS-2) envisages significant revenue gains, these are mostly from administrative reforms, which rely heavily on systems and data beyond the control of the Uganda Revenue Authority (URA) and for which an implementation plan is yet to be crafted (Text Table 3). Accordingly, staff's baseline projects modest revenue gains, consistent with historical trends and the absence of a fully articulated implementation plan. On the expenditure side, some reduction in current spending is assumed, reflecting stricter control exercised by MoFPED over supplementary budgets (see the PFM bullet in ¶15). Overall, the fiscal deficit is projected to decline but remain above 6 percent of GDP throughout the medium term, with interest payments consuming more than 30 percent of domestic revenues. An assessment of the underlying fiscal position using the non-oil primary domestic balance (NPDB), which excludes interest payments, oil-related transactions, and externally funded development projects and grants as a share of non-oil GDP shows an improvement in the fiscal balance of about 1 percentage point during FY2026/27-FY2030/31. Downside risks to this scenario include further delays in oil production, higher borrowing costs from tighter international or domestic financial conditions, and weak political support for fiscal consolidation, while upside risks include lower execution of development spending.

Text Table 3. The Authorities' DRMS-2
(Percent of non-oil GDP)

Revenue Impact Over DRMS2 Horizon (percent of non-oil GDP)	
1. Tax Policy Reforms	1.10
i. VAT Reforms & VAT Expenditure Rationalisation	0.35
ii. Rental Income Tax Harmonisation	0.15
iii. Presumptive Tax Reform	0.12
iv. Excise Duty Reform (multi-year, EAC aligned)	0.18
v. Withholding Tax Reforms	0.20
vi. Digital Services & Digital Commerce Tax Adjustments	0.10
2. Administrative Reforms	3.30
i. Expansion of the Electronic Fiscal Receipting and Invoicing System & Digital Invoicing	1.00
ii. Integration of Registries & Utilities	0.75
iii. Formalisation of Informal Businesses	0.40
iv. Third-party Data Integration	0.35
v. Compliance Risk Management	0.55
vi. Customs Enforcement	0.25

Source: MoFPED estimates.

14. Under the baseline, Uganda's public debt, projected to reach 60 percent of GDP by FY2030/31, remains sustainable, with a moderate risk of debt distress (see accompanying Debt Sustainability Analysis, DSA).[4] External debt burden indicators and total public debt remain below their respective thresholds and benchmarks throughout the projection horizon, except for a short-lived breach of the external debt-service-to-revenue ratio in FY2025/26-FY2026/27. Given its small magnitude and temporary nature, the envisaged medium-term fiscal consolidation, and the favorable maturity structure of the debt, this breach does not alter the overall assessment. However, stress tests point to heightened vulnerabilities, with several indicators breaching their thresholds, some persistently, under adverse scenarios. Vulnerabilities related to the heavy reliance on costly domestic financing have also intensified, with both domestic debt/GDP and domestic debt service-to-revenue ratios projected to remain well above the LIC medians throughout the DSA horizon.

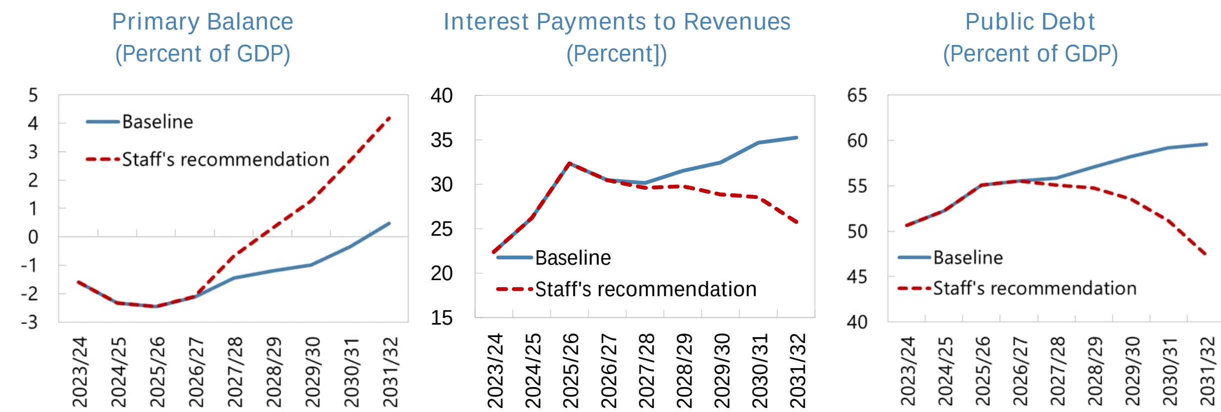
15. Staff emphasized the need for stronger fiscal consolidation that would aim to lower debt service costs and be anchored in an implementation plan for DRMS-2 and stricter adherence to budget targets reining in the scope of supplementary budgets (Text Figure 7). The proposed adjustment, with measures worth roughly 1 percent of non-oil GDP annually over FY2027/28-FY2031/32, evenly split between higher tax revenues and reductions in current spending, would reduce the interest-payments-to-revenue ratio to 23 percent and public debt to 41 percent of GDP.[5] While more ambitious relative to the baseline, this path is achievable, as it implies revenue

[4] Uganda has arrears to Nigeria (US$11.5 million) and Iraq (US$657, given massive depreciation of the Iraqi dinar, or US$15.2 mn claimed by Iraq; a reconciliation process is ongoing), which continue to be deemed away under the revised arrears policy for official creditors, given the existence of a representative Paris Club debt restructuring agreement; the authorities continue to make their best efforts to resolve them. The validity of arrears to Tanzania (US$58 million) is disputed.

[5] The proposed reform of the LIC DSF envisions adding a threshold for the ratio of interest payments on overall public debt to revenues excluding grants. For Uganda, judged to have a medium debt-carrying capacity, this threshold will be 22 percent, meaning that it will be classified as being at a high risk of debt distress.

gains below those envisaged by the authorities under DRMS-2, and desirable in view of the need to contain non-wage primary current spending. This would require identifying space for cuts in the areas of recurrent spending (goods and services, grants, and other spending) that have contributed to large increases in recent years and strengthening budget processes (¶16) to create space for priority development and social spending while reducing debt service pressures.

Text Figure 7. Staff's Recommended Fiscal Consolidation



Sources: IMF staff estimates

- Domestic revenue mobilization. Uganda's tax regime, characterized by high statutory rates but a narrow tax bases owing to numerous tax expenditures, has resulted in revenue collection that remains below peers and its potential (assessed to be 18 percent of GDP). Staff welcomed the upcoming finalization of DRMS-2, recommended adoption of an implementation plan with clear steps and timeline and offered technical assistance. In addition, staff strongly recommended revisiting the current scope of tax expenditures (TE) and systematically costing the existing TE measures using tools provided by previous technical assistance.

- Oil revenue management framework. Uganda has a comprehensive framework, designed with technical assistance from the IMF, aimed at shielding the budget from oil price volatility and promoting intergenerational equity. Any modifications in the context of the upcoming FY2026/27–FY2030/31 CFR should be firmly guided by the objectives of safeguarding oil revenues and ensuring their prudent and transparent use. Staff also recommended: i) establishing clear withdrawal rules (developed with inputs from key stakeholders and embedded in the CFR) from the Petroleum Revenue Investment Reserve (PRIR, Uganda's sovereign wealth fund) to further strengthen fiscal discipline and credibility; ii) introducing regular and publicly available semi-annual reporting to Parliament on the PRIR flows; and iii) enhancing external oversight, for instance through an independent fiscal council monitoring compliance with fiscal rules related to oil revenues.

- Public finance management (PFM). Staff welcomed the authorities' draft framework to control supplementary budget expenditures but noted that it requires strengthening. The proposed framework would only allow spending requests that are deemed unforeseen, unavoidable, urgent, non-re-allocatable, and fiscally sustainable and calls for measures against ministries and agencies that repeatedly submit requests due to poor budgetary planning. It needs to have a clearer process for reviewing supplementary allocation requests, specify the Parliament's role, and have a proper legal basis. Staff highlighted the need for the following complementary reforms: strengthening top-down budgeting by setting Cabinet-approved binding aggregate spending ceilings during the budget preparation process and a distinct capital spending ceiling that would guide prioritization of the development budget; strengthening fiscal risk management from SOEs and contingent liabilities related to public investment plans; and improving the effectiveness of public investment management institutions, including project implementation.

- **Expenditure composition.** The government's ambitious tenfold growth agenda and SDG goals require substantially higher public investment in human and physical capital. A more growth-friendly expenditure composition would require higher and more productive development and social spending and less support for the private sector in less well-targeted forms such as subsidies and tax expenditures. The planned diagnostic study on the chronic under-execution of social spending, with the help of the Fund and World Bank staff, could identify bottlenecks and points of inefficiency and propose appropriate remedies.

16. **The authorities are reforming the public service pension scheme to address financial unsustainability and weak management.**[6] Under the current arrangement, the government pays lump-sum gratuities upon retirement and monthly pensions financed by current revenues. Planned reforms intend to move to a contributory system that will be financed by monthly contributions from the government and its employees. There are fiscal costs during the transition period which are yet to be estimated. The authorities have requested technical assistance from the Fund to conduct this assessment.

Authorities' Views

17. **The authorities agreed with staff's assessment and underscored their determination to step up revenue mobilization efforts.** They see low revenue intake as the key obstacle to having larger fiscal space and intend to work with staff on an implementation plan based on DRMS-2. They also emphasized the high level of informality in the economy as a significant constraint to revenue mobilization. The authorities view tax expenditures as instrumental in supporting real activities and are not convinced that their rationalization will yield net economic benefits. On the expenditure side, they attributed weaknesses in expenditure controls to shortcomings in medium-term budgeting processes in line ministries and agencies. They acknowledged the need for greater strategic oversight by MOFPED during budget preparation to limit the inclusion of unfunded spending pressures through supplementary budgets and are working with the Fund to strengthen the framework governing such expenditures. Looking ahead, the authorities indicated that the new CFR

[6] The scheme covers a small part of the population: 365 thousand workers out of the working population of some 20.5 million. The 2024 audit of the pension system by the Auditor General suggests that the pension bill would rise from 0.6 percent of non-oil GDP in FY2023/24 to 1 percent in FY2033/34.

would be more parsimonious in terms of the numerical fiscal rules,[7] focusing on the debt trajectory and liquidity indicators, such as debt servicing costs. They also noted that they may consider marginally higher use of oil revenues to finance development spending.

B. Monetary Policies: Ensure Low and Stable Inflation, Promote Financial Deepening

18. **The BoU has maintained a tight monetary policy stance since mid-2023, with the real policy rate, currently at around 6.5 percent, above the estimated neutral rate of 4.5 percent (Text Figure 7).** In March 2026, the BoU raised the cash reserve requirement ratio from 9.5 percent to 11 percent amid concerns about exchange rate volatility and associated inflation risks. The tight policy stance has anchored inflation expectations amid heightened global uncertainties and a closed output gap. However, the prolonged period of elevated policy rates has contributed to subdued credit growth and higher government borrowing costs—particularly at the short end of the yield curve (Text Figure 8). Monetary policy transmission continues to be constrained by structural bottlenecks, including shortage of bankable projects, weak credit information, and restricted access to financial instruments. Additionally, low deposit mobilization, high-interest rate spreads, and elevated government borrowing needs have constrained private sector credit growth, keeping it below peers (Box 2).

19. **The BoU has made some progress in advancing reforms to strengthen monetary policy transmission.** In November 2025, it introduced a Special Deposit Facility to enhance interbank market functioning by providing banks with a reliable instrument to manage short-term liquidity, thereby anchoring short-term interest rates within the policy corridor. The BoU has also recently added foreign exchange swaps to its liquidity management toolkit, with a view to deepening financial markets and strengthening monetary policy transmission through both interest rate and exchange rate channels. In addition, the Mortgage Refinance Institutions Act (2025) established a formal regulatory framework for mortgage refinance institutions and is expected to support longer-term funding, lower mortgage costs, and improve credit market depth, further strengthening the bank lending channel of monetary policy.

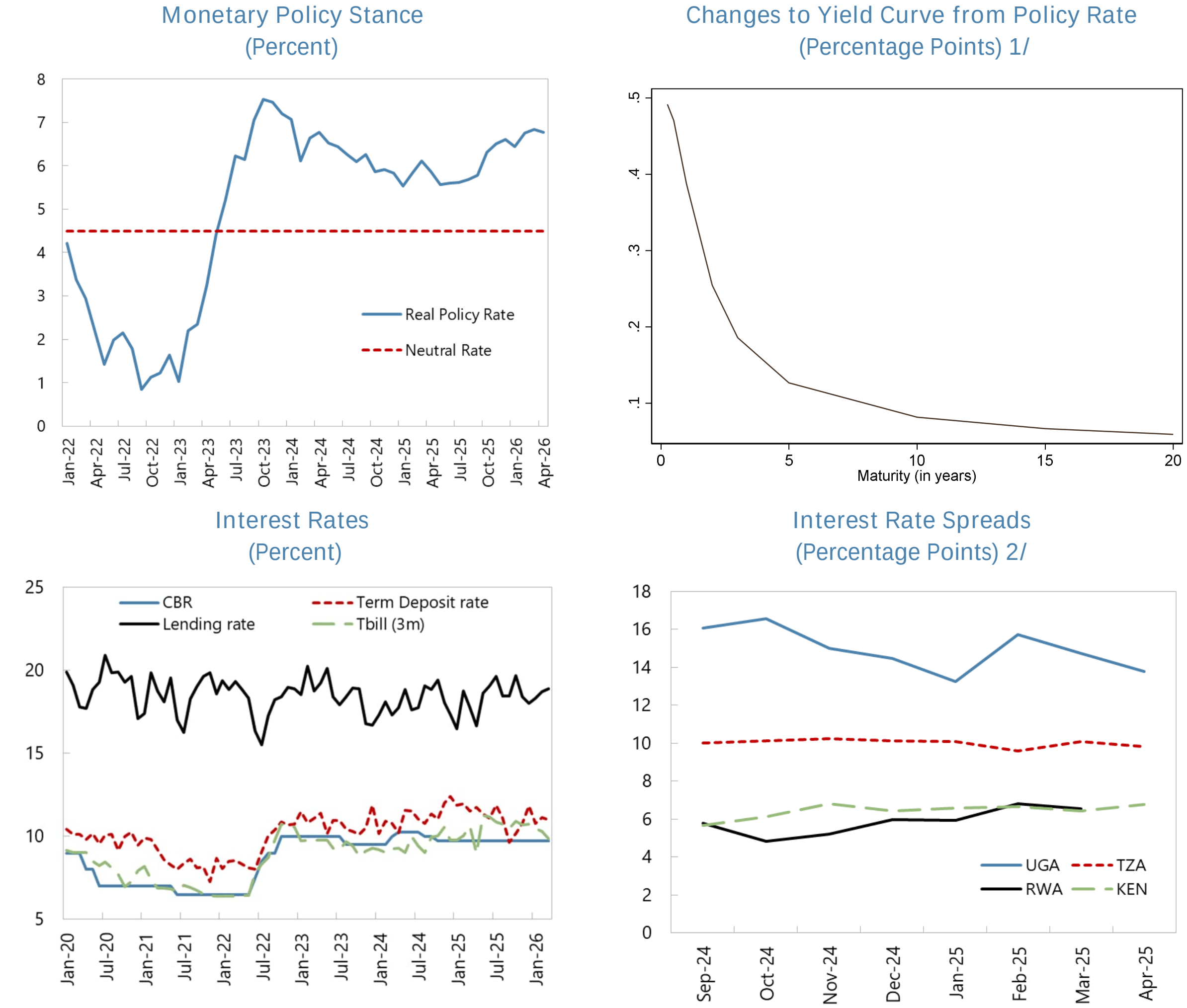
20. **Monetary policy should remain data-driven and forward-looking, alongside sustained efforts to strengthen policy transmission.**

- Monetary policy is constrained by high fiscal deficits and reflects concerns over high passthrough of exchange rate movements to inflation, estimated to be about 0.3. Against the backdrop of heightened global uncertainties, including the war in the Middle East, maintaining the policy rate at its current level is appropriate. As higher oil prices and shilling depreciation feed through the system, the BoU should stand ready to tighten further if risks of de-anchoring

[7] The current CFR has six numerical targets for the following indicators: total public debt, overall fiscal balance, domestic debt interest payment to total revenues, publicly guaranteed debt, the growth rate of non-oil revenues, and the growth rate of recurrent spending.

inflation expectations materialize. Conversely, as upside risks to inflation recede, a gradual and well-sequenced easing of monetary policy—aligned with fiscal consolidation and continued exchange rate flexibility—would support a stronger recovery of private sector credit. The recent TA on Forecasting and Policy Analysis System will help further strengthen the BoU's analytical capacity and inform monetary policy calibration.

Text Figure 8. Interest Rate Developments

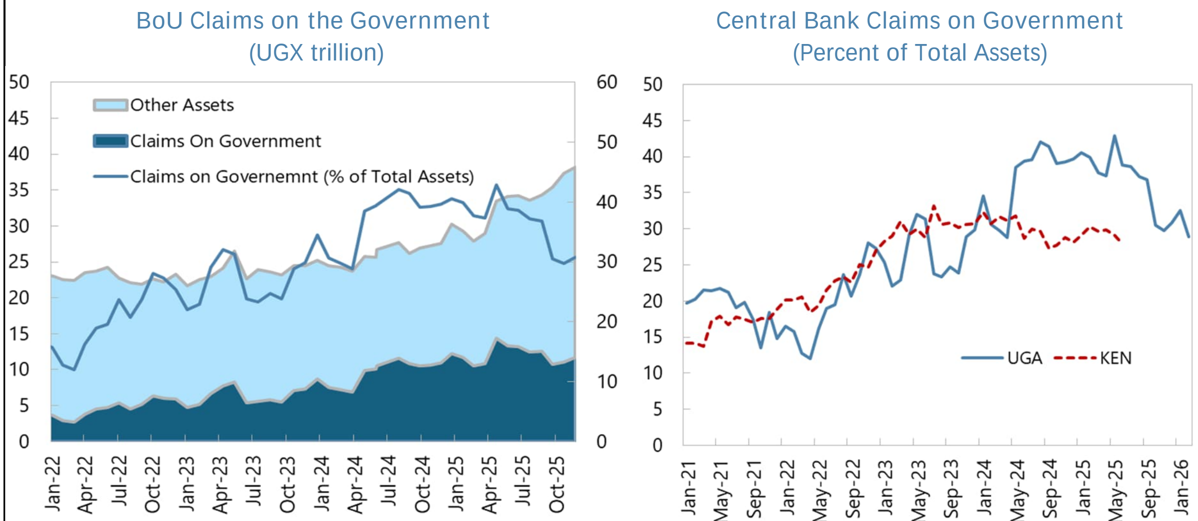


1/ The chart shows estimated changes in government bond yields from a one percentage point increase in the policy rate using the Nelsen-Siegel model. See Selected Issues Paper "Uganda's Government Bond Yield Curve: Structure, Drivers, and Policy Implications" for more details.
2/ Computed as the spread between lending rates and the weighted average deposit rates.
Sources: Bank of Uganda and IMF staff calculations.

- Staff also underscored that improving monetary policy transmission requires addressing structural constraints that weaken the response of private credit to policy easing. Continued efforts to enhance credit information, banks' operational efficiency, and digital data/payment infrastructure could reduce screening and servicing costs, improve access for borrowers with limited credit histories, and support credit uptake. These reforms would complement, but not substitute for, fiscal consolidation that lowers sovereign-yield benchmarks and eases crowding-out pressures.

21. **Efforts to safeguard the central bank's autonomy should continue.** The BoU's claims on the government, largely driven by redemptions of government securities, peaked at about 43 percent of total assets in May 2025 (Text Figure 9).[8] The authorities have since tightened the scope for central bank budget financing through regulatory changes to the PFM Act[9] and committed to repaying the stock of advances outstanding as of end-October 2024. Early signs of improvement have emerged in recent months, reflecting the government's timely repayment to the BoU for the servicing of government securities. It will be important to continue adhering to the agreed repayment schedule between the MoFPED and the BoU for the securitized advances and complying with the PFM Act provision that caps BoU advances at 10 percent of government recurrent revenues and requires full repayment by the end of each fiscal year. Continued efforts to implement the remaining recommendations from the 2021 Safeguards Assessment (SA), including those related to the legal framework of the BoU, are crucial to further strengthening the Bank's autonomy and governance arrangements.

Text Figure 9. Central Bank Claims on Government



Sources: Bank of Uganda, Haver, and IMF staff calculations

Authorities' Views

22. **The authorities indicated that the monetary policy stance has remained moderately tight to keep inflation close to the medium-term target and noted that policy actions will continue to be forward-looking and data-dependent.** While the tight stance has contributed to

[8] As the Government's fiscal agent, the BoU pays holders of government securities at maturity and records these payments as advances to the government until reimbursements are received.

[9] The definition of advances and the statutory limit now include all of the BoU financing rather than just direct financing of the budget deficit. This was a prior action for the fifth review of the 2021-24 ECF.

high borrowing costs, subdued credit growth also reflects banks' cautious lending behavior and elevated financing needs of the government. The authorities emphasized that ongoing financial deepening reforms, including digital financial services, credit-reference infrastructure, and market-infrastructure upgrades, should strengthen monetary transmission over time and support private-sector credit growth. They agreed that gains in financial inclusion need to translate into more efficient and lower-cost financial intermediation. Finally, the authorities noted that the independence of the BoU is enshrined in the Constitution and indicated that the Board Charter is expected to be revised in line with the 2021 SA recommendations.

C. Exchange Rate Policies: Maintain Exchange Rate Flexibility, Continue Building Reserves

23. **Uganda's external position is assessed to be moderately weaker than the level implied by fundamentals and desired policies** (Annex II). The preliminary 2025 EBA-lite assessment based on the current account model indicates that the real effective exchange rate (REER) was overvalued by 10.2 percent. Staff's model-based assessment is adjusted partially to account for large and temporary oil-project-related imports (around 3.2 percent of GDP), which are expected to taper off over the coming years. However, the magnitude of this adjustment is subject to considerable uncertainties.

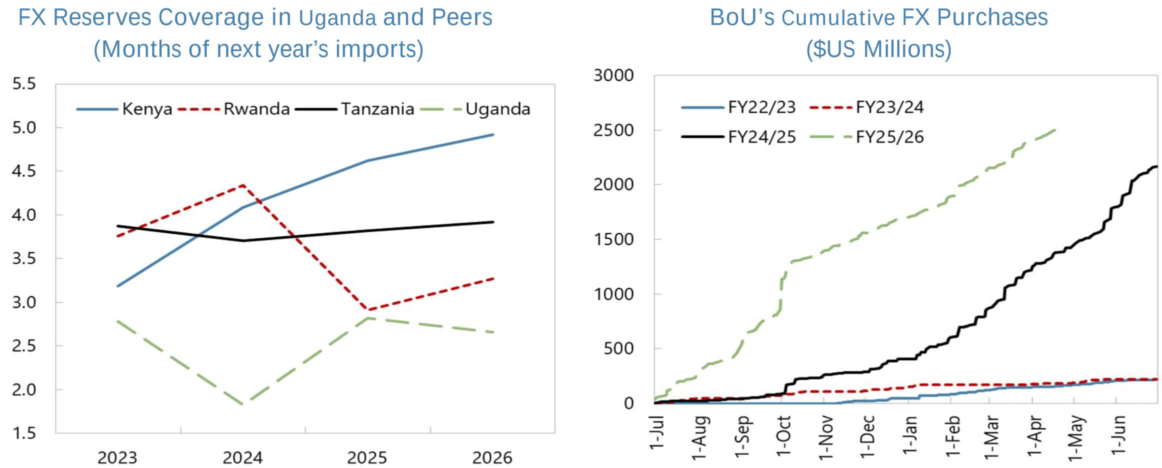
24. **While external buffers have improved significantly over the past year, further FX reserves are needed to safeguard the economy against shocks.** Uganda's FX reserves position has improved but remains mostly below those in peers and below the optimal range of 3.5-4.5 months of import coverage (Text Figure 10).[10] Over the medium term, staff recommended increasing FX reserves to this range through a combination of continued two-way exchange rate flexibility, prudent use of oil revenues, fiscal consolidation, and structural reforms to enhance competitiveness (see next section).

25. **Maintaining two-way exchange rate flexibility remains important for macroeconomic stability.** The authorities' successful efforts to increase FX reserves during most of 2025 at times contributed to limited movement in the bilateral Ush/USD exchange rate (within ±1 percent) as appreciation pressures were countered by greater FX purchases. Since October 2025, the exchange rate has shown greater flexibility. Allowing the exchange rate to move in both directions—while continuing to accumulate reserves—will help strengthen the economy's resilience to external shocks. FX market interventions (sale), which have not been used since June 2022, should remain limited to addressing disorderly market conditions. Institutional, policy, and communication

[10] This assessment is derived from the ARA-CC framework for non-resource-rich economies operating under a flexible exchange rate regime.

constraints, as well as market development considerations, warrant a cautious use of this tool in Uganda's context.[11]

Text Figure 10. FX Reserves Coverage: Comparison with Peer Countries



Sources: WEO, BoU, and IMF staff calculations.

Notes: The numbers for 2026 are projections.

26. **The domestic gold purchase program can help boost FX reserves, but associated risks need to be carefully managed.** While such operations typically fall outside of the central bank's core mandate, the BoU is at an advanced stage of adopting a domestic gold purchase program to diversify foreign reserves through the acquisition of non-monetary gold in UGX, its subsequent refining, and eventual inclusion in foreign reserves as monetary gold. In April 2025, the BoU conducted the first test purchase under the 3-year pilot phase. While the initiative intends to contribute to FX reserves buildup, it exposes the central bank to risks related to price volatility, as well as to liquidity, operational, AML/CFT, and reputational risks (see Box 4 of SM/26/26). Staff underscored the importance of robust safeguards including a strong internal control framework to ensure the program is implemented in a prudent and transparent manner.

27. **Staff cautioned against risks from continued expansion of cross-currency repos.** The stock of cross-currency repo agreements now stands at $770 million, up from $400 million in December 2025, with maturities ranging from December 2026 to March 2028. While FX repos can provide a temporary buffer, they entail rollover risks and potential exposure to large haircuts, limiting their effectiveness and desirability.

Authorities' Views

28. **The authorities broadly agreed with staff's assessment but considered the degree of exchange rate overvaluation to be somewhat smaller, reflecting their preference to fully**

[11] See Annex III Foreign Exchange Interventions in the Integrated Policy Framework of IMF Country Report No. 24/290.

adjust the current account gap for oil project–related imports. They concurred that further accumulation of FX reserves is needed and indicated their intention to continue purchases, subject to favorable market conditions. However, they noted that, despite a near-doubling of the nominal level of FX reserves in 2025, reserve coverage increased more modestly, reflecting the sharp rise in the nominal value of imports driven by elevated gold prices. While sharing staff's concerns regarding further accumulation of cross-currency repo obligations, the authorities viewed these instruments as a temporary tool to meet short-term reserve targets during periods of limited foreign currency inflows. They assessed the risk of portfolio outflows as low and reaffirmed that exchange rate flexibility would remain the first line of defense in the event of significant portfolio outflows.

D. Financial Sector: Safeguard Financial Stability, Promote Deepening

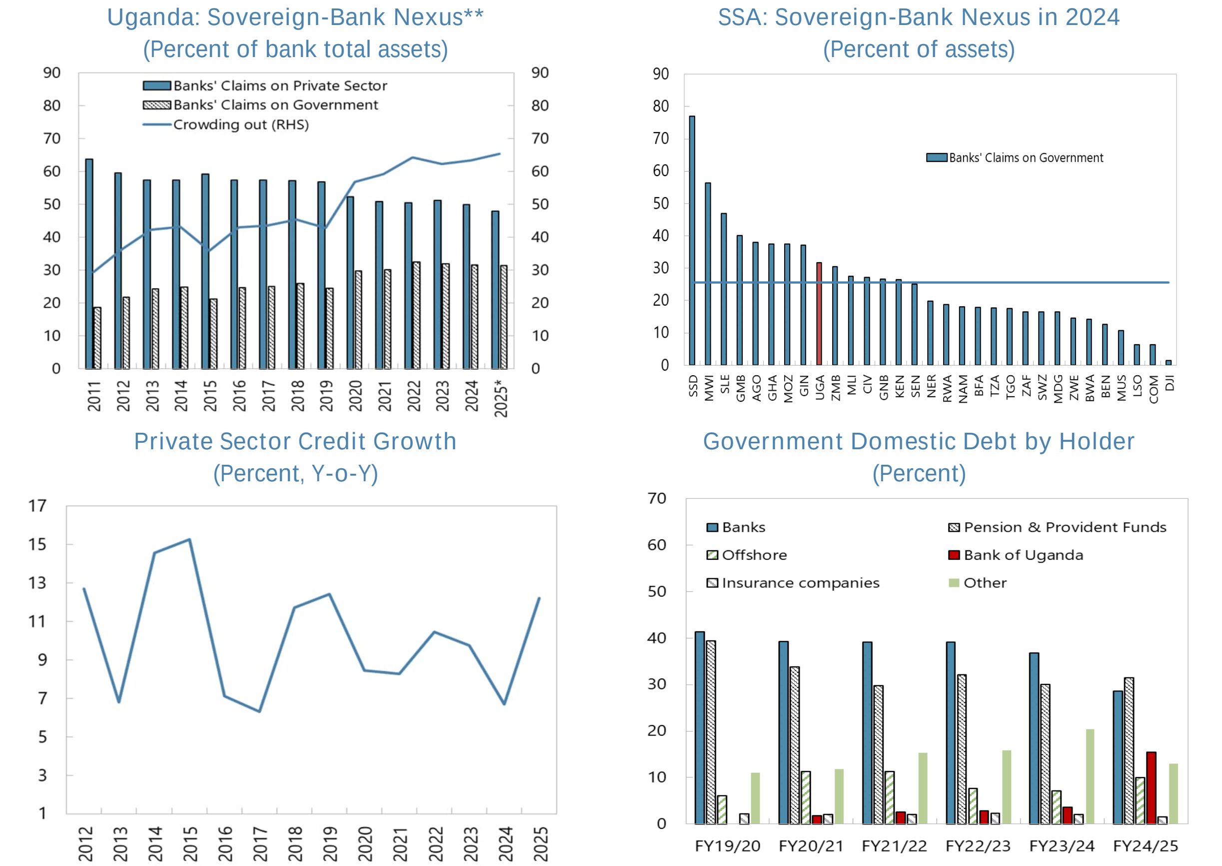
29. **The banking system remains sound and resilient, supported by strong capital and liquidity buffers, improved asset quality, and robust profitability.** Asset quality continues to improve, profitability and liquidity indicators remain solid, and the capital adequacy ratio is comfortably above the regulatory minimum (Table 5, Figure 5). However, deposit concentration presents a liquidity risk, particularly given the large share of corporate deposits in system funding. So far, spillovers from the war in the Middle East to credit markets appear limited, although such effects could emerge with a lag if the shock persists.

30. **The deepening sovereign–bank nexus warrants close monitoring.** Banks hold around 30 percent of their assets in Ugandan government debt, placing Uganda above the SSA average (Text Figure 11). These exposures are unevenly distributed across institutions, with the BoU indicating that some exceed 50 percent of total assets. Recent supervisory stress tests show that capital buffers remain adequate under a sizable valuation shock. With elevated fiscal financing needs in the medium term, the following warrants close monitoring: banks' exposure to valuation risk from rising yields risk, liquidity risks, crowding out of private sector credit and risks arising from a shifting investor base for domestic government debt toward pension and provident funds. Steadfast fiscal consolidation will ease domestic market pressures and halt rising financial system exposure to government debt.

31. **The authorities have achieved notable success in increasing financial inclusion, but financial deepening remains constrained and uneven** (Box 1). Progress has been made across five areas, including (i) broadening financial access; (ii) using digital platforms; (iii) enhancing credit infrastructure by introducing the Credit References Bureau (CRB); (iv) introducing targeted lending facilities, such as the Agricultural Credit Facility and Parish Revolving Fund; and (v) developing capital markets by introducing new financial instruments, such as green bonds, sukuk, and diaspora bonds, and operationalizing legal framework for Islamic finance. While digital finance has risen sharply in Uganda over the past decade, it has not yet had an impact on high lending spreads or banking sector efficiency; meanwhile high government borrowing needs have also kept lending spreads high in Uganda (Text figure 12). Priorities to support sustainable financial deepening include promoting long-term savings mobilization, further strengthening credit infrastructure by addressing

data gaps and improving the quality of CRB reporting, and expanding financial and digital literacy campaigns.

Text Figure 11. Sovereign-Bank Nexus



Source: Haver, BoU, IMF Other Depository Corporation Standardized Report Forms; IMF staff estimates

Notes: * 2025Q2 numbers are shown for 2025.

** Crowding out is approximated by banks' claims on government as a share of private sector (households and corporates) claims.

Authorities' Views

32. The authorities broadly agreed with the need to safeguard financial stability while supporting deeper intermediation. They noted, however, that bank efficiency has improved in recent years, as reflected in declining aggregate cost-to-income ratios, driven by a combination of agent banking, digitalization, and broader operational improvements—rather than digitalization alone. They viewed digital credit as largely supportive of financial inclusion and argued that reported NPLs for digital loans are overstated by very short classification windows, given the short tenor and eventual recovery of most loans. On the sovereign–bank nexus, they considered risks manageable, noting that banks' holdings of government securities have remained broadly stable and are monitored through supervisory engagement and stress tests, while acknowledging pockets of elevated exposure. They also highlighted that the ongoing transfer of large SACCOs to BoU

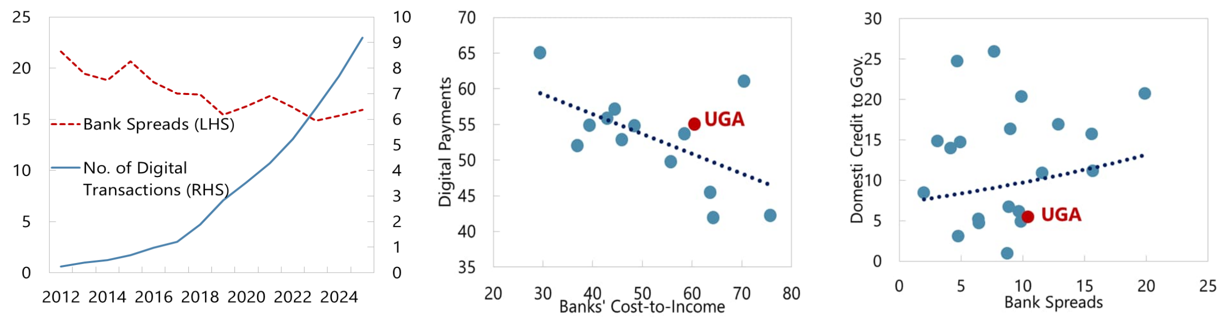
oversight will strengthen the regulatory perimeter, improve governance and prudential monitoring, and help contain risks in fast-growing nonbank credit segments.

Text Figure 12. Digital Payments, Bank Efficiency and Credit to Government in SSA

Digital Transactions and Lending Spread in Uganda
(Percent)

Digital Payments and Bank Efficiency
(2021, Percent)

Credit to Government and Lending Spreads*
(2019, Percent)



Sources: World Bank GFDD.
Note: *2018 numbers are shown for Uganda due to data availability.

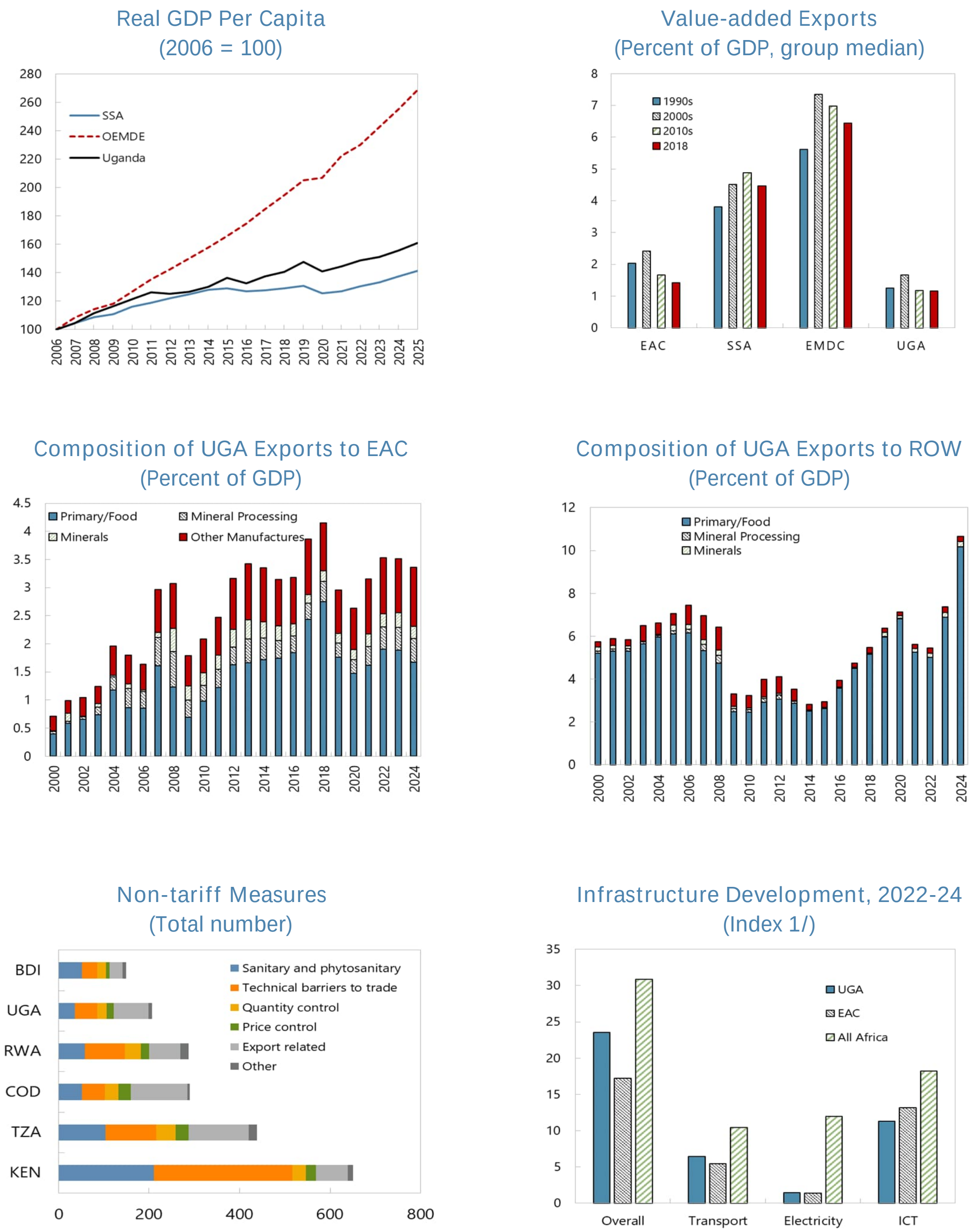
E. Structural Policies: Advancing Reforms for Strong and Sustainable Growth

33. Despite strong growth, Uganda has had limited income convergence with other emerging and developing economies over the past decade (Text Figure 10). Growth has also not been sufficiently strong and unemployment remains high. Between 2021 and 2024, fewer than 0.4 million jobs were created, while new entrants to the labor market over the next five years could exceed 6 million. As the share of working-age population is projected to increase by 60 percent by 2040, there is a need for comprehensive inter-linked reforms to absorb this demographic dividend while boosting labor productivity (see Annex III). Raising growth and making it more inclusive and job-creating will require addressing key structural weaknesses—particularly in trade facilitation, corruption vulnerabilities, perception of business environment, and government effectiveness.

34. To raise contributions of net exports to growth, Uganda needs to reduce non-tariff barriers and improve trade logistics. Uganda's export base remains heavily concentrated in commodities, such as coffee and gold, with value-added exports lower than in peer countries (Text Figure 13). While exports to East African Community (EAC) countries are more diversified, high trading costs–reflecting non-tariff barriers and difficult trade logistics–continue to constrain deeper trade integration, including with global and regional value chains. To better exploit opportunities offered by the African Continental Free Trade Agreement (AfCFTA) and the EAC Customs Union, the authorities need to make tangible progress in reducing non-tariff trade barriers and strengthening trade facilitation. Priorities include removing discriminatory domestic charges on imports and trade-prohibitive measures, cutting border delays, harmonizing regulations, simplifying Rules of Origin,

and tackling infrastructure gaps in the areas of transport, electricity, and the information and communications technology sector.

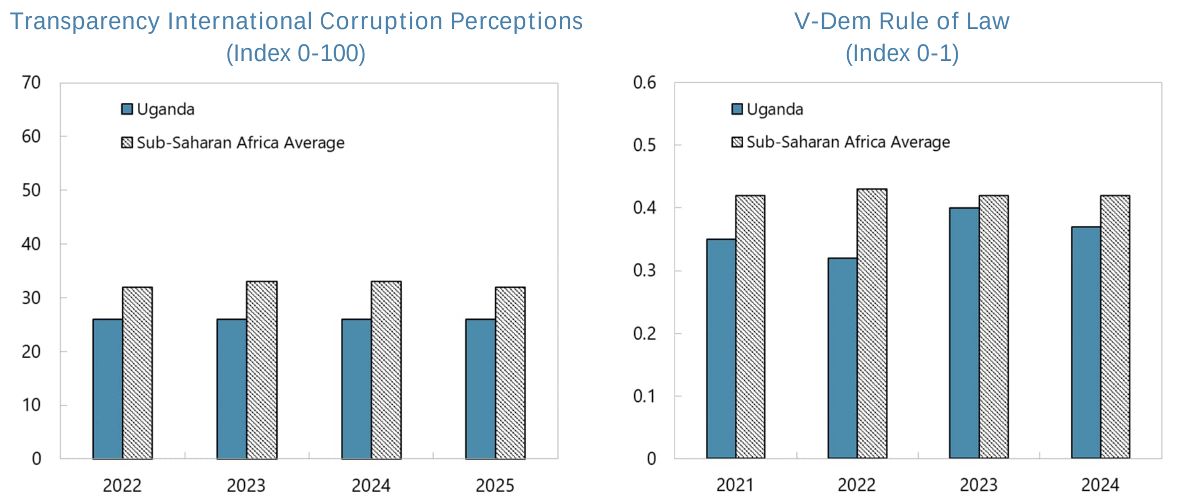
Text Figure 13. Structural Indicators



1/ African Infrastructure development index by the Africa Development Bank Group ranges between 0 and 100. Aggregate scores of less than 20 indicate persistent gaps.
Source: African Development Bank Group 2024, BoU, World Bank, UNCTAD TRAINS, 2021-22, and IMF staff calculations.

35. **A more predictable business environment and robust anti-corruption framework are needed to reduce informality and support inclusive growth.** Firms often describe the tax system as unpredictable and cumbersome, with frequent amendments, and unfair given a narrow base. Progress in addressing governance gaps has been limited, and indicators continue to trail peers in SSA (Text Figure 14). The anti-corruption framework continues to suffer from institutional and enforcement gaps, while asset declaration effectiveness is constrained by limited coverage, verification capacity, and public access. In addition, the use of contractual appointments in the Inspectorate of Government undermines their security of tenure and therefore the agency's independence and effectiveness. Enhancing tax policy predictability by limiting ad-hoc amendments, broadening the tax base, and strengthening transparency and taxpayer services will encourage formalization. Governance reforms should focus on strengthening the independence and capacity of anti-corruption institutions and improving transparency.

Text Figure 14. Corruption Perception and Rule of Law



Sources: Transparency International, Varieties of Democracy (V-Dem) Project
Note: CP is on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. The rule of law index is on a scale of 0 to 1 (most rule-based). V-DEM includes Somalia and Djibouti in addition to the IMF WEO Sub-Saharan Africa grouping.
CPI Sub-Saharan Average are based on Transparency International grouping consisting of 49 countries in contrast to IMF WEO Sub-Saharan Africa grouping of 45 countries.

36. **Weak rule of law underscored by concerns over judicial independence erodes business predictability.** Undue influence over appointments can compromise judicial independence and integrity, leading to inconsistent application of laws and reducing the predictability of court decisions. The practice of using "acting judges" undermines security of tenure, while the impasse on the appointments to the Judicial Services Commission (JSC) weakens its independence. Judicial selection processes also lack transparency and clear objective criteria, although objective testing was recently piloted. While the e-court system has improved case processing and reduced corruption risks, further progress requires strengthening checks and balances, enhancing merit-based and transparent judicial appointments and discipline, and deepening integration of justice-sector digital systems.

37. Staff also called for strengthening policy and institutional frameworks for climate adaptation and resilience policies. Uganda is highly vulnerable to the impacts of climate change, threatening its growth prospects and emphasizing the need for climate-resilient development.[12] Climate-related shocks, most importantly floods and droughts, strain the country's agriculture-based economy, and place pressure on energy, forests, and other critical infrastructure. As Uganda's estimated needs[13] far exceed domestic resources, mobilizing climate finance is a major challenge unlikely to be met by the domestic financial sector. A financing platform that integrates capacity development, project preparation, and de-risking mechanisms through blended finance is recommended to improve the bankability of projects and attract investment. Such measures would need to be carefully designed to manage fiscal costs and risks.

38. The Protection of Sovereignty Act 2026, which received Presidential assent on May 17 and is intended to prevent foreign interference in domestic matters, has raised concerns for Uganda's economy and the operations of development partners in Uganda. An earlier draft Bill caused concerns across Ugandan society and among CSOs, with the private sector fearful of restrictions on legitimate commercial transactions, especially in a context of weak rule of law and ineffective safeguards against overreach. Development partners also expressed unease about the impact on their operations in Uganda. The Act follows the earlier Bill which the authorities revised following engagement with a broad range of stakeholders to hear their concerns. Staff has not yet seen the final Act assented to by the President of Uganda. Staff will in due course assess the impact, if any, of the final Act on Fund engagement with Uganda, including its effect on staff engagement in public policy dialogue with stakeholders, particularly on macro-critical governance and corruption vulnerabilities.

Authorities' Views

39. The authorities agreed on the urgency of reforms to boost growth potential. They noted that persistent NTBs, limited product diversification, and challenges in complying with international quality standards continue to hinder deeper trade integration into global and regional value chains. Efforts to address NTBs should focus on strengthening regional NTB elimination mechanisms, steadfast implementation of the EAC Development Strategy to promote product diversification and broaden export markets beyond the EAC. On the governance front, the authorities highlighted that the practice of appointing acting judges and using contractual staff within the Inspectorate of Government provide greater managerial flexibility, including by facilitating the removal of underperforming officials and strengthening discipline. They also agreed that the asset declaration system could be further strengthened through more stringent verification processes, although this would require additional resources. Regarding the Protection of Sovereignty Bill, the authorities acknowledged potential adverse economic effects but emphasized

[12] For example, the 2016/17 drought slowed down growth, culminating in a 3.5 percent decline in real GDP in 2019. The shock also pushed up headline inflation, subdued credit growth, and deteriorated bank asset quality, with NPLs rising by over 200 basis points in some banks.

[13] Uganda's climate finance needs for 2022–2030 are estimated at USD 28.1 billion, with adaptation actions requiring USD 17.7 billion and mitigation USD 10.3 billion (Uganda. Climate Policy Diagnostic, FAD, 2026).

its role in addressing perceived gaps in the legal framework to prevent foreign interference in domestic matters.

OTHER ISSUES

40. Capacity development (CD) and statistical issues. The CD agenda is well-aligned with the authorities' reform program (Annex IV). Medium-term priorities include revenue mobilization, public financial management, financial supervision and regulation, digitalization, governance and financial integrity, and climate change adaptation. Data provision is broadly adequate for surveillance and program monitoring (Annex V).

STAFF APPRAISAL

41. Robust economic growth is expected to continue, with limited spillovers from the war in the Middle East, while medium-term prospects remain favorable as oil production is set to begin in FY2026/27. Growth remains strong and broad-based, supported by robust domestic demand, low inflation, and a pickup in private sector credit growth. Spillovers from the Middle East conflict have so far been limited, reflecting Uganda's food self-sufficiency, low reliance on imported fertilizer, and a resilient fuel import mechanism despite being a net oil importer. However, the exchange rate depreciation, elevated energy prices, and higher transportation costs are expected to push headline inflation above 5 percent in FY2026/27, while core inflation is projected to reach the BoU's 5-percent medium-term target before end-2026. The start of oil production in late 2026 is expected to durably strengthen fiscal and external balances.

42. Risks are tilted to the downside in the near term but become more balanced over the medium term. An intensification or prolongation of the war in the Middle East could disrupt trade, trigger capital outflows, and weaken remittance inflows. Over the medium term, external risks stem from rising protectionism, higher interest rates in advanced economies, and heightened geopolitical tensions, while domestic risks include further erosion of fiscal discipline and delays in oil production. Uganda also remains vulnerable to climate shocks given the predominance of rain-fed agriculture. On the upside, a timely start of oil production amid favorable oil prices, higher concessional financing, and renewed reform momentum following the 2026 elections could improve the outlook.

43. The urgency of stronger fiscal consolidation is rising. While Uganda's debt is deemed sustainable, it is on an upward path, in violation of Uganda's fiscal rules, with debt service costs consuming a third of domestic revenues and large financing needs crowding out private lending. In the context of significant spending needs, including social spending, infrastructure investment, and climate resilience, the authorities should prioritize expanding fiscal space through strengthened domestic revenue mobilization and expenditure restraint. With oil revenues expected in the near term, Uganda should ensure effective use of the related fiscal revenues to fund much-needed growth-supporting and social spending and save the rest to ensure intergenerational equity.

44. **Monetary policy should remain data-dependent and forward-looking, as financial deepening gradually strengthens transmission.** The BoU's tight stance is warranted given upside inflation risks from volatile commodity prices and exchange rate pressures amid heightened global uncertainty, including developments in the Middle East. The BoU should continue to monitor price pressures closely and stand ready to recalibrate its stance in line with its medium-term inflation target. Stronger policy transmission—through improved credit information, bank efficiency, and digital infrastructure—would support private sector credit recovery over the medium term.

45. **Despite remarkable progress in reserve accumulation, further buildup is needed to bolster resilience to external shocks.** Maintaining two-way exchange rate flexibility should remain the primary mechanism for absorbing external shocks and preserving competitiveness. Uganda's external position is assessed to be moderately weaker than the level implied by fundamentals and desirable policies While the pilot gold purchase program can contribute to reserve accumulation, its design and implementation should remain tightly controlled to mitigate financial and operational risks.

46. **The financial sector remains resilient, but macro-financial risks and structural constraints to lending warrant continued vigilance.** Banks remain well capitalized, liquid, and profitable, with improving asset quality, and spillovers from the war in the Middle East have not yet materially affected credit markets; however, potential lagged effects on borrowers, FX exposures, liquidity conditions, and deposit concentration should be closely monitored. The sovereign-financial nexus remains a key risk and constraint, as sizable and uneven bank holdings of government securities, together with high sovereign yields, can weaken credit allocation and crowd out private investment through pricing and portfolio incentives, even as stress tests suggest adequate capital buffers under valuation shocks. Rapid digital finance expansion has improved access and payments but has not yet translated into commensurately lower intermediation costs or deeper productive credit. Continued efforts to strengthen credit infrastructure, operational efficiency, digital and financial literacy, consumer protection, SACCO oversight, and cross-sector monitoring of NBFIs would help translate inclusion gains into broader financial deepening.

47. **Advancing structural reforms is critical to unlocking strong, job-rich, and sustainable growth.** Accelerating trade integration and broadening participation in regional and global value chains—by reducing high trade costs and logistical barriers—would significantly enhance Uganda's competitiveness and growth potential. Improving the business environment and addressing governance weaknesses are essential to foster private sector–led growth. Strengthening institutional capacity for climate adaptation and resilience would also help cushion the adverse effects of climate change on Uganda's growth prospects.

48. **It is proposed that the next Article IV consultation with Uganda take place on the standard 12-month cycle.**

Box 1. Illustrative Impacts of a Downside Scenario for Uganda from the Conflict in the Middle East

The conflict in the Middle East can adversely impact the Ugandan economy in several ways. Adverse commodity price movements will keep Uganda's current account deficit elevated, while global macroeconomic policy uncertainty may trigger capital outflows. Security concerns could negatively affect tourism and an economic slowdown in the Persian Gulf countries may impact remittance inflows. These shocks would place additional pressure on foreign exchange reserves and could lead to exchange rate depreciation and higher inflation. Trade route disruptions could delay the start of oil production by affecting oil project-related imports. These developments, together with any disruptions to regional trade and a confidence shock could negatively impact growth. The government may need to loosen the fiscal stance by temporarily reducing the tax intake and/or postponing spending reductions, even though sovereign and corporate risk premia may rise. Elevated government financing needs and increased risk aversion among banks could further constrain private sector credit and deepen the sovereign-bank nexus, potentially reinforcing a negative feedback loop. The production of oil may also be delayed due to supply chain disruptions impacting completion of the central processing facility in one of the oil fields.

Staff conducted an illustrative sensitivity analysis in a downside scenario taking into account the experiences of the COVID-19 pandemic and the war in Ukraine.

- *Assumptions.* Oil prices are assumed to increase in line with the April 2026 WEO's "severe" scenario (corresponding to an average petroleum spot price index of about $110 per barrel in 2026 and about $125 in 2027). External borrowing costs are assumed to increase by 200 basis points, while fiscal revenues are lowered by 0.5 percentage points of GDP relative to the baseline for one year. Transportation costs increase by 10 percent, while tourism and remittance flows are assumed to decrease by 5 percent each. Growth in FY2026/27 and FY2027/28 declines by 3.4 and 0.5 percentage points respectively relative to the baseline partly reflecting a one-year delay in oil production, while inflation increases by 1.0 and 1.1 percentage points respectively.

- *Impact.* Under these assumptions, the CA deficit could deteriorate by 2 and 1.1 percentage points of GDP in FY2026/27 and FY2027/28 respectively relative to the baseline, while the international reserves coverage would drop to 2.1 months of imports in FY2027/28. The fiscal deficit would widen by 0.6 and 1.4 percentage points of GDP in FY2026/27 and FY2027/28 respectively, resulting in extra 3½ percentage points of GDP of public debt in FY2027/28.

- *Policy response.* The authorities would need to focus on supporting the economy, while guarding to the extent possible the existing buffers. They would need to allow for the exchange rate to act as a shock absorber and allow full pass-through of changes in international commodity prices. Use of price controls should be resisted in favor of direct, on-budget transfers to the most vulnerable. Increases in recurrent spending should be contingent on identifying additional financial resources, preferably domestic revenues or concessional lending. A credible medium-term fiscal consolidation plan will need to be formulated to support investor confidence.

Box 1. Illustrative Impacts of a Downside Scenario for Uganda from the Conflict in the Middle East (concluded)

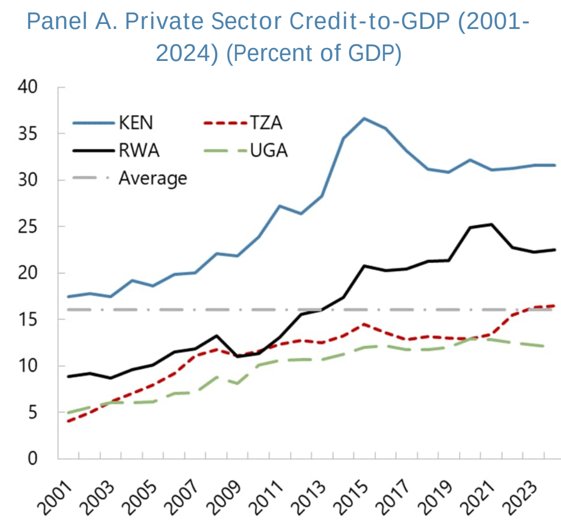
Text Figure 1. Comparison of the Baseline and Downside Scenarios

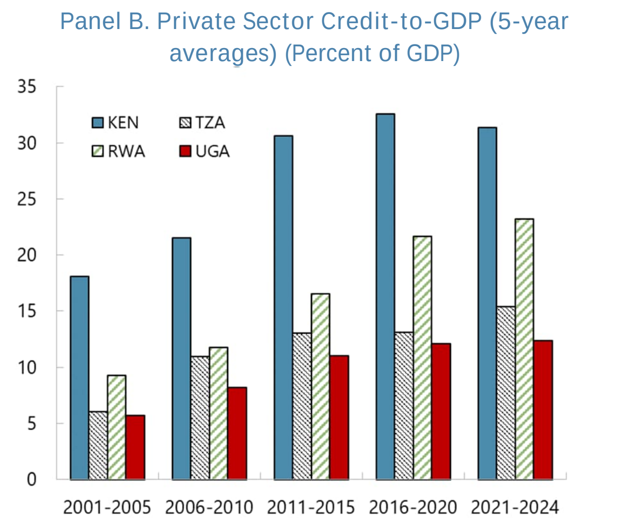
Box 2. Financial Deepening in Uganda: Unpacking Barriers to Facilitate Growth[2/]

Financial deepening has become increasingly relevant for unlocking domestic sources of financing to support sustainable growth in Uganda. With limited fiscal space, tightening external financing conditions, and elevated global uncertainties, the imperative to deepen domestic financial intermediation has grown. While financial inclusion has expanded–improving access for previously underserved groups–challenges persist in deepening private sector credit, strengthening bank intermediation, and improving operational efficiency within the financial system.

Uganda's private credit-to-GDP, a commonly used indicator of financial depth, has persistently lagged that of its EAC peers and has remained stagnant over the last decade (Figure A1). An examination of 5-year historical averages shows little evidence of convergence, with Uganda's trajectory remaining subdued. Between the earliest and the latest 5-year periods (2001-05 vs. 2021-25), Uganda's private sector credit increased by only 6.7 percentage points (ppts) of GDP, compared to 13.3 percentage points in Kenya, 9.4 in Tanzania, and 13.9 in Rwanda (Panel B).

Text Figure 2. Evolution of Private Sector Credit (PSC)-to-GDP in EAC Region





Source: Bank of Uganda; IMF staff estimates

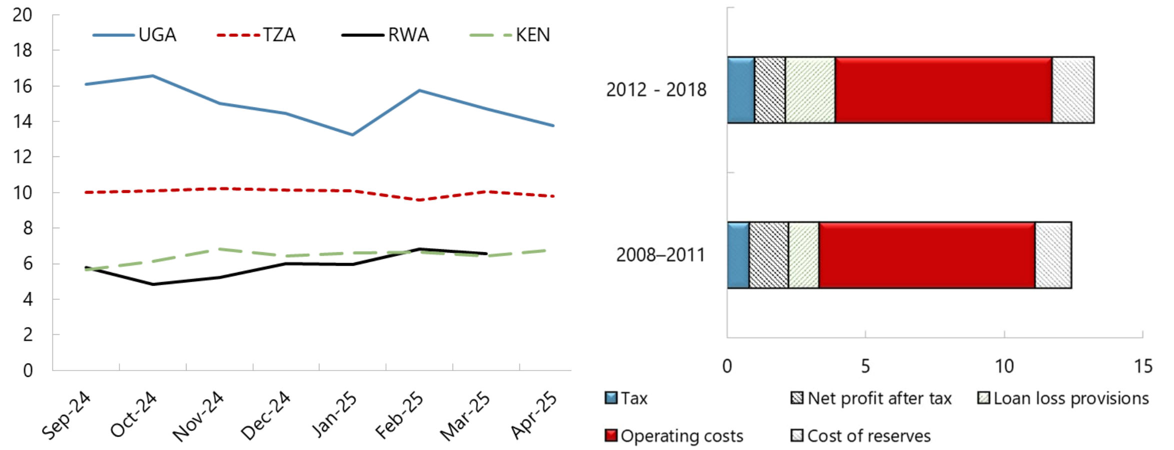
Efficiency in Uganda's banking sector is constrained by high interest spreads and elevated operating costs. Interest rate spreads—a commonly used measure of the cost of bank intermediation services—are the highest in the EAC region (Panel A). In the absence of deep capital markets, the private sector relies primarily on bank financing, making a key impediment to financial deepening. Wide spreads reflect high operating costs, substantial loan-loss provisions driven by perceived credit risk, and the cost of reserve requirements (Panel B). At the same time, wide spreads alongside relatively low deposit remuneration suggest weak pass-through to savers, which may dampen deposit mobilization and keep borrowing costs elevated.[3] In addition, high spreads often reflect elevated borrower credit risk, stemming from information gaps, low reliability of financial statements, and challenges in collateral enforcement, among others. In Uganda, banks' preference for relatively safe, high-yielding government securities, along with limited banking sector competition, may also weigh on financial deepening.

Box 2. Financial Deepening in Uganda: Unpacking Barriers to Facilitate Growth (concluded)

Text Figure 3. Bank Intermediation Efficiency Indicators[1/]

Panel A. Interest Rate Spreads in the EAC Region [a/](percent)

Panel B. Composition of interest rate spreads percentage points



Source: Bank of Uganda; IMF staff estimates

Notes: [a/] Computed as the spread between lending rates charged and the weighted average deposit rates offered by banks.

Financial deepening is constrained by mutually reinforcing set of frictions across borrowers, banks, and the broader institutional environment. On the demand side, weak credit demand reflects the prevalence of informal and cash-based incomes, limited creditworthiness, and low repayment capacity. On the supply side, banks' risk appetite, lending capacity, and operational constraints continue to limit private credit expansion. Structurally, financial deepening is further constrained by conservative lending practices, reflecting information gaps and conservative underwriting standards that can limit access for MSMEs and borrowers with thin credit histories, a relatively concentrated banking sector, and limited long-term funding. These factors contribute to a strong sovereign-bank nexus and, in turn, crowd out of private credit.

1/ Prepared by Jean Christine A. Armas

2/ See forthcoming Selected Issues Paper for details.

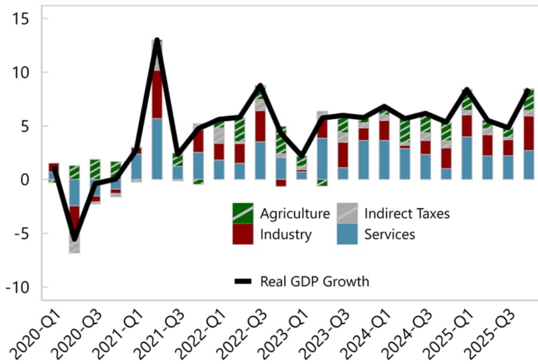
3/ Uganda's deposit-to-GDP ratio remains below the EAC average, reflecting a limited funding base and fewer resources that banks can channel to the private sector. Likewise, the rising sovereign-bank nexus contributes to crowding out of private-sector credit. Banks' claims on government as a share of claims on the private sector, a rough indicator for crowding out, rose to 65 percent in 2024 from just 44 percent in 2019.

Figure 1. Real Sector Developments

Strong and broad-based growth momentum continues.

Contribution to Real GDP growth

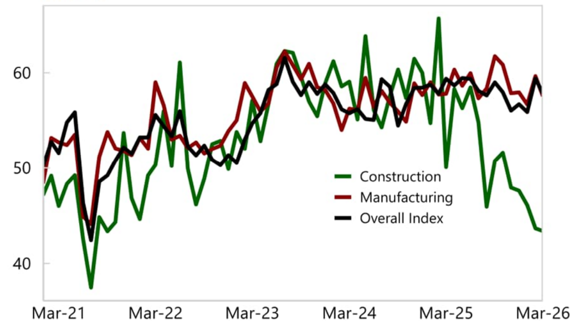
(Percent, y-o-y)



Despite softening in the construction sector, overall business perceptions continue to show robust economic activity.

Business Tendency Indicators

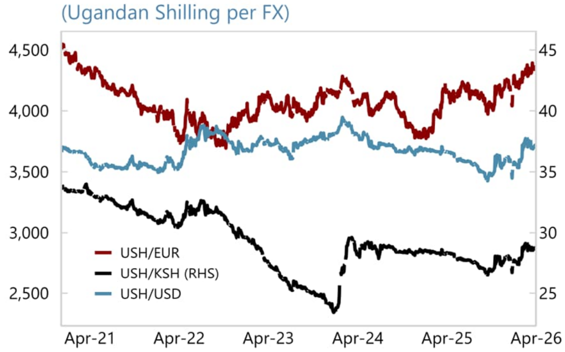
(Index)



The Shilling stablised in recent months against major currencies after a sustained period of appreciation.

Nominal Exchange Rate

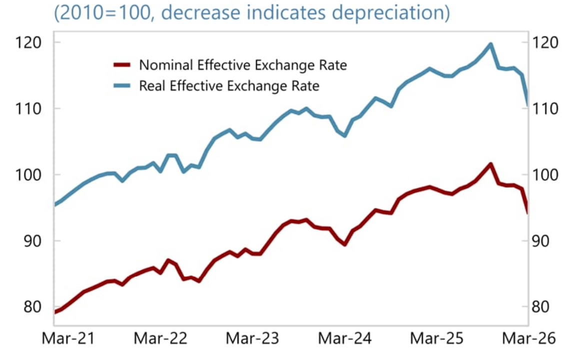
(Ugandan Shilling per FX)



The appreciation trend of effective exchange rates has stopped.

Effective Exchange Rate

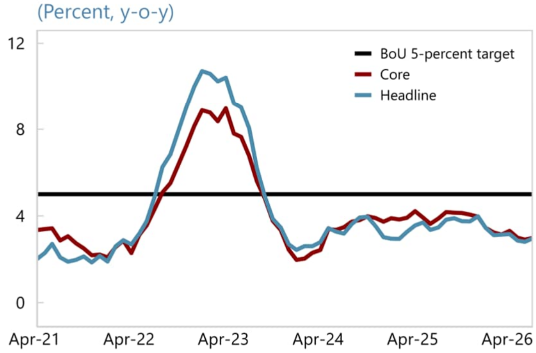
(2010=100, decrease indicates depreciation)



Both core and headline inflation remain subdued…

Headline and Core Inflation

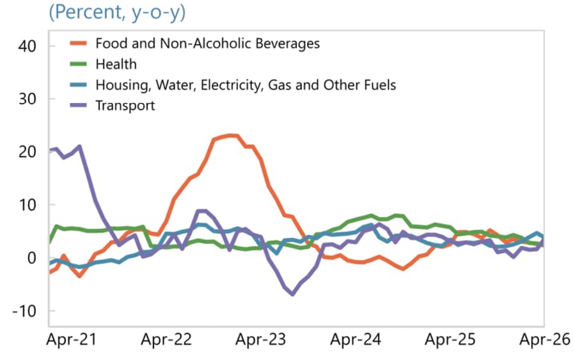
(Percent, y-o-y)



…as transport and energy price inflation shows signs of recovery, and food price inflation moderated.

Inflation by Component

(Percent, y-o-y)

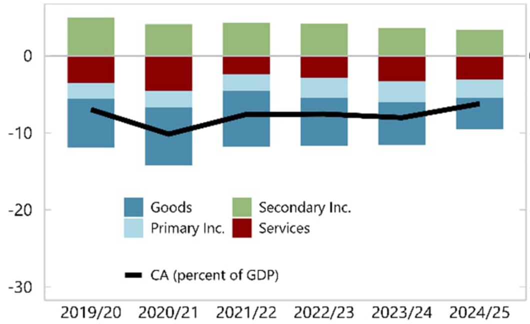


Sources: Bank of Uganda and IMF staff estimates and projections.

Figure 2. External Sector Developments

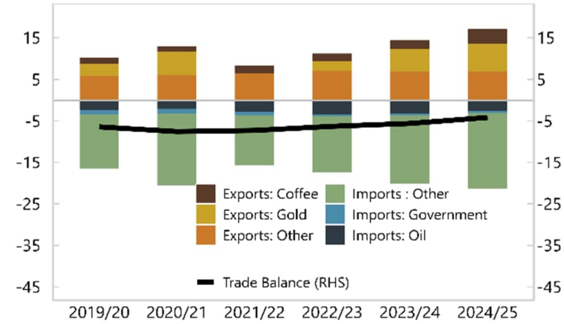
The current account deficit is estimated to have narrowed in FY24/25 but remains elevated.

Contribution to Current Account
(Percent of GDP)



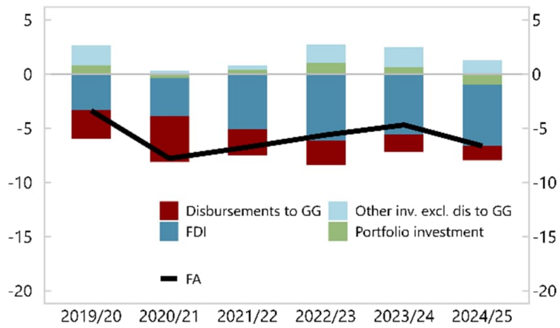
Trade balance improved in FY24/25 despite an increase in other imports, owing to higher gold and coffee exports.

Contributions to Trade Balance
(Percent of GDP)



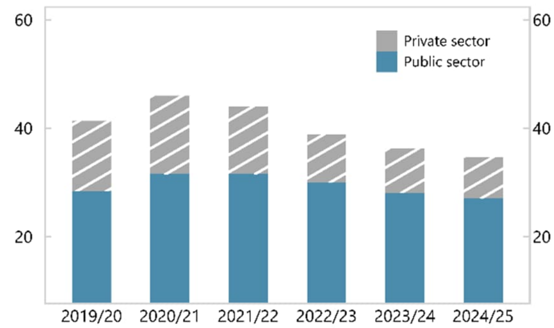
Capital inflows rose relative to FY23/24, led by Portfolio and other investments.

Contributions to Financial Account
(Percent of GDP)



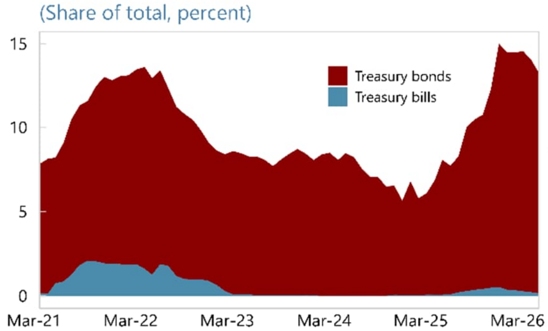
External debt has continued its declined as a share of GDP.

External Debt
(Percent of GDP)



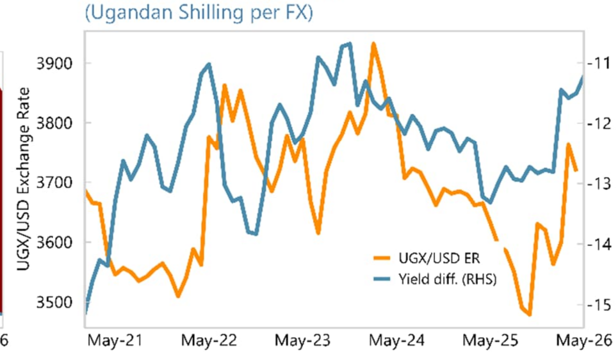
Foreign portfolio inflows are on an upward trend, following a prolonged period of decline…

Government Securities Held by Offshore Investors
(Share of total, percent)



…driven by favorable investor sentiment and higher returns.

Nominal Exchange Rate
(Ugandan Shilling per FX)



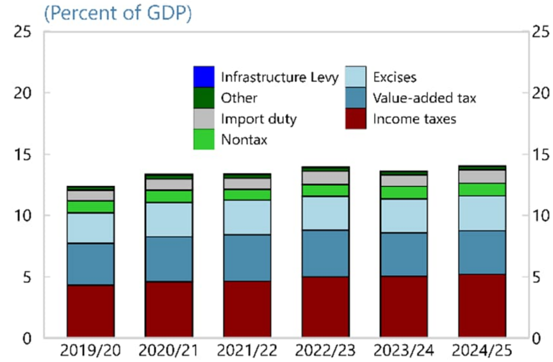
Sources: Bank of Uganda and IMF staff estimates and projections.

Notes: Yield diff. = US-UGA 10-year treasury yield differential.

Figure 3. Fiscal Sector Developments

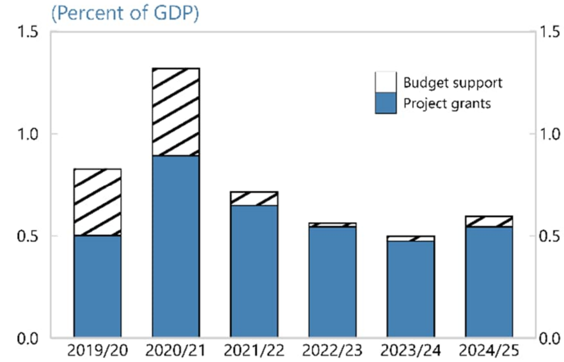
Following a decrease in FY23/24, domestic revenue increased in FY24/25 reaching their highest level.

Tax & Non-tax Revenue
(Percent of GDP)



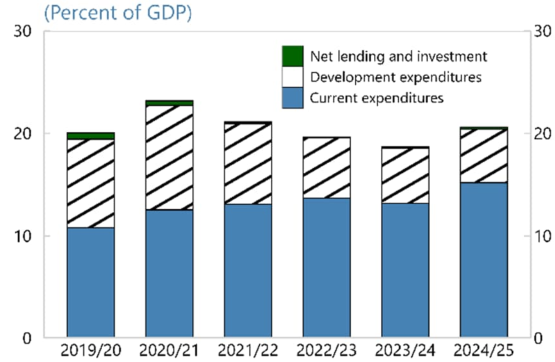
Grants picked up somewhat but remain low.

Grants
(Percent of GDP)



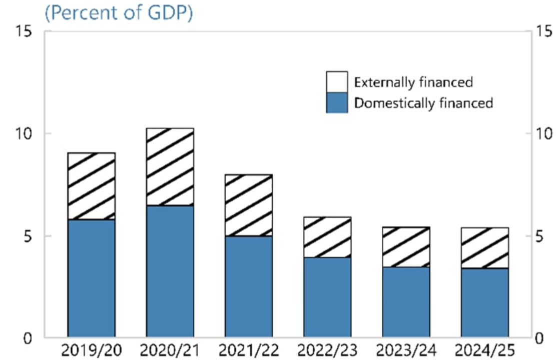
Expenditures increased in FY24/25, driven by current spending ...

Total Expenditures
(Percent of GDP)



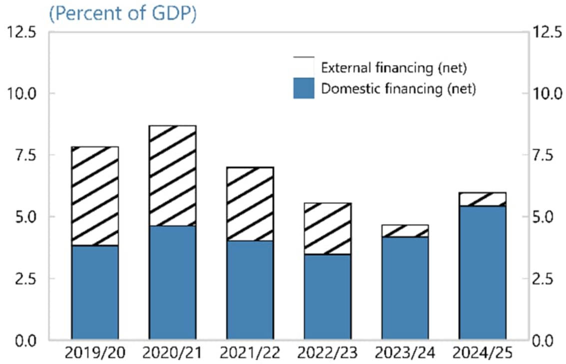
...while capital spending remains low.

Development Expenditures
(Percent of GDP)



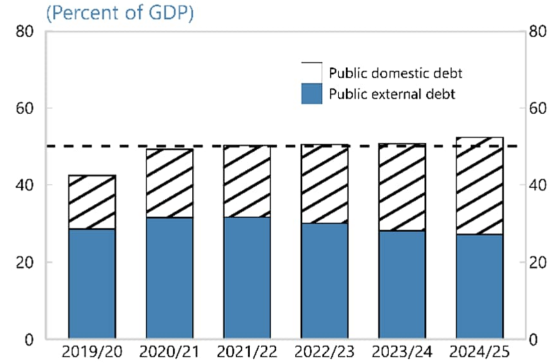
The overall fiscal deficit has widened, financed through domestic financing

Overall Deficit
(Percent of GDP)



The debt-to-GDP ratio is now above the 50 percent threshold.

Public Debt
(Percent of GDP)

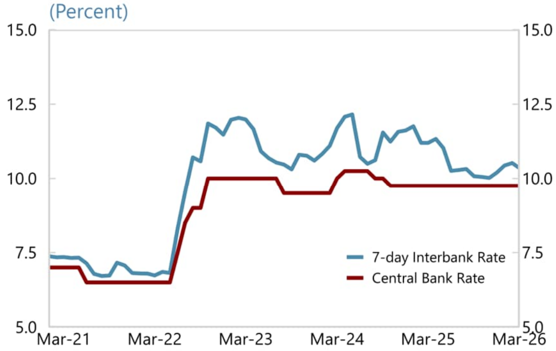


Sources: Bank of Uganda and IMF staff estimates and projections.

Figure 4. Monetary Sector Developments

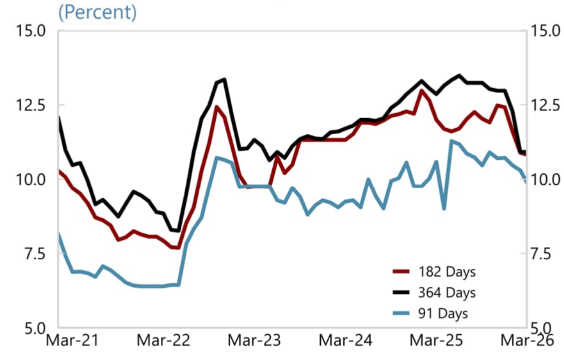
The policy rate has remained unchanged since October 2024…

Central Bank and Interbank Rates
(Percent)



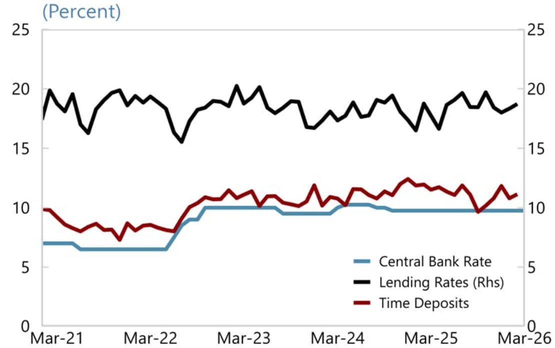
…while yields on government bonds declined somewhat but remain elevated reflecting high borrowing needs

Evolution of Treasury Bill Rates
(Percent)



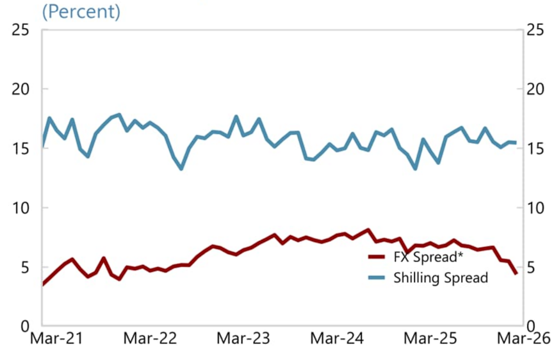
Lending rates remain elevated…

Interest Rate Structure
(Percent)



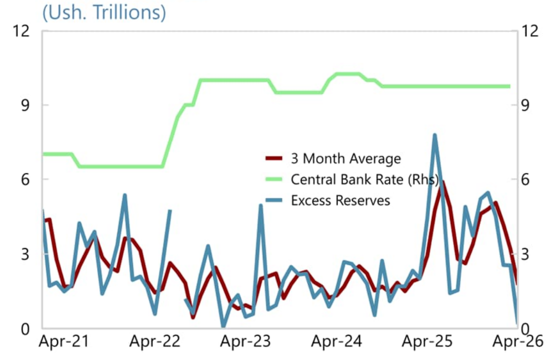
…with spreads for FX and shilling loans remaining stable.

Interest Rate Spreads
(Percent)



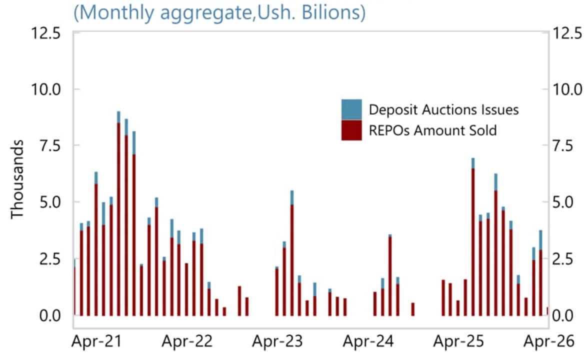
The downward trend in excess reserves observed since 2020 appears to reverse.

Excess Reserves
(Ush. Trillions)



The BoU has recommenced repo operations after a period of reduced activity.

Repurchase Agreements and Deposit Auctions
(Monthly aggregate,Ush. Bilions)



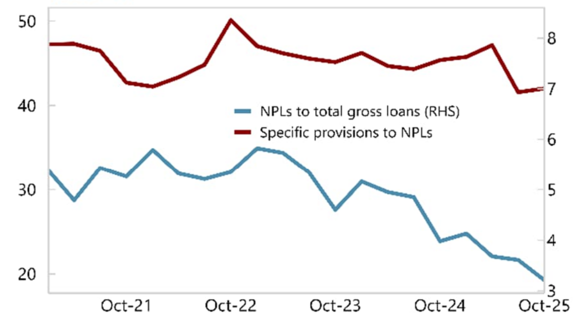
Sources: Bank of Uganda and IMF staff estimates and projections.

Notes: *Both FX and Shillings spreads are calculated as the weighted average lending rate minus the weighted average deposit rate.

Figure 5. Financial Sector Developments

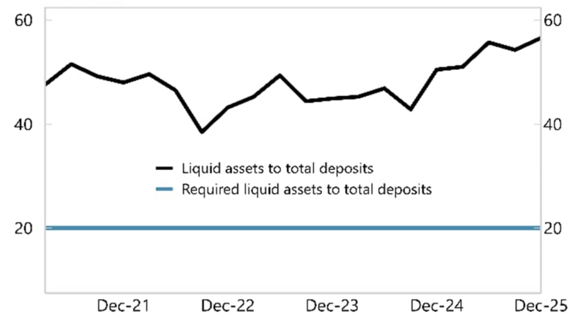
Asset quality has been improving while provisioning remains stable.

Selected Asset Quality Indicators
(Percent)



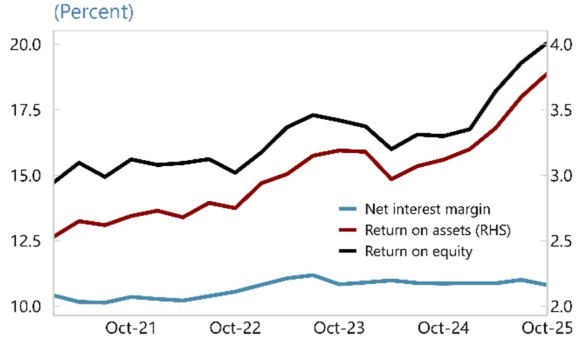
Banks remain liquid.

Liquidity Ratio
(Percent)



Banks' earnings have been increasing.

Earnings and Profitability
(Percent)

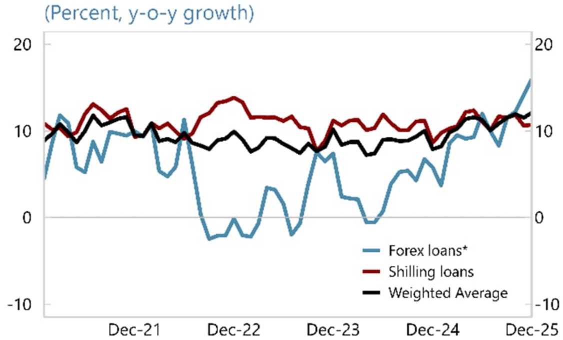


The All Share Index has been increasing for the last two years.

Stock Market Index
(Index)

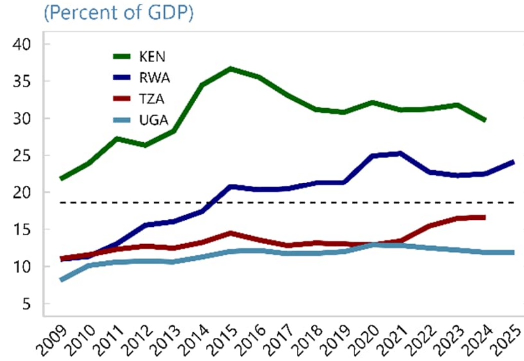
Private sector credit growth remains subdued.....

Evolution of Private Sector Lending
(Percent, y-o-y growth)



Private sector credit-to-GDP in Uganda is the lowest in the region and remains below the EAC average.

Bank Credit to the Private Sector
(Percent of GDP)



Notes: Dashed line corresponds to the average of selected EAC countries : TZA, UGA, RWA, KEN

Sources: Bank of Uganda and IMF staff estimates and projections.

Notes: *FX loans are net of valuation effect.

Table 1. Uganda: Selected Economic and Financial Indicators, FY2023/24-2030/31[1,2]

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
	(Percent, unless indicated otherwise)							
Output, prices, and exchange rate								
Real GDP	6.1	6.3	6.1	8.7	8.0	6.4	6.2	5.8
Non-Oil real GDP	6.1	6.3	6.1	6.0	6.0	6.0	6.0	6.0
GDP deflator	5.4	5.2	3.8	5.0	4.6	4.5	4.6	4.9
Headline inflation (period average)	3.2	3.5	3.4	5.4	4.4	5.0	5.0	5.0
Core inflation (period average)	3.0	3.9	3.4	4.8	5.0	5.0	5.0	5.0
Terms of trade ("–" = deterioration)	8.1	12.6	1.9	3.0	2.6	2.6	1.9	1.9
Exchange Rate (Ugandan Shilling/US$) ("–" = appreciation)	0.7	-2.5	...	...	...	...	...	...
Real effective exchange rate ("–" = depreciation)	3.3	4.8	...	...	...	...	...	...
Money and credit								
Broad money (M3)	8.7	13.3	11.2	14.6	13.4	11.7	12.3	11.6
Credit to non-government sector	9.7	10.3	9.1	10.3	10.3	8.9	8.6	8.5
Bank of Uganda policy rate (percent) [3]	10.3	9.8	9.8	...	...	...	...	...
M3/GDP (percent)	20.4	20.7	20.9	21.0	21.1	21.2	21.4	21.5
NPLs (percent of total loans)[3]	4.9	3.7	3.2	...	...	...	...	...
Central government budget								
Revenue and grants	14.1	14.7	14.6	15.4	16.3	16.5	16.8	17.1
Of which : grants	0.5	0.6	0.4	0.5	0.4	0.3	0.2	0.2
Of which : oil revenue	0.0	0.1	0.1	0.6	1.7	1.9	2.1	2.2
Expenditure	18.8	20.7	21.7	22.0	22.5	22.8	23.1	23.3
Of which: Current	13.2	15.2	15.8	15.5	15.7	16.0	16.4	17.0
Of which: Capital [4]	5.4	5.2	5.5	6.1	6.3	6.2	6.1	6.3
Overall balance	-4.7	-6.0	-7.1	-6.6	-6.2	-6.3	-6.4	-6.2
Of which: Net domestic borrowing	4.2	5.4	5.5	6.2	5.5	5.6	5.8	5.4
Primary balance	-1.6	-2.3	-2.5	-2.1	-1.4	-1.2	-1.0	-0.3
Non-oil primary balance	-1.6	-2.3	-2.5	-2.1	-2.5	-2.4	-2.4	-1.8
Non-oil primary domestic balance	-0.1	-1.2	-0.8	-0.1	-0.5	-0.4	-0.5	0.1
Public debt								
Public gross debt[5]	50.6	52.3	55.1	55.5	55.9	57.1	58.2	59.2
External[6]	28.1	27.2	27.3	25.4	24.1	23.3	22.4	21.9
Domestic	22.5	25.1	27.8	30.1	31.8	33.8	35.8	37.3
Investment and savings								
Investment	22.4	22.8	23.0	23.7	23.9	23.9	23.9	24.1
Public	5.4	5.2	5.5	6.1	6.3	6.2	6.1	6.3
Private	17.0	17.4	17.5	17.5	17.6	17.7	17.7	17.8
Savings	14.4	16.6	15.9	18.2	20.6	22.0	21.9	22.2
Public	0.5	-0.9	-1.7	-0.7	-0.2	-0.2	-0.3	0.1
Private	13.9	17.5	17.6	19.0	20.8	22.2	22.2	22.2
External sector								
Current account balance	-8.0	-6.2	-7.1	-5.4	-3.2	-1.9	-2.0	-1.9
Current account balance (excluding grants)	-8.0	-6.2	-7.3	-5.6	-3.4	-2.0	-2.1	-1.9
Exports (goods and services)	18.8	21.7	27.1	33.1	34.4	32.2	30.2	28.9
Imports (goods and services)	27.6	28.9	34.4	36.1	34.7	31.1	29.3	28.6
Gross international reserves								
In billions of US$	3.2	4.3	6.0	6.4	7.0	7.9	8.3	8.8
In months of next year's imports of goods and services	2.2	2.2	2.7	2.7	3.0	3.3	3.3	3.3
Memorandum items:								
GDP at current market prices								
Ush. billion	203,706	227,875	250,808	286,210	323,318	359,627	399,564	443,516
US$ billion	53.9	61.8	...	...	...	...	...	...
GDP per capita (Nominal US$)	1,174	1,307	1,402	1,486	1,559	1,641	1,723	1,807
Exchange Rate (Ugandan Shilling/US$)	3,778.5	3,685.4	...	...	...	...	...	...
Population (million)[7]	45.9	...	...	...	...	...	...	...

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30.

[2] All figures are based on the 2016/17 rebased GDP.

[3] Latest available data. NPLs: December 2025; BoU policy rate: May 2026.

[4] Capital expenditures include net lending and investment on hydropower projects, and exclude BoU recapitalization.

[5] Debt is on a residency basis.

[6] External debt includes publicly guaranteed debt.

[7] Based on figures from the 2024 census by the Uganda Bureau of Statistics.

Table 2a. Uganda: Fiscal Operations of the Central Government, FY2023/24-2030/31[1]

(Billions of Ugandan Shillings)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
Total revenue and grants	28,821	33,435	36,634	43,962	52,708	59,230	66,996	75,818
Revenue	27,806	32,079	35,731	42,531	51,415	58,151	66,197	74,931
Tax	25,719	29,646	33,062	37,919	42,685	48,008	53,988	61,068
Import duty	1,961	2,502	2,946	3,358	3,786	4,265	4,803	5,441
Income taxes	10,284	11,858	12,729	14,771	16,628	18,701	21,030	23,787
Excises	5,617	6,494	7,015	7,932	8,863	9,897	11,052	12,416
Value-added tax	7,210	8,055	9,387	10,700	12,062	13,585	15,298	17,326
Other taxes	527	599	612	732	867	1,021	1,200	1,413
Infrastructure levy	120	137	373	426	479	539	606	685
Nontax	2,087	2,208	2,422	2,764	3,122	3,473	3,858	4,283
Oil revenue	0	225	248	1,849	5,608	6,670	8,351	9,580
Grants	1,015	1,356	903	1,431	1,293	1,079	799	887
Budget support	50	117	54	0	0	0	0	0
Project grants	965	1,239	849	1,431	1,293	1,079	799	887
Expenditures and net lending	38,308	47,153	54,341	62,960	72,873	81,890	92,415	103,341
Current expenditures	26,839	34,639	39,599	44,274	50,914	57,676	65,659	75,290
Wages and salaries	7,438	8,035	8,607	9,709	11,454	12,785	14,743	16,467
Interest payments	6,222	8,394	11,561	12,949	15,487	18,324	21,469	25,988
Other current	13,179	18,210	19,431	21,616	23,972	26,568	29,446	32,835
Development expenditures	11,021	11,875	13,806	17,486	20,259	22,436	24,556	28,050
Externally financed projects	3,914	4,058	5,240	7,041	7,630	7,961	8,445	9,374
Government of Uganda investment	7,107	7,818	8,567	10,446	12,629	14,475	16,111	18,676
Net lending and investment	252	417	0	0	0	78	0	0
Other spending (incl. arrears clearance)	196	221	936	1,200	1,700	1,700	2,200	0
Overall balance	-9,487	-13,719	-17,707	-18,998	-20,165	-22,660	-25,419	-27,523
Primary balance	-3,266	-5,325	-6,146	-6,049	-4,678	-4,336	-3,950	-1,535
Financing	9,488	13,583	17,724	18,998	20,165	22,660	25,419	27,523
External financing, net	990	1,214	4,004	1,296	2,368	2,523	2,443	3,563
Budget support loans (incl. UGIFT)	133	652	3,875	570	585	600	616	0
ECF	459	0	0	0	0	0	0	0
Project loans	2,932	3,613	4,390	5,610	6,337	6,959	7,646	8,487
Amortization (–)[2,3]	-2,535	-3,051	-4,261	-4,883	-4,554	-5,036	-5,819	-4,924
Domestic financing, net	8,498	12,369	13,721	17,702	17,797	20,137	22,976	23,961
BoU advances to Government (+), net	1,546	-1,072	-2,342	-547	-608	-676	-751	-834
BoU, other accounts	-727	1,324	0	0	0	0	0	0
Use of SDR Allocation	920	0	0	0	0	0	0	0
Transfers from (+)/to(-) the Petroleum Fund, net	96	0	-248	155	-3,344	-4,153	-5,554	-6,475
Banks	2,362	2,604	2,866	9,047	10,875	12,483	14,641	15,635
Non-banks (incl. offshore)	4,300	9,513	13,444	9,047	10,875	12,483	14,641	15,635
Errors & Omissions	0	-136	18	0	0	0	0	0
Memorandum Items:								
Public debt	103,129	119,087	138,213	158,926	180,688	205,272	232,737	262,445
Interest spending to domestic revenue, percent	22.4	26.2	32.4	30.4	30.1	31.5	32.4	34.7
Non-oil primary domestic balance*	-270	-2,623	-2,057	-285	-1,685	-1,608	-1,858	477

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30.

[2] Amortizations are presented on a currency basis (i.e., external amortizations exclude local currency securities held by offshore investors).

[3] The repayment of the balance-of-payment support from the IMF is included under external amortizations financed by the Bank of Uganda.

* Excludes oil revenues, project grants, interest payments, spending financed by oil revenues, and externally financed development spending.

Table 2b. Uganda: Fiscal Operations of the Central Government, FY2023/24-2030/31[1]

(Percent of GDP)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
Total revenue and grants	14.1	14.7	14.6	15.4	16.3	16.5	16.8	17.1
Revenue	13.7	14.1	14.2	14.9	15.9	16.2	16.6	16.9
Tax	12.6	13.0	13.2	13.2	13.2	13.3	13.5	13.8
Import duty	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Income taxes	5.0	5.2	5.1	5.2	5.1	5.2	5.3	5.4
Excises	2.8	2.8	2.8	2.8	2.7	2.8	2.8	2.8
Value-added tax	3.5	3.5	3.7	3.7	3.7	3.8	3.8	3.9
Other taxes	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Infrastructure levy	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Nontax	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Oil revenue	0.0	0.1	0.1	0.6	1.7	1.9	2.1	2.2
Grants	0.5	0.6	0.4	0.5	0.4	0.3	0.2	0.2
Budget support	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	0.5	0.5	0.3	0.5	0.4	0.3	0.2	0.2
Expenditures and net lending	18.8	20.7	21.7	22.0	22.5	22.8	23.1	23.3
Current expenditures	13.2	15.2	15.8	15.5	15.7	16.0	16.4	17.0
Wages and salaries	3.7	3.5	3.4	3.4	3.5	3.6	3.7	3.7
Interest payments	3.1	3.7	4.6	4.5	4.8	5.1	5.4	5.9
Other current	6.5	8.0	7.7	7.6	7.4	7.4	7.4	7.4
Development expenditures	5.4	5.2	5.5	6.1	6.3	6.2	6.1	6.3
Externally financed projects	1.9	1.8	2.1	2.5	2.4	2.2	2.1	2.1
Government of Uganda investment	3.5	3.4	3.4	3.6	3.9	4.0	4.0	4.2
Net lending and investment	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Other spending (incl. arrears clearance)	0.1	0.1	0.4	0.4	0.5	0.5	0.6	0.0
Overall balance	-4.7	-6.0	-7.1	-6.6	-6.2	-6.3	-6.4	-6.2
Primary balance	-1.6	-2.3	-2.5	-2.1	-1.4	-1.2	-1.0	-0.3
Financing	4.7	6.0	7.1	6.6	6.2	6.3	6.4	6.2
External financing, net	0.5	0.5	1.6	0.5	0.7	0.7	0.6	0.8
Budget support loans (incl. UGIFT)	0.1	0.3	1.5	0.2	0.2	0.2	0.2	0.0
ECF	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	1.4	1.6	1.8	2.0	2.0	1.9	1.9	1.9
Amortization (–)[2,3]	-1.2	-1.3	-1.7	-1.7	-1.4	-1.4	-1.5	-1.1
Domestic financing, net	4.2	5.4	5.5	6.2	5.5	5.6	5.8	5.4
BoU advances to Government (+), net	0.8	-0.5	-0.9	-0.2	-0.2	-0.2	-0.2	-0.2
BoU, other accounts	-0.4	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Use of SDR Allocation	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from (+)/to(-) the Petroleum Fund, net	0.0	0.0	-0.1	0.1	-1.0	-1.2	-1.4	-1.5
Banks	1.2	1.1	1.1	3.2	3.4	3.5	3.7	3.5
Non-banks (incl. offshore)	2.1	4.2	5.4	3.2	3.4	3.5	3.7	3.5
Errors & Omissions	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items:								
Public debt	50.6	52.3	55.1	55.5	55.9	57.1	58.2	59.2
Interest spending to domestic revenue, percent	22.4	26.2	32.4	30.4	30.1	31.5	32.4	34.7
Non-oil primary domestic balance, percent of non-oil GDP*	-0.1	-1.2	-0.8	-0.1	-0.5	-0.5	-0.5	0.1

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30.

[2] Amortizations are presented on a currency basis (i.e., external amortizations exclude local currency securities held by offshore investors).

[3] The repayment of the balance-of-payment support from the IMF is included under external amortizations financed by the Bank of Uganda.

* Excludes oil revenues, project grants, interest payments, spending financed by oil revenues, and externally financed development spending.

Table 3. Uganda: Monetary Accounts, FY2023/24-2030/31[1]

(Billions of Ugandan Shillings, unless otherwise indicated)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
Depository Corporations Survey[2]								
Net foreign assets	14,375	17,118	26,144	29,193	32,554	37,329	40,300	44,009
Bank of Uganda	12,105	15,540	24,137	25,784	28,703	33,046	35,541	38,726
Commercial banks	2,270	1,578	2,006	3,409	3,851	4,283	4,759	5,283
Net domestic assets	27,284	30,089	26,256	30,853	35,563	38,758	45,141	51,340
Claims on public sector (net)[3]	21,096	23,935	29,864	34,139	40,453	47,431	55,016	62,508
Claims on central government (net)	20,127	22,990	29,029	33,304	39,618	46,596	54,181	61,672
Claims on the private sector	24,473	27,000	29,465	32,506	35,847	39,021	42,361	45,959
Other items (net) [4, 5]	-18,293	-20,854	-33,074	-35,792	-40,738	-47,694	-52,237	-57,126
Money and quasi-money (M3)	41,572	47,116	52,399	60,046	68,117	76,087	85,441	95,349
Foreign exchange deposits	10,362	12,463	13,860	15,883	18,018	20,126	22,600	25,221
Bank of Uganda								
Net foreign assets	12,105	15,540	24,137	25,784	28,703	33,046	35,541	38,726
Net domestic assets	-79	-1,788	-8,928	-8,355	-8,932	-10,961	-10,741	-11,130
Claims on public sector (net)[3]	5,594	6,615	2,098	-2,127	-6,080	-10,909	-17,214	-24,523
Claims on central government (net)	5,594	6,615	2,098	-2,127	-6,080	-10,909	-17,214	-24,523
Gross claims on the central government	10,098	13,276	9,370	8,823	8,215	7,539	6,788	5,954
Gross liabilities to the central government	-4,503	-6,661	-7,272	-10,951	-14,295	-18,448	-24,002	-30,477
Claims on non-financial private sector (net)	-41	-1,231	-2,832	5,405	8,832	11,624	18,140	25,050
Claims on commercial banks	-837	-2,396	54	62	70	78	86	96
Other items (net) [4, 5]	-4,795	-4,776	-8,248	-11,694	-11,753	-11,753	-11,753	-11,753
Base money	12,026	13,752	15,209	17,429	19,771	22,085	24,800	27,596
Currency in circulation	8,200	8,967	10,165	11,648	13,214	14,760	16,575	18,497
Commercial bank deposits[6]	3,826	4,785	5,044	5,780	6,557	7,325	8,225	9,099
Other Depository Corporations								
Net foreign assets	2,270	1,578	2,006	3,409	3,851	4,283	4,759	5,283
Net domestic assets	32,143	37,717	41,695	46,670	52,960	59,174	66,500	74,240
Of which Claims on central government (net)	14,533	16,375	17,561	26,608	37,483	49,966	64,606	80,241
Of which Claims on private sector	24,369	26,878	29,465	32,506	35,847	39,021	42,361	45,959
Deposit liabilities to the non-bank public	34,413	39,295	43,702	50,079	56,811	63,458	71,259	79,522
Shilling deposits	24,051	26,832	29,841	34,196	38,793	43,332	48,658	54,301
Memorandum items:								
(Annual percentage change)								
Base money	8.8	14.3	10.6	14.6	13.4	11.7	12.3	11.3
M3	8.7	13.3	11.2	14.6	13.4	11.7	12.3	11.6
Credit to the private sector	9.7	10.3	9.1	10.3	10.3	8.9	8.6	8.5
Memorandum items:								
Base money-to-GDP ratio (percent)	5.9	6.0	6.1	6.1	6.1	6.1	6.2	6.2
M3-to-GDP ratio (percent)	20.4	20.7	20.9	21.0	21.1	21.2	21.4	21.5
Money multiplier (M2/base money)	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Credit to the private sector (percent of GDP)	12.0	11.8	11.7	11.4	11.1	10.9	10.6	10.4
Velocity (M3)	4.9	4.8	4.8	4.8	4.7	4.7	4.7	4.7

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30.

[2] Starting on June 2013, the Bank of Uganda expanded the reporting coverage from Monetary Survey to Depository Corporations Survey.

[3] The public sector includes the central government, public enterprises, and local governments.

[4] Including valuation effects, the Bank of Uganda's claims on the private sector and Claims on Other Financial Corporations.

[5] Reflects actual and projected issuances for the recapitalization of Bank of Uganda.

[6] Inclusive of foreign currency clearing balances.

Table 4a. Uganda: Balance of Payments, FY2023/24-2030/31[1]

(Millions of U.S. Dollars, unless otherwise indicated)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
Current account	-4,325	-3,846	-4,851	-4,081	-2,676	-1,689	-1,924	-1,975
Trade balance	-3,004	-2,555	-1,760	1,580	3,846	4,925	4,862	4,513
Exports, f.o.b.	7,819	10,635	15,770	21,920	25,372	25,627	25,860	26,628
Of which: oil	0	0	0	3,366	5,788	5,232	4,698	4,641
Imports, f.o.b.	10,822	13,190	17,531	20,340	21,526	20,702	20,998	22,115
Of which: oil	1,748	1,631	1,913	2,065	2,090	740	57	0
Of which: oil-project related imports	-2,057	-2,993	-1,680	-2,278	-1,835	-601	0	0
Services (net)	-1,754	-1,938	-3,185	-3,798	-4,050	-3,897	-4,024	-4,247
Credit	2,318	2,767	2,773	3,041	3,182	3,344	3,506	3,706
Debit	-4,072	-4,706	-5,958	-6,839	-7,232	-7,241	-7,530	-7,952
Primary income (net)	-1,489	-1,415	-1,775	-3,884	-4,628	-4,981	-5,121	-4,715
Of which: interest on public debt (debit)	-375	-384	-520	-764	-726	-704	-737	-774
Secondary income (net)	1,922	2,063	1,869	2,021	2,156	2,264	2,359	2,474
Private transfers	1,783	1,899	1,755	1,856	2,006	2,135	2,271	2,410
Of which: workers' remittances (credit)	1,403	1,569	1,548	1,649	1,751	1,839	1,930	2,027
Official transfers	139	164	114	165	150	129	88	64
Capital account	121	184	156	246	215	175	127	137
Financial account	-2,529	-4,113	-4,672	-4,077	-2,893	-2,241	-2,103	-2,353
Direct investment (net)	-3,006	-3,468	-3,087	-3,889	-3,468	-2,801	-2,961	-3,199
Of which: oil-project investment (– = inflows)	-2,236	-3,162	-2,000	-2,711	-2,184	-716	0	0
Portfolio investment (net)	342	-613	-1,515	-349	556	675	1,018	1,140
Other investment (net)	138	-13	-51	176	36	-99	-144	-278
Currency and deposits (net)	409	258	358	133	171	175	191	178
Loans (net)	-256	-252	-393	59	-119	-258	-316	-435
Government (net)	-198	-22	219	-49	-187	-300	-342	-450
Disbursements	-870	-831	-950	-1,477	-1,626	-1,804	-1,899	-2,007
Amortization	672	809	1,170	1,427	1,439	1,504	1,557	1,557
Deposits taking corporations	-141	-89	-64	7	6	3	2	1
Net errors and omissions	679	399	700	0	0	0	0	0
Overall balance	-995	850	677	242	432	727	306	516
Financing	995	-850	-677	-242	-432	-727	-306	-516
Central bank net reserves (increase = –)	995	-1,029	-1,728	-392	-582	-877	-456	-516
ECF	0	0	0	0	0	0	0	0
Commercial loans	0	179	1,051	150	150	150	150	0
Memorandum items:								
Gross international reserves								
In US$ billions	3.2	4.3	6.0	6.4	7.0	7.9	8.3	8.8
In months of next year's imports of goods and services	2.2	2.2	2.7	2.7	3.0	3.3	3.3	3.3
Donor support								
Of which : budget support (loans and grants)	157	121	1,175	150	150	150	150	0
Of which : project support (loans and grants)	838	1,073	987	1,723	1,841	1,979	2,026	2,145

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30. Based on BPM6, including sign conventions.

Table 4b. Uganda: Balance of Payments, FY2023/24-2030/31[1]

(Percent of GDP, unless otherwise indicated)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.		Proj.					
Current account	-8.0	-6.2	-7.1	-5.4	-3.2	-1.9	-2.0	-1.9
Trade balance	-5.6	-4.1	-2.6	2.1	4.6	5.5	5.0	4.3
Exports, f.o.b.	14.5	17.2	23.1	29.1	30.6	28.5	26.6	25.3
Of which: oil	0.0	0.0	0.0	4.5	7.0	5.8	4.8	4.4
Imports, f.o.b.	20.1	21.3	25.7	27.0	25.9	23.0	21.6	21.0
Of which: oil	3.2	2.6	2.8	2.7	2.5	0.8	0.1	0.0
Of which: oil-project related imports	3.8	4.8	2.5	3.0	2.2	0.7	0.0	0.0
Services (net)	-3.3	-3.1	-4.7	-5.0	-4.9	-4.3	-4.1	-4.0
Credit	4.3	4.5	4.1	4.0	3.8	3.7	3.6	3.5
Debit	-7.6	-7.6	-8.7	-9.1	-8.7	-8.0	-7.7	-7.6
Primary income (net)	-2.8	-2.3	-2.6	-5.2	-5.6	-5.5	-5.3	-4.5
Of which: interest on public debt (debit)	-0.7	-0.6	-0.8	-1.0	-0.9	-0.8	-0.8	-0.7
Secondary income (net)	3.6	3.3	2.7	2.7	2.6	2.5	2.4	2.4
Private transfers	3.3	3.1	2.6	2.5	2.4	2.4	2.3	2.3
Of which: workers' remittances (credit)	2.6	2.5	2.3	2.2	2.1	2.0	2.0	1.9
Official transfers	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1
Capital account	0.2	0.3	0.2	0.3	0.3	0.2	0.1	0.1
Of which: project grants	0.2	0.3	0.2	0.3	0.3	0.2	0.1	0.1
Financial account	-4.7	-6.7	-6.8	-5.4	-3.5	-2.5	-2.2	-2.2
Direct investment (net)	-5.6	-5.6	-4.5	-5.2	-4.2	-3.1	-3.0	-3.0
Of which: oil-project investment (– = inflows)	-4.1	-5.1	-2.9	-3.6	-2.6	-0.8	0.0	0.0
Portfolio investment (net)	0.6	-1.0	-2.2	-0.5	0.7	0.8	1.0	1.1
Other investment (net)	0.3	0.0	-0.1	0.2	0.0	-0.1	-0.1	-0.3
Currency and deposits (net)	0.8	0.4	0.5	0.2	0.2	0.2	0.2	0.2
Loans (net)	-0.5	-0.4	-0.6	0.1	-0.1	-0.3	-0.3	-0.4
Government (net)	-0.4	0.0	0.3	-0.1	-0.2	-0.3	-0.4	-0.4
Disbursements	-1.6	-1.3	-1.4	-2.0	-2.0	-2.0	-2.0	-1.9
Amortization	1.2	1.3	1.7	1.9	1.7	1.7	1.6	1.5
Deposits taking corporations	-0.3	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Net errors and omissions	1.3	0.6	1.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-1.8	1.4	1.0	0.3	0.5	0.8	0.3	0.5
Financing	1.8	-1.4	-1.0	-0.3	-0.5	-0.8	-0.3	-0.5
Central bank net reserves (increase = –)	1.8	-1.7	-2.5	-0.5	-0.7	-1.0	-0.5	-0.5
ECF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial loans	0.0	0.3	1.5	0.2	0.2	0.2	0.2	0.0
Memorandum items:								
Gross international reserves								
In US$ billions	3.2	4.3	6.0	6.4	7.0	7.9	8.3	8.8
In months of next year's imports of goods and services	2.2	2.2	2.7	2.7	3.0	3.3	3.3	3.3
Donor support								
Of which : budget support (loans and grants)	157	121	1,175	150	150	150	150	0
Of which : project support (loans and grants)	838	1,073	987	1,723	1,841	1,979	2,026	2,145

Sources: Ugandan authorities and IMF staff estimates and projections.

[1] Fiscal year runs from July 1 to June 30. Based on BPM6, including sign conventions.

Table 5. Uganda: Banking Sector Indicators, December 2022- December 2025

(Percent)

	2022	2023				2024				2025			
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Capital adequacy													
Regulatory capital to risk-weighted assets	23.9	25.5	26.1	25.4	25.3	25.4	25.2	24.6	24.6	26.7	25.8	25.7	25.4
Regulatory tier 1 capital to risk-weighted assets[1]	22.4	24.2	24.8	24.1	24.0	24.2	24.1	23.4	23.5	25.5	24.6	24.5	24.1
Asset quality													
NPLs to total gross loans	5.3	5.8	5.7	5.3	4.6	5.2	4.9	4.9	4.0	4.1	3.7	3.6	3.2
NPLs to total deposits	3.3	3.5	3.2	3.2	2.8	3.1	2.9	2.8	2.4	2.5	2.1	2.1	1.8
Specific provisions to NPLs	50.1	47.0	46.2	45.6	45.2	46.2	44.7	44.3	45.4	45.7	47.2	41.1	42.0
Earning assets to total assets	72.6	72.8	70.8	74.3	73.7	72.8	70.7	70.9	71.6	72.8	70.7	72.4	73.2
Large exposures to gross loans	35.2	32.1	32.6	34.8	36.7	36.9	36.4	37.2	32.7	33.2	35.1	36.4	35.8
Large exposures to total capital	80.7	72.8	70.9	77.6	81.0	79.9	77.8	80.2	69.7	68.6	73.6	75.9	74.1
Earnings and profitability													
Return on assets	2.8	2.9	3.0	3.2	3.2	3.2	3.0	3.1	3.1	3.2	3.4	3.7	3.8
Return on equity	15.1	15.9	16.8	17.3	17.1	16.9	16.0	16.6	16.5	16.7	18.2	20.0	20.1
Net interest margin	10.6	10.8	11.1	11.2	10.8	10.9	11.0	10.9	10.9	10.9	10.9	11.3	10.8
Cost of deposits	2.3	2.5	2.6	2.9	3.0	3.1	3.0	3.1	3.2	3.3	3.1	3.2	3.2
Cost to income	72.6	72.4	72.3	72.2	71.8	72.1	72.3	71.8	71.1	70.2	68.9	68.1	67.2
Overhead to income	48.0	47.5	46.6	46.7	47.1	47.2	47.5	46.7	46.3	45.7	45.3	44.9	44.5
Liquidity													
Liquid assets to total deposits	43.2	45.3	49.4	44.4	45.0	45.3	46.9	42.9	50.5	51.1	55.7	54.3	56.6
Liquid assets to total assets	29.8	31.6	35.0	30.8	30.7	30.7	32.0	29.7	33.7	34.6	38.3	37.4	39.0
Liquid assets to short-term liabilities	49.7	53.3	59.4	52.3	52.2	51.8	54.6	52.1	58.0	60.4	65.0	62.7	66.6
Liquidity coverage ratio	223.3	305.4	373.4	267.8	285.2	239.6	436.2	435.8	302.5	536.2	495.1	478.3	408.9
Market sensitivity													
Foreign currency exposure to regulatory tier 1 capital	-5.41	-2.18	-1.38	-1.70	-1.66	-5.86	-4.32	-4.61	-6.7	-2.9	-6.7	-5.1	-4.3
Foreign currency loans to foreign currency deposits[2]	55.7	57.7	55.3	56.6	56.0	57.3	54.0	53.3	54.2	52.5	49.2	51.1	53.4
Foreign currency assets to foreign currency liabilities	92.8	92.2	92.7	87.2	86.2	92.2	95.6	91.9	94.0	88.1	87.2	86.1	96.1

Source: Bank of Uganda

[1] Under new rules, effective in December 2016, designed to ensure compliance with Basel III financial standards, tier one capital requirements were raised to 10.5 percent from 8 percent, while the total regulatory capital ratio was raised to 14.5 percent from 12 percent. However, Systemically Important Banks (SIBs) will be required to maintain tier one capital of 11.5 per cent and a total regulatory capital ratio of 15.5 percent. The cash reserve requirement for banks is 5.25 percent and the minimum liquidity coverage ratio is at 100 percent.

Table 6. Uganda: Decomposition of Public Debt and Debt Service by Creditor, FY2022/23-FY2024/25[1/]

	Debt Stock FY2022/23	Debt Stock (end of period) FY2023/24			Debt Service					
					FY23/24	FY24/25	FY25/26	FY23/24	FY24/25	FY25/26
	(In millions of US$)	*(In millions of US$)*	*(Percent total debt)*	*(Percent GDP)*	*(In millions of US$)*			*(Percent GDP)*		
Total	25,293	27,788	100.0	50.8	2,879.4	6,173.8	3,195.6	5.3	9.9	4.8
External	14,895	15,450	55.6	28.2	1,077.5	1,483.2	1,598.8	2.0	2.4	2.4
Multilateral creditors[2,3]	8,795	9,472	34.1	17.3	266.8	317.5	570.1	0.5	0.5	0.9
IMF	1,442	1,552	5.6	2.8						
World Bank	4,543	4,780	17.2	8.7						
ADB/AfDB/IADB	789	1,008	3.6	1.8						
Other Multilaterals	2,021	2,131	7.7	3.9						
o/w: ADF	1,501	1,622	5.8	3.0						
Bilateral Creditors[2]	3,502	3,432	12.4	6.3	423.8	457.9	535.7	0.8	0.7	0.8
Paris Club	819	886	3.2	1.6	69.9	84.3	94.8	0.1	0.1	0.1
Non-Paris Club	2,683	2,547	9.2	4.7	353.9	373.6	440.9	0.6	0.6	0.7
o/w: Eximbank of China	2,572	2,408	8.7	4.4						
Bonds	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	1,938	1,728	6.2	3.2	274.4	386.7	400.3	0.5	0.6	0.6
Other international creditors	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public guarantees	63	48	0.2	0.1						
Local currency debt held by non-residents, total	597	770	2.8	1.4	112.5	321.0	92.7	0.2	0.5	0.1
Domestic	10,398	12,338	44.4	22.6	1,801.9	4,690.7	1,596.8	3.3	7.5	2.4
T-Bills	1,259	1,820	6.5	3.3	n/a	n/a	n/a	n/a	n/a	n/a
Bonds	7,571	8,298	29.9	15.2	n/a	n/a	n/a	n/a	n/a	n/a
BoU advances	1,568	2,221	8.0	4.1	n/a	n/a	n/a	n/a	n/a	n/a
Memo items:										
Collateralized debt[4]	n/a	n/a		n/a						
o/w: Related	n/a	n/a		n/a						
o/w: Unrelated	n/a	n/a		n/a						
Contingent liabilities	n/a	n/a		n/a						
o/w: Public guarantees	n/a	n/a		n/a						
o/w: Other explicit contingent liabilities[5]	n/a	n/a		n/a						
Nominal GDP								53,652	61,044	68,192

1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.
2/Some public debt is not shown in the table due to data limitations.
3/Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into
4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.
5/Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

Annex I. Risk Assessment Matrix[1]

Source of Risks	Likelihood / Time Horizon	Expected Impact on Economy	Policy Response
		Domestic Risks	
Slow progress on fiscal reforms, including improving revenue mobilization and public sector efficiency	Medium Short to Medium Term	High Would lower growth dividend and increase risk of debt distress	- Improve the quality of public spending - Define operational debt ceiling with annual budget deficit and a binding expenditure envelope
Climate-induced shocks. Higher frequency of natural disasters causes severe economic damage.	Medium Medium/ Long-term	High Lower growth, increase in poverty levels, worsened public debt sustainability	- Improve economic resilience to shocks, build fiscal and external buffers
Oil production delay. Logistical and legal issues or unfavorable global oil prices may lead to delays in domestic production of oil.	Medium Medium Term	Medium Lower growth, fiscal and export revenues, worsened public debt sustainability	- Formulate credible medium-term fiscal path to support investor confidence - Allow exchange rate to act as a shock absorber, and adjust monetary policy if currency weakening leads to inflationary pressures
Lack of progress in tackling corruption and governance deficiencies, which could erode oil revenue through embezzlement and exacerbate social unrest, undermining support for reforms	Medium Short to Medium Term	High Lower growth, fiscal and export revenues, worsened public debt sustainability	-Step up governance and anti-corruption reforms - Formulate credible medium-term fiscal path to support investor confidence - Allow exchange rate to act as a shock absorber, and adjust monetary policy if currency weakening leads to inflationary pressures
Deterioration of security conditions. Spillovers from crises in the region and domestic terrorist attacks could worsen security, and give rise to financing pressures.	Low Short term	Medium Economic activity would be disrupted. Investor confidence would decline.	- Formulate credible medium-term fiscal path to support investor confidence

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short term" and "medium term" are meant to indicate that the risk could materialize within 1 year and 3 years, respectively.

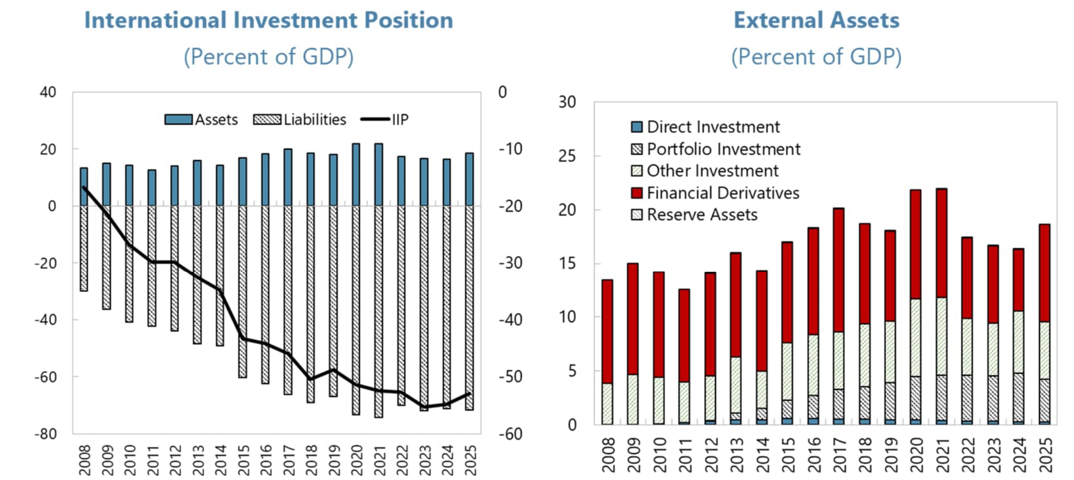
Source of Risks	Likelihood / Time Horizon	Expected Impact on Economy	Policy Response
External Risks			
Geopolitical Tensions and intensification of conflicts raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High Short to Medium Term	Medium Would weaken the recovery, impact trade routes and remittance inflows, and intensify the inflationary pressure through surging commodity prices.	- Allow exchange rate to act as a shock absorber and adjust monetary policy in response to the inflationary pressure - Accommodative fiscal policy to mitigate the impact on the poor - Formulate credible medium-term fiscal path to support investor confidence.
Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.	High Short to Medium Term	Medium Would dampen exports and growth, exert pressure on the exchange rate and inflation.	- Allow exchange rate to act as a shock absorber and adjust monetary policy in response to the inflationary pressure. - Formulate credible medium-term fiscal path to support investor confidence.
Commodity price volatility. Supply and demand imbalances fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High Short to Medium Term	Medium Poor households would be particularly vulnerable to the rising commodity prices. Renewed inflationary pressure and weaker recovery. As a net food exports, Uganda could also benefit from higher export receipts.	- Provide targeted fiscal support to vulnerable households - Formulate credible medium-term fiscal path to support investor confidence - Allow exchange rate to act as a shock absorber and adjust monetary policy response to the inflationary pressure
Fiscal Vulnerabilities and Higher Interest Rates sharply tighten global financial conditions and amplify currency volatility. Disruptions are amplified by increased role of price-sensitive investors and leveraged NBFIs, higher roll-over needs, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.	High Short to Medium Term	Medium Would exert pressure on the exchange rate and inflation and raise sovereign and corporate risk premia.	- Allow exchange rate to act as a shock absorber and adjust monetary policy in response to the inflationary pressure - Accommodative fiscal policy to mitigate the impact on the poor - Formulate credible medium-term fiscal path to support investor confidence.

Annex II. External Sector Assessment

Overall Assessment: Preliminary staff estimates suggest that the external position of Uganda in 2025 was moderately weaker than the level implied by fundamentals and desirable policies. The current account deficit narrowed, reflecting an improvement in the trade balance, driven largely by a sharp increase in coffee exports. Still, the CA deficit remains elevated due to oil project-related imports. In the medium term, the external position is expected to strengthen further supported by oil production and exports. The Ugandan shilling appreciated slightly supported by favorable terms of trade and portfolio inflows. Gross international reserves have increased significantly in 2025 though remain slightly below target levels.
Potential Policy Responses: Allowing exchange rate flexibility is critical to cushion the economy from external shocks and reduce external imbalances. Building and maintaining an adequate level of reserves is essential to anchor investor confidence in a shock-prone environment. Policies to preserve fiscal and debt sustainability, and to improve export diversification can help improve external competitiveness over the medium term.

Foreign Assets and Liabilities: Position and Trajectory

Background. In CY2025, the NIIP improved by 1.9 percent of GDP since the beginning of the year and reached -53.2 percent of GDP, driven by accumulation of reserve assets. On the assets side, reserves held by the BoU have increased by 3.3 percent of GDP, becoming the major component of the assets with their share increasing to 49 percent from 35 percent in 2024. On the liabilities side, as in many developing economies, the majority of external liabilities were FDI (accounting for 55 percent) and government external loans (33 percent). Foreign portfolio holdings in Uganda have increased from 1.6 to 4.4 percent of GDP. Between 2020 and 2025, the NIIP declined by 2.7 percentage points, reflecting a significant increase in foreign direct investment and a decline in other assets.



Source: BoU and IMF staff calculations.

Assessment. While the sizeable negative NIIP warrants careful monitoring of relevant risks, the sustainability of the NIIP is not an immediate concern. The CA deficit is expected to improve substantially once oil production starts, which will help stabilize the NIIP. Furthermore, the accompanying Debt Sustainability Analysis suggests that Uganda faces a moderate risk of debt distress, reflecting a high share of concessional debt.

2025 (% GDP)	NIIP: -53.2	Gross Assets: 18.7	Debt Assets: 8.5	Gross Liabilities: 71.9	Debt Liabilities: 36.1

Current Account

Background. The CA deficit amounts to -7.0 percent of GDP in CY2025, narrowing from -8.2 percent in CY2024. The CA deficit has been elevated driven by large temporary oil-project-related imports (estimated at 3.2 percent of GDP in CY2025). The improvements in coffee and other exports were partially offset by a deterioration in the services account, while primary and secondary income accounts remained roughly unchanged. In the medium term, the CA deficit is expected to improve significantly after the commencement of oil exports in the second half of 2026 (though the war in the Middle East poses some risks of delays due to possible disruption of equipment transportation) and the gradual cessation of oil-project related investments. The oil refinery is expected to become operational in 2029, substituting a share of domestic oil import needs. However, the construction of the refinery has not yet started, posing risks of delays.

Assessment. The 2025 EBA-lite CA model estimates a CA gap of 1.9 percent for 2025, with a cyclically adjusted CA balance (adjusting for cyclicality and temporary imports related to the oil projects) of -5.8 percent compared with a CA norm of -3.9 percent of GDP. Staff's model-based assessment of the actual CA is adjusted to account for 50% large and temporary oil-project-related imports (3.2 percent of GDP), which are expected to taper off over the coming years. However, the magnitude of this adjustment is subject to considerable uncertainties.

Table 1. Uganda: Model Estimates for 2025

(In percent of GDP)

	CA model 1/	REER model 1/
	(in percent of GDP)	
CA-Actual	-7.0	
Cyclical contributions (from model) (-)	0.6	
Additional temporary/statistical factors (-) 2/	-1.5	
Natural disasters and conflicts (-)	-0.3	
Adjusted CA	-5.8	
CA Norm (from model) 3/	-3.9	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	-3.9	
CA Gap	-1.9	-0.4
o/w Relative policy gap	-0.1	
Elasticity	-0.2	
REER Gap (in percent)	10.2	2.2

1/ Based on the EBA-lite 3.0 methodology.

2/ Additional adjustment to account for 50% of the temporary impact of large oil-project related imports, estimated at 3.2 percent of GDP in CY2025 subtracting medium-term maintenance costs.

3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. In 2025, the REER appreciated during most of the year supported by strong export receipts and robust portfolio inflows, however, it depreciated slightly in November 2025 due to heightened FX demand by offshore investors. As of end of the year, the REER appreciated by 1.0 percent relative to the December 2024 level. As of end-March 2026, the NEER and REER have depreciated by 4.4 and 4.8 percent year-to-date, respectively, reflecting pressures from the Middle East conflict. Assessment. EBA-lite CA model and the EBA-lite REER model indicate that the REER was overvalued by 10.2 percent and 2.2 percent respectively. It should be noted, however, that the REER gap does not automatically imply the need for a depreciation of the REER by the same magnitude, as fiscal consolidation and stronger export performance would help narrow the current account gap and reduce exchange rate misalignment over time.
Capital and Financial Accounts: Flows and Policy Measures
Background. Preliminary estimates suggest that in 2025, the CA was mainly financed by net FDI inflows, estimated at 5.5 percent of GDP. Additionally, net portfolio inflows increased remarkably reaching 3.5 percent of GDP (compared to 0.5 percent in 2024).
Assessment. The financial account has been anchored by strong FDI inflows, which will continue in the near term because of oil project-related inflows but gradually decline in the medium term. Portfolio inflows are likely to slow while other investment inflows are expected to decline gradually in the near term based on government borrowing plans.
FX Intervention and Reserves Level
Background. Favorable terms of trade, portfolio flow reversals, and stepped-up foreign exchange purchases supported a significant accumulation of foreign exchange reserves, which rose to USD 6.0 billion (3.1 months of imports) at end-March 2026, from USD 3.3 billion (2.2 months of imports) at end-December 2024. During June-November 2025 and March 2026, the authorities entered into several cross-currency repo agreements totaling about USD 770 million, primarily to roll over USD 400 million in maturing swaps falling due in December 2025 and January 2026. Excluding these temporary liquidity lines, the reserve coverage equals 2.7 months of imports of goods and services. The BoU has not intervened in the FX market though sales since June 2022 and regularly purchases FX to rebuild reserve buffers. Assessment. The Bank of Uganda should continue to pursue two-way exchange rate flexibility, limiting its foreign exchange sales to cases of extreme market distress. The FX reserves increased significantly in 2025, still they remain slightly below the target levels. The IMF's reserve adequacy metric for credit-constrained economies indicates that the adequate level of reserves is between 3.5 and 4.5 months of imports. The BoU should continue building FX reserves covering at least 3.5 months of imports.

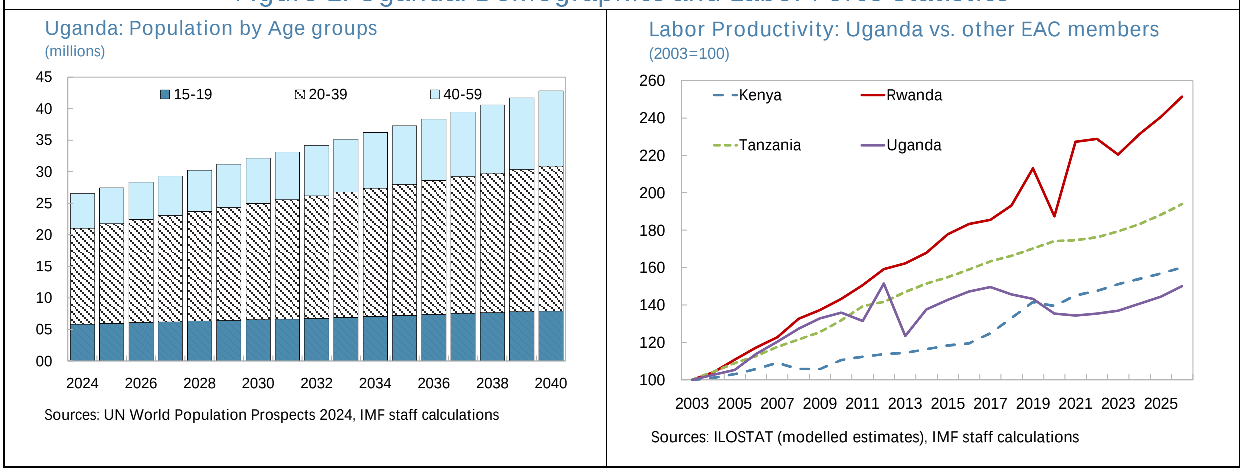
Annex III. Analyzing Uganda's Labor Market Prospects using the DIGNAR[1] Model[2]

Uganda's labor market is characterized by prevalence of informal jobs and relatively low productivity. Meanwhile, its working-age population is set to increase by 60 percent over the next 15 years. The country's ability to successfully utilize this demographic dividend crucially depends on implementing a comprehensive set of structural reforms that would boost labor productivity, promote greater entrepreneurship and improve fiscal resources through higher efficiency of public investment and tax collection.

1. Uganda has one of the fastest growing and youngest population in the world (Figure 1). The population reached 53 million in 2026, having grown at an annual rate of around 3 percent since the 1960s. Uganda also has one of the youngest populations in the world with three quarters of the population under the age of 30. Its working-age population is expected to grow by 60 percent by 2040 according to the UN projections, making its labor force a key pillar for growth going forward.

2. Uganda's labor productivity has been lagging compared to peers (Figure 1). Labor productivity has seen limited growth over the past decade and remains below regional peers. Studies show various factors contributing to low productivity: limited access to finance, bureaucracy in obtaining licenses, higher costs of doing business, low levels of human capital and institutional weakness (Guma, 2015; Ackah, Bofah, and Asuman, 2017). According to World Bank (2018), Uganda will need to create more than 600,000 jobs per year before 2030 and create more than 1 million jobs per year by 2040 to keep up with the pace of labor force entrants (IMF, 2019).

Figure 1. Uganda: Demographics and Labor Force Statistics



Sources: UN World Population Prospects 2024, IMF staff calculations

Sources: ILOSTAT (modelled estimates), IMF staff calculations

[1] DIGNAR-19 (Debt Investment Growth & Natural Resources) is a Dynamic General Equilibrium (DGE) model of a real small open economy developed at the IMF to strengthen quantitative macroeconomic assessments and policy scenario analysis in Low-Income Developing Countries (LIDCs) and Emerging Markets (EMs).

[2] Prepared by Sneha Agrawal, Frank Zhang (both RES) and Robert Tchaidze.

3. The application of DIGNAR (debt investment growth and natural resources) model to Uganda analyzes the country's possible labor market developments over the next 15 years, focusing on the impact of a comprehensive set of reforms (Text Table 1).[3] The model assumes effective absorption of the country's labor market entrants facilitated by reforms in the following areas: (1) reforms to address weaknesses in business environment, governance and access to credit that would foster entrepreneurship; (2) increasing fiscal space through revenue mobilization and higher public spending efficiency ; (3) development spending to improve infrastructure and human capital and (4) crowding in of private investment through fiscal consolidation.

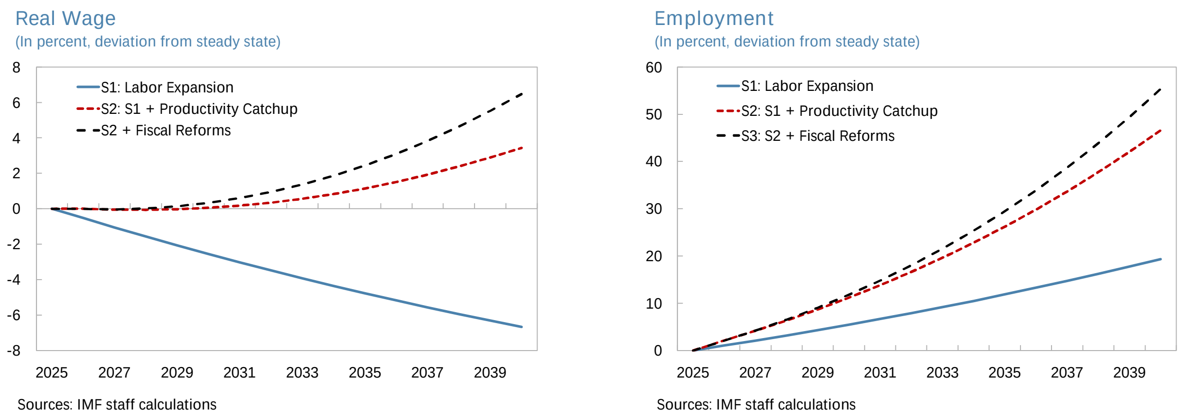
4. The labor market implications of these reforms are analyzed using three scenarios with scenario 3 achieving 60 percent increase in employment by 2040 aligned with UN projections.

- Scenario 1: Labor market expansion. This scenario assumes an increase of one percent in labor supply each year between 2026 and 2040.

- Scenario 2: Productivity catch-up. Scenario 2 builds on Scenario 1 and assumes an extra one percent productivity growth between 2026 and 2040, closing half of the productivity gap between Uganda and Rwanda (the EAC frontier).

- Scenario 3: Fiscal reform package. Building on Scenario 2, a comprehensive fiscal reform package is gradually phased in over 15 years. The package includes a restructuring of fiscal expenditures that raises public investment by 1.8 pp, accompanied by an equivalent reduction in government consumption; an increase in public investment efficiency from 50 percent to 70 percent by 2040 (SSA average) and tax collection efficiency improvement from 25 to 40 percent closing half the gap with SSA frontiers, alongside additional social transfers of 2pp of GDP to households.

Figure 2. Labor Market Impacts of Labor Force Expansion and Fiscal Reforms



[3] The model evaluates macro-critical real variables as proportions of GDP, maintaining constant trade shares, while assuming absence of financial intermediation and oil-related growth. The model calibrations are tailored to Uganda's economy.

5. Labor productivity and public investment reforms are essential to efficiently absorb higher labor supply (Figure 2). Without productivity growth or fiscal interventions, excess labor supply in Scenario 1 leads to a decline in real wages, reducing household living standards and dampening economic growth potential. Meanwhile, productivity catch-up and accompanying public investment can help unlock the gains from labor force expansion by reversing the downward trajectory of real wages and increasing equilibrium employment.

6. These projected gains depend on significant costs, institutional capacity, and reforms that cannot be explicitly accounted for in the model. It cannot explicitly incorporate the political and practical challenges of reforms that require sustained policy improvement efforts, credible institutions, and stable macroeconomic environment which are vital for investor confidence and ongoing progress. The model does not address the crucial role of financial intermediation in transforming household savings into productive investment, which boosts labor demand. Thus, the results should be viewed as an upper bound for potential impacts.

7. Likewise, lifting labor productivity requires a multifaceted approach to facilitating structural changes, reducing resource misallocation, and encouraging technology transfer, that is difficult to model in the context of the DIGNAR model. Reform priorities depend on the stage of a country's economic development, targeting the most binding impediments to growth (Dabla-Norris et al, 2013). In Uganda, the following should be prioritized, among others: (i) boosting agricultural productivity through land reforms and tenancy restrictions, improvements in physical infrastructure and crop yields; (ii) reducing administrative burdens and cutting red tape as these are positively associated with higher manufacturing productivity growth in low-income countries; (iii) reducing trade barriers to encourage a more efficient allocation of resources and technology transfer; (iv) strengthening institutions that govern property rights and the ability to enforce contracts to promote private investment and entrepreneurship; (v) increasing the quality and coverage of education to facilitate the shift of labor into higher-productivity industries and services; (vi) alleviating bottlenecks in infrastructure as deficient transportation and communications networks and low energy-generating capacity to meet rising demand serve as a major drag on productivity growth; (vii) undertaking measures to mobilize domestic saving, lowering the cost of and improving access to credit helps ensure that financial resources are allocated to the most productive sectors.

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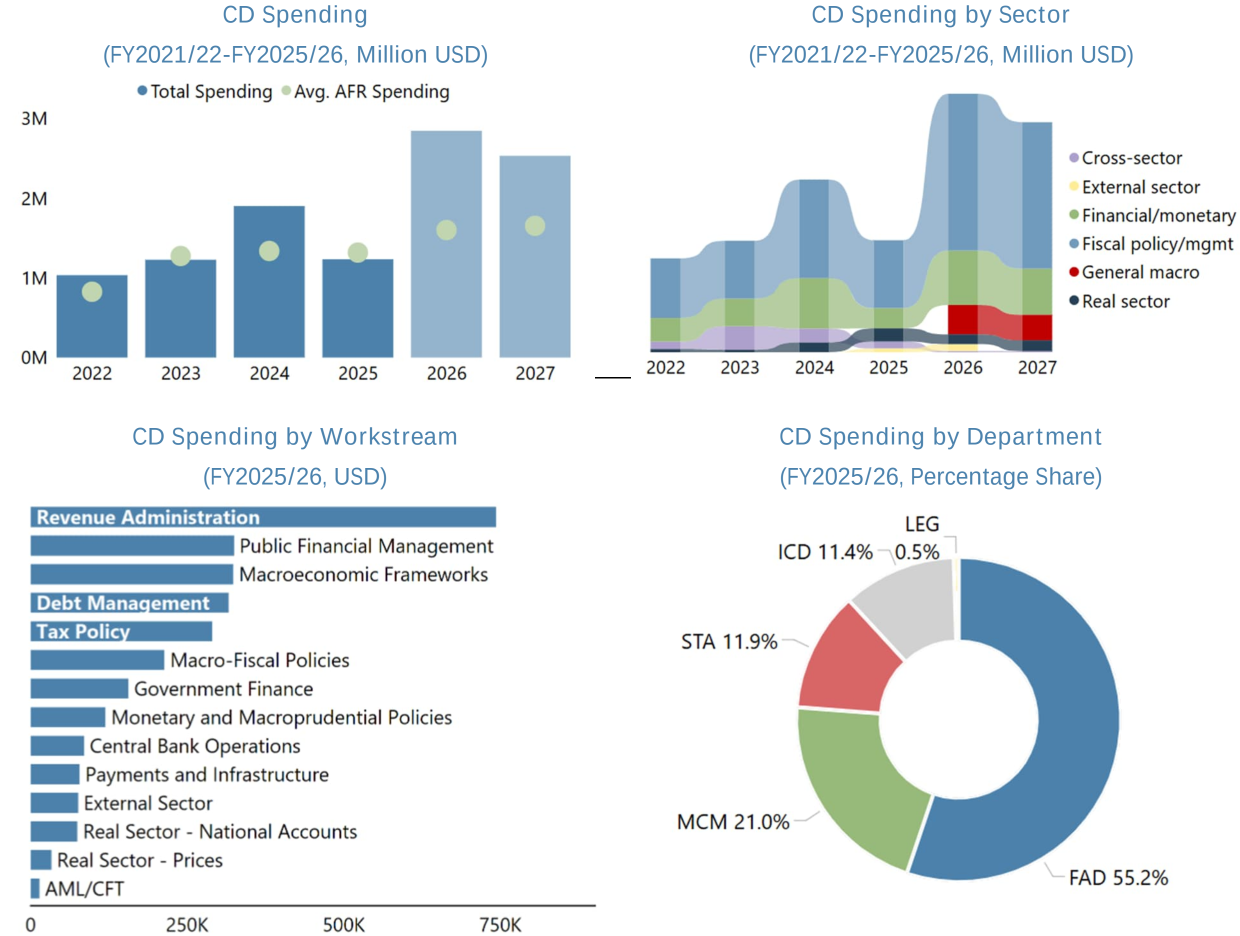
Annex IV. Capacity Development Strategy

1. An extensive Capacity Development (CD) agenda has been implemented in recent years under both program and surveillance engagements with mixed success. An important milestone was achieved with Uganda's removal from the FATF's list of jurisdictions under increased monitoring ("grey list") supported by IMF CD. However, progress has been limited in the areas of tax policy and PFM despite heavy TA engagement (see SM/24/233 Annex IV for more details).

2. IMF CD will continue to support the authorities' current National Development Plan (NDPIV), which prioritizes macroeconomic stability, domestic revenue mobilization, financial sector development, and the sustainable use and management of natural resources. Fund CD support will remain focused on tax policy and revenue administration, public financial management, climate adaptation and mitigation building on the recent Climate Policy Diagnostic, financial supervision and regulation, macroframeworks, and macroeconomic statistics. CD delivery will continue to inform staff's policy recommendations in macro-critical areas. However, implementation and follow-up have often been constrained by limited political commitment and capacity, resulting in delayed or muted impacts. Strong high-level political support will be essential to advance key reforms, notably to rationalize tax expenditures and to contain supplementary budgets.

3. Effective coordination of CD across a rich landscape of developmental partners is essential to maximizing impact. Numerous partners, including the World Bank, the UN (including its various funds, programs, and specialized agencies), the African Development Bank, the European Union, and many other bilateral partners are currently actively engaged in policy areas overlapping with Fund CD. Close collaboration and coordination across providers will be essential to avoid duplication, exploit synergies, and deliver consistent policy advice, and avoid overstretching the authorities' absorptive capacity.

Figure 1. Uganda: Capacity Development Trends and Composition



Source: IMF staff calculations based on CDMAP data.
Note: Years denote IMF fiscal years. Data for FY2021/22 to FY2024/25 are actual data, data for FY2025/26 and FY2026/27 are based on planned activities in CDMAP as of March 2026. Only projects in the stages "Approval", "Execution" and "Complete" are included. Average spending includes all single country spending in AFR divided by 45.

Annex V. Data Issues

Table 1. Uganda: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating[1]							
B							
Questionnaire Results[2]							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Intersectoral Consistency	Median Rating
	B	A	B	C	B	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	A	A	B	A	A		
Granularity[3]	B		A	C	B		
			B		A		
Consistency			A	C		B	
Frequency and Timeliness	B	A	B	B	B		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

[1]The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

[2]The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

[3]The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data provision is broadly adequate for surveillance, but some weaknesses remain in both coverage and timeliness, partly reflecting capacity constraints and requiring TA. The expenditure breakdown of the GDP is not available on a quarterly basis. Sizeable errors and omissions in the BOP and fiscal data complicate projections and an accurate assessment of the external and fiscal positions. Public debt data does not cover several elements of the general government debt, such as extra budgetary funds. Data on arrears should be available on a quarterly basis. More granularity in some areas (e.g., having an accurate breakdown for imports) would have been helpful in the context of the 2021-24 ECF arrangement. While there are some data gaps in the “from-whom-to-whom” balance sheet data (e.g., financial statistics by type of currency), these do not significantly limit the depth of analyzing macro-financial linkages in key sectors of the economy.

Changes since the last Article IV consultation There have been no substantive changes since the last Article IV consultation.

Corrective actions and capacity development priorities Fund TA work is ongoing on development of Industrial Production Index, Residential Property Price Index, Producer Price Index, and on improvements to quarterly GDP expenditure data. Efforts are also underway to improve oil sector statistics, aiming to address data quality issues related to External Sector Statistics. Work on transition to accrual GFS accounting has been delayed due to staffing issues at the Ministry. With the oil production about to start, the authorities are encouraged to start calculating oil and non-oil GDP.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. To compensate for the lack of breakdown on the quarterly GDP by expenditure, staff follow a PMI index, produced by one of local commercial banks. The index reflects responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected in June 2016.

Other data gaps. Labor market data (available only annually through 2021); data on the damages and losses to public infrastructure and other fiscal costs from climate-related disasters.

Table 2. Uganda: Data Standards Initiatives

Uganda participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since November 2016.

Table 3. Uganda: Table of Common Indicators Required for Surveillance

As of May 05, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[7]	Frequency of Reporting[7]	Expected Frequency[7,8]	Announced Frequency[9]	Expected Timeliness[7,8]	Announced Timeliness[9]
Exchange Rates	2026-05-04	2026-05-05	D	D	D	D	...	1D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	2025-02	2026-04	M	M	M	Q	1W	1Q
Reserve/Base Money	2026-02	2026-04	M	M	M	M	2W	6W
Broad Money	2026-02	2026-04	M	M	M	M	1M	6W
Central Bank Balance Sheet	2026-02	2026-04	M	M	M	M	2W	6W
Consolidated Balance Sheet of the Banking System	2026-02	2026-04	M	M	M	M	1M	6W
Total assets of other depository corporations[2]	2026-02	2026-04	M	M	M	M	1M	6W
Total credit from other depository corporations[2]	2026-02	2026-04	M	M	M	M	1M	6W
Interest Rates[3]	2026-05-04	2026-05-05	D	D	D	M	...	1M
Consumer Price Index	2026-04	2026-04	M	M	M	M	1M	1D
Revenue, Expenditure, Balance and Composition of Financing[4]-General Government[5]			NA	NA	A	A	2Q	12M
Revenue, Expenditure, Balance and Composition of Financing[4]-Central Government	2026-02	2026-04	M	M	M	M	1M	6W
Stocks of Central Government and Central Government-Guaranteed Debt[6]	2025-06	2025-09	A	A	Q	Q	1Q	3M
Total stock of General Government Debt[5]			NA	NA	Q	...	4M	...
External Current Account Balance	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q
Exports and Imports of Goods and Services	2025-12	2026-03	Q	Q	M	M	8W	1M
GDP/GNP	2025-12	2026-03	Q	Q	Q	A	1Q	90D
Gross External Debt	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q
International Investment Position	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q

[1] Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

Table 3. Uganda: Table of Common Indicators Required for Surveillance (concluded)

[2] Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

[3] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[4] Foreign, domestic bank, and domestic non-bank financing.

[5] The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments. The total stock of general government debt is required for SDDS Plus countries and encouraged for SDDS and e-GDDS countries.

[6] Including currency and maturity composition.

[7] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[8] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan. Indicators that are not in the IMF Data Standards Initiatives are shown as "...".

[9] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

Annex VI. Status of Key Recommendations from the 2024 Article IV Consultation

	Recommendation	Status
Fiscal Policy	A vigorous implementation of the DRMS through rationalization of tax expenditure, preservation and strengthening of the tax base, and improved tax administration.	The authorities are close to finalizing the DRMS2 update, which will serve as the basis for the budgetary frameworks over the next few years.
	Improved budget preparation and execution to contain current spending.	The authorities are working on a new framework, Budget discipline and accountability charter, which aims to improve the supplementary spending request processes.
	Increased spending on social needs—health, education, and social protection.	The authorities plan to undertake a diagnostic study to identify bottlenecks and points of inefficiency and propose appropriate remedies.
	Ensuring prudent management of future oil revenues.	Uganda has a comprehensive framework, designed with technical assistance from the IMF, aimed at shielding the budget from oil price volatility and promoting intergenerational equity. This framework is currently under review in the context of development of the new Charter for Fiscal Responsibility.
Monetary, Financial, and External Sector Policies	Monetary policy should remain data driven to ensure price stability.	The BoU has maintained a tight monetary policy since mid-2023 reflecting its commitment to price stability. Policy rate has been kept at 9.75 percent since 2025. In March 2026, cash reserve ratio was raised from 9.5 percent to 11 percent to mitigate shilling depreciation pressures.
	Continue to enhance monetary policy transmission and promote financial inclusion.	Implementation of the BoU's financial deepening agenda is progressing, encompassing regulatory reforms, market infrastructure upgrades, and financial inclusion initiatives. Key measures include the operationalization of a BoU platform enabling the trading of government securities via mobile money, ongoing efforts to deepen interbank and securities markets, expanded use of the Credit Reference Bureau, and greater reliance on digital platforms to enhance access to financial services.
	Close monitoring of sovereign-bank nexus and cross-border exposure of NFCs.	Recent stress tests suggest that banks' capital buffers remain adequate under a sizable valuation shock, supported in part by the BoU's higher capital requirements, which have strengthened capital positions.
	Rebuild external buffer and maintain exchange rate flexibility.	The authorities stepped up FX purchases to build up buffers (close to USD 3.5 billion in 2025) reaching 3.1 months of future imports of goods and services. These purchases have at times contributed to limited movement in the bilateral Ush/USD exchange rate (within ±1 percent) as appreciation pressures

	Recommendation	Status
		were countered. The exchange rate has shown greater flexibility since October 2025.
	Advance regional trade integration and modernization of coffee and tourism sectors.	Under the National Development Plan IV, agriculture and tourism are identified as high-impact sectors for boosting value addition, with reforms focused on incentives, infrastructure upgrades, and cost reduction.
Structural Reforms	Continue to address financial integrity, corruption, and governance deficiencies.	Limited progress. Courts are undergoing digitalization reforms, and some courts are able to provide virtual hearings.
	Full implementation of the 2021 Safeguard Assessment recommendations to strengthen the independence of the BoU.	Revisions to the Board Charter are being prepared for consideration by the BoU Board, while revisions to other aspects of the legal framework have not progressed.

INTERNATIONAL MONETARY FUND

UGANDA

May 28, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS

Approved By
Papa N'Diaye (IMF), Jay Peiris (IMF), Manuela Francisco (IDA), and Hassan Zaman (IDA).

Prepared by the staff of the International Monetary Fund (IMF) and the International Development Association (IDA).

Risk of external debt distress	Moderate[1]
Overall risk of debt distress	Moderate
Granularity in the risk rating	Limited space to absorb shocks
Application of judgment	Yes; short-lived breach of threshold

Uganda's public debt continues to be assessed as sustainable. In line with the previous DSA, prepared in December 2025, Uganda's risk of external and overall public debt distress is assessed as moderate, with an application of judgement. All, except one, external PPG debt and total public debt burden trajectories remain below their respective indicative thresholds and benchmarks over the medium term under the baseline scenario. As the two-year breach in the external debt service-to-revenue indicator is minor and short-lived, judgment is applied to arrive at the moderate risk assessment.

Stress tests highlight breaches of external debt burden thresholds and the public debt benchmark. Continued high dependence on domestic financing is also of concern. Given that a median shock could lead to a breach for the external and total debt service indicators, Uganda has limited space to absorb shocks. Key risks include slower growth, environmental shocks, tight global financial conditions, delayed reform implementation, delays in oil exports, an adverse impact on trade from escalating global trade measures and prolonged uncertainty, and donor financing cuts.

[1] Uganda's Composite Indicator, which is estimated at 2.855, signals a medium debt-carrying capacity based on the October 2025 WEO and CPIA 2024.

PUBLIC DEBT COVERAGE

1. Public and publicly guaranteed (PPG) external and domestic debt covers debt contracted and guaranteed by the central government, state and local government, social security fund, and central bank (Text Table 1). Uganda's Public Debt and Other Financial Liabilities Management Framework (2023) gives the Ministry of Finance, Planning and Economic Development the mandate to prepare and publish quarterly Debt Statistical Bulletins. The published data covers PPG debt with information on a residency-based definition of domestic and external debt. In addition, the Bank of Uganda (BoU) provides data on locally issued government debt held by non-residents, which allows a residency-based analysis. Due to data limitations, debt data does not cover extra-budgetary units (EBUs) and debt issued by state-owned enterprise (SOE).[2] The contingent liability stress test includes the disputed arrears to Tanzania (US$58 million or 0.1 percent of GDP),[3] estimates of non-guaranteed SOE debt (1.2 percent of GDP), the default PPP shock (i.e., 35 percent of PPP stock, implying 1.7 percent of GDP), and the default financial market shock (5 percent of GDP).

Text Table 1. Uganda: Coverage of Public and Publicly Guaranteed Debt and Parameters for Contingent Liability Shock[1]

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes

Public debt coverage

	Subsectors of the public sector	
1	Central government	X
2	State and local government	X
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

The contingent liability tailored stress test

		Default	Used for the analysis
2	Other elements of the general government not captured in 1.	0 percent of GDP	0.1
3	SoE's debt (guaranteed and not guaranteed by the government)	2 percent of GDP	1.2
4	PPP	35 percent of PPP stock	1.7
5	Financial market (a minimum starting value of 5 percent of GDP)	5 percent of GDP	5
	Total (in percent of GDP)		8.0

1/ Other elements of general government debt are not included in the coverage of public debt due to data limitations.

Sources: Ugandan authorities and IMF staff calculations.

[2] EBUs are funds that are not included in the national budget appropriated by parliament (such as pension schemes and revenues or user fees collected by government ministries, departments and agencies unreported or not included in government's general revenues, termed as "Appropriation in Aid - AIA"). EBUs and SOEs are not allowed to raise funds through issuance of loans or guarantees without an authorization from the Minister of Finance. The total end-June 2025 debt of public entities, including SOEs and EBUs, was UGX 2,367 bn or 1.2 percent of GDP. This stock is distributed across 12 companies with three quarters of it (UGX 1,789 bn) owed by Uganda Electricity Distribution Company. Other SOEs with significant debt are Uganda Development Bank (UGX 213 bn), National Water and Sewerage Corporation (UGX 157 bn), and Housing Finance Bank (UGX 88 bn).

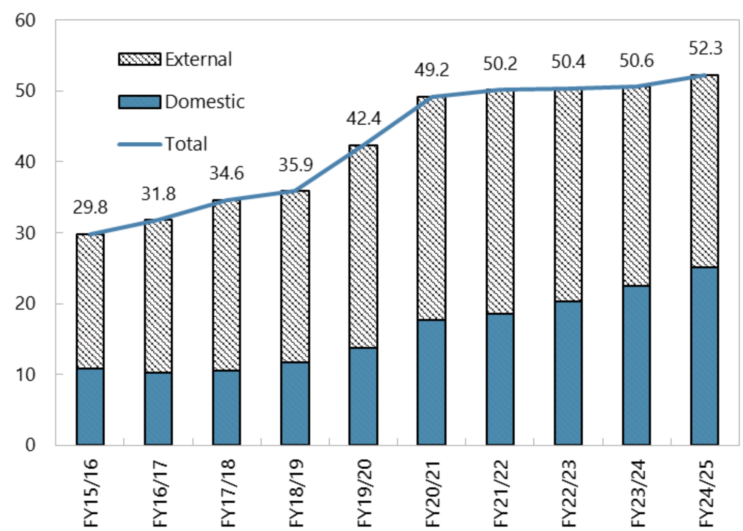
[3] The arrears to Tanzania date back to the Uganda-Tanzania War in 1978-79, their validity is disputed, and they are not included in officially reported total external debt. The arrears to Iraq (US$657, given massive depreciation of the Iraqi dinar, or US$15.2 claimed by Iraq; a reconciliation process is ongoing) and Nigeria (US$11.5 million) are pre-HIPC Initiative arrears to non-Paris Club creditors, which continue to be deemed away under the revised arrears policy for official creditors, as the underlying Paris Club agreement was adequately representative, and the authorities continue to make best efforts to resolve the arrears.

2. The Fund technical assistance has focused on the transition to the Government Finance Statistics Manual 2014. This has included assistance to the Ministry of Finance in incorporating advances (overdraft) issued by the Bank of Uganda (BoU) in the recent years into the historical debt figures, ensuring an accurate representation and consistency between flows and stocks.

BACKGROUND AND RECENT DEVELOPMENTS

3. The public debt ratio reached 52.3 percent of GDP in FY24/25 (Text Figure 1 and Text Table 2),[4] an increase of 1.6 percentage points of GDP following three years of minor increases (0.2 ppt of GDP a year). This rise puts the overall level above the limit of 51.2 percent of GDP stipulated by the FY20/21-FY25/26 Charter of Fiscal Responsibility.[5] Public debt is broadly split between domestic (25.1) and external (27.2), after accounting for offshore investors. In nominal terms, external debt amounts to US$17.2 billion, and domestic debt to US$15.9 billion.[6] In present-value terms, total public sector debt stood at 46.8 percent of GDP, remaining below the East African Community's debt target of 50 percent of GDP.

Text Figure 1. Public and Publicly Guaranteed Debt
(Percent of GDP)



Sources: Ugandan authorities and IMF staff calculations.

[4] The authorities report a lower number of 51.0 percent of GDP for the public debt in FY2024/25 as they exclude the BoU advances (0.8 percent of GDP) and use the cost, not nominal, valuation of the outstanding treasury paper (a difference of 0.5 percent of GDP).

[5] The Charter of Fiscal Responsibility requires public debt to fall below 50 percent of GDP by FY25/26.

[6] This number does not include domestic arrears as these need to be verified. The unverified stock is UGX 4.7 trln (2.1 percent of GDP). These include payment (45 percent), tax arrears (14 percent) and compensation (25 percent). The authorities' medium-term fiscal framework current envisions clearance of UGX 1.4 trln.

4. While most of the existing stock of external public debt is on concessional terms, the semi-concessional component has been on the rise in recent years. Highly concessional loans from the IMF, the International Development Association (IDA), and the African Development Fund (ADF) account for 49 percent of the external debt portfolio, which mainly drives the difference between the nominal value of public debt and its present value (Text Table 3). Other concessional creditors include the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Development in Africa (BADEA), the Organization of the Petroleum Exporting Countries (OPEC) fund, and some bilateral Paris and non-Paris club creditors. Since the COVID-19 pandemic, Uganda also has resorted to commercial loans that constitute now around 10 percent of external public debt, mostly owed to Standard Bank of South Africa (SBSA), African Export–Import Bank, Standard Chartered, and the Trade Development Bank (TDB). Finally, the stock of local-currency government securities held by offshore investors was 10 percent of external public debt.

Text Table 2. Uganda: Decomposition of Public Debt and Debt Service by Creditor, FY2024/25-2026/27[1]

	Debt Stock (end of period) FY2024/25			Debt Service					
				FY24/25	FY25/26	FY26/27	FY24/25	FY25/26	FY26/27
	(In millions of US$)	*(Percent total debt)*	*(Percent GDP)*	*(In millions of US$)*			*(Percent GDP)*		
Total	33,129	100.0	52.3	3,011.1	6,530.3	5,076.3	4.7	9.8	6.8
External	17,212	52.0	27.2	1,163.6	2,085.8	2,027.3	1.8	3.1	2.7
Multilateral creditors[2,3]	10,138	30.6	16.0	266.8	598.6	704.6	0.4	0.9	0.9
IMF	1,363	4.1	2.2						
World Bank	5,353	16.2	8.4						
ADB/AfDB/IADB	1,143	3.4	1.8						
Other Multilaterals	2,279	6.9	3.6						
o/w: ADF	1,700	5.1	2.7						
Bilateral Creditors[2]	3,568	10.8	5.6	423.8	595.3	552.4	0.7	0.9	0.7
Paris Club	1,072	3.2	1.7	69.9	116.2	114.7	0.1	0.2	0.2
Non-Paris Club	2,496	7.5	3.9	353.9	479.1	437.7	0.6	0.7	0.6
o/w: Eximbank of China	2,341	7.1	3.7						
Bonds	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	1,750	5.3	2.8	274.4	450.2	453.9	0.4	0.7	0.6
Other international creditors	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public guarantees	45	0.1	0.1						
Local currency debt held by non-residents, total	1,712	5.2	2.7	198.7	441.7	316.4	0.3	0.7	0.4
Domestic	15,917	48.0	25.1	1,847.5	4,444.5	3,049.0	2.9	6.6	4.1
T-Bills	2,404	7.3	3.8	n/a	n/a	n/a	n/a	n/a	n/a
Bonds	12,979	39.2	20.5	n/a	n/a	n/a	n/a	n/a	n/a
BoU advances	534	1.6	0.8	n/a	n/a	n/a	n/a	n/a	n/a
Memo items:									
Collateralized debt[4]	n/a		n/a						
o/w: Related	n/a		n/a						
o/w: Unrelated	n/a		n/a						
Contingent liabilities	n/a		n/a						
o/w: Public guarantees	n/a		n/a						
o/w: Other explicit contingent liabilities[5]	n/a		n/a						
Nominal GDP							61,831	68,319	75,334

1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.
2/Some public debt is not shown in the table due to data limitations.
3/Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g.
4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers"
5/Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

Text Table 3. Uganda: Decomposition of External Public and Publicly Guaranteed Debt, FY2024/25, Millions of US$

Total	17,212	100.0%
Bilateral	3,568	20.7%
ABU DHABI FUND	9	0.1%
AFD	386	2.2%
CDP	6	0.0%
EXIM BANK OF CHINA	2,341	13.6%
EXIM BANK OF INDIA	15	0.1%
EXIM BANK S KOREA	21	0.1%
GOVT OF NIGERIA	21	0.1%
IRAQ FUND	0	0.0%
JBIC	11	0.1%
JICA	232	1.4%
KFW	21	0.1%
KUWAIT FUND	49	0.3%
MIN FOR AFF AUSTRIA	0	0.0%
SAUDI ARABIA FUND	40	0.2%
SPAIN	49	0.3%
UKEF	367	2.1%
Commercial banks or other financial institutions	1,750	10.2%
AFREXIM	341	2.0%
AKA	7	0.0%
Bank Austria	9	0.1%
COMMERZBANK	11	0.1%
SBSA	852	5.0%
STANDARD CHARTERED	274	1.6%
TDB (PTA)	256	1.5%
Multilateral	10,138	58.9%
ADB	412	2.4%
ADF	1,700	9.9%
BADEA	81	0.5%
EIB	99	0.6%
IDA	5,353	31.1%
IDB	731	4.2%
IFAD	285	1.7%
IMF	1,363	7.9%
NDF	39	0.2%
OPEC FUND	74	0.4%
Publicly guaranteed external debt	44.7	0.3%
Local currency debt held by offshore investors	1,712	9.9%

Sources: Ugandan authorities and IMF staff calculations.

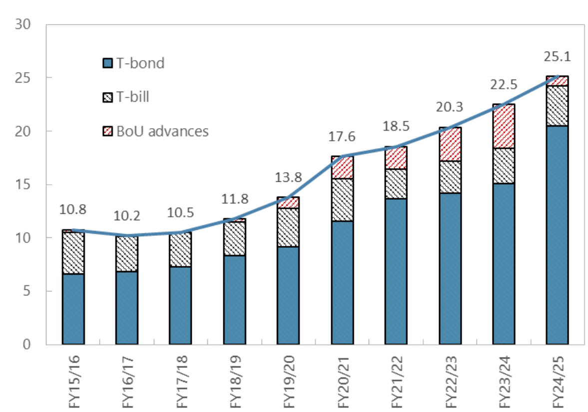
5. **Public domestic debt (residency based) is dominated by medium-to long-term securities.** T-bonds constituted around 85 percent of total domestic debt securities at the end of FY24/25 (Text Figure 2). T-bonds were mostly held by pension and provident funds (36 percent) and commercial banks (20 percent), while T-bills were predominantly held by banks (close to 80 percent). As banks' holdings of government debt have significantly risen since the pandemic (from 21 percent of their total assets in 2019 to 30 percent as of March 2025 and materially above the system average in the case of a few banks), this growing sovereign-bank nexus is starting to pose concerns, even if recent supervisory stress tests suggest that, capital buffers remain adequate under a sizable valuation shock. Meanwhile, the investor

base for domestic government debt has been shifting toward nonbank financial institutions (particularly pension and provident funds), altering cross-sector linkages and the distribution of sovereign risk in the financial system. While this rebalancing may support market development and reduce direct bank-sovereign entanglement at the margin, it could also concentrate duration and liquidity risk in other parts of the nonbank sector, potentially strengthening sovereign–financial sector feedback loops through other channels. Last two years have also seen record participation by offshore investors who are attracted by high returns, relative exchange rate stability, and an open capital account. Their holdings of government securities increased to almost US$3 billion, equivalent to roughly half of the BoU's total FX reserves. Following securitization of a large share of the advances from the Bank of Uganda (3.8 percent of GDP), the outstanding stock dropped to 0.8 percent of GDP at the end of FY24/25 from 4.1 percent of GDP a year earlier.[7]

6. Borrowing costs remain high. Total interest payments continued to increase, reaching 3.7 percent of GDP in FY24/25 (3.1 percent of GDP in FY23/24, 2.1 in FY19/20), largely due to the increased stock of domestic debt, interest rates on which remain elevated. Interest rates on external debt have been stable since FY22/23 (Text Figure 3).

7. Private external debt declined to below 8 percent of GDP. While it has been on average some 12 percent of GDP in FY14/15-FY21/22, peaking at 14.5 percent of GDP in FY20/21, it dropped to less than 9 percent in FY22/23 and has gradually declined since then.

Text Figure 2. Public Domestic Debt
(Percent of GDP)



Sources: Ugandan authorities and IMF staff calculation.

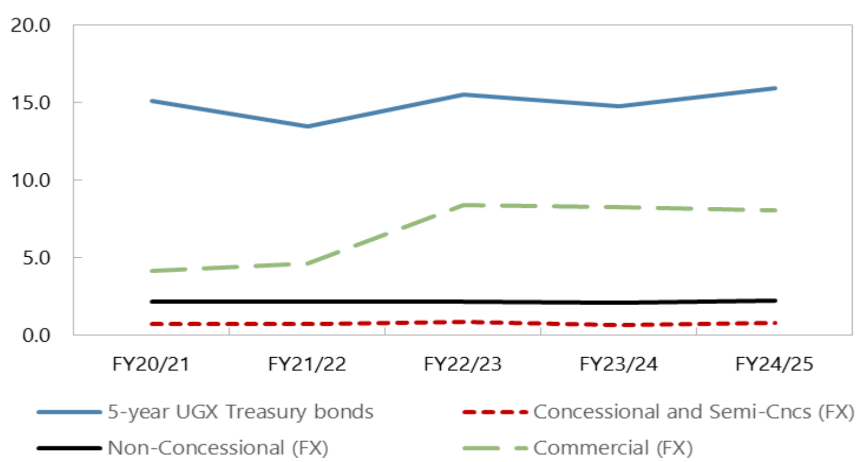
[7] In October 2024, the authorities replaced the outstanding stock of BoU advances with a government-issued debt instrument. The applicable interest rate is the prevailing Central Bank Rate. The debt instrument is to be repaid over the course of ten years in payments of UGX 1.142 trln (inclusive of interest and principal).

Text Table 4. Uganda: Holdings of Government Debt,
(Percent, as of June 30, 2025)

	T-bills	T-bonds	Both
Pension and Provident Funds	6.3	35.7	31.5
Commercial Banks	80.2	19.9	28.6
Bank of Uganda	0.0	18.0	15.4
Offshores	2.0	11.3	10.0
Other Financial Institutions	7.1	7.0	7.0
Retail Invetsors	1.9	6.3	5.7
Insurance Companies and Deposit Protection Fund	1.8	1.5	1.6
Others	0.6	0.3	0.3
Total:	100.0	100.0	100.0

Source: Ugandan authorities and IMF staff calculations.

Text Figure 3. Borrowing costs
(Percent)



Sources: Ugandan authorities and IMF staff calculation.

MACRO FORECASTS

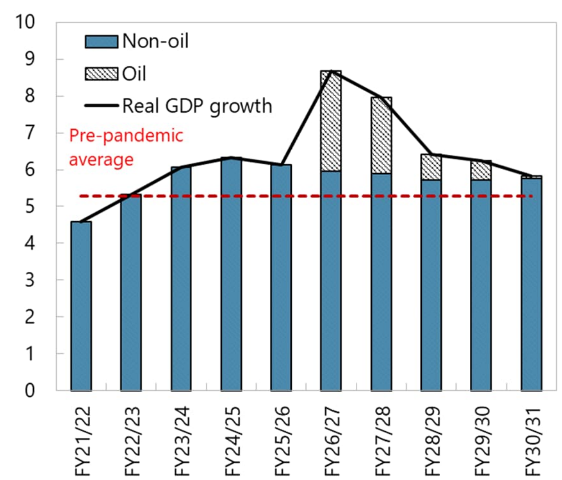
8. The medium-and long-term macroeconomic framework underlying this DSA is consistent with the scenario presented in the Staff Report for the Post Financing Assessment (Text Table 5). The baseline scenario assumes the following:

- *Real GDP growth.* Growth is strong and broad-based. High frequency indicators point to continued robust sentiment buoyed by low inflation. The real GDP growth outlook for FY25/26 is 6.1 percent.

- Over the medium term, growth is projected to significantly accelerate in FY26/27 and FY27/28 as oil production is expected to start (Text Figure 4) but is subject to downside risks. These stem from heightened global uncertainties, particularly the war in the Middle East. If intensified or prolonged, the latter could disrupt trade, capital flows, and remittance receipts, resulting in lower growth, higher inflation, elevated borrowing costs and current account deficits and declining buffers.[8] Growth will be supported by strong domestic activity and ongoing construction and investment in the oil sector, including construction of the oil pipeline, a joint project of the French oil company Total Energies, the Chinese oil company CNOOC, and the governments of Uganda and Tanzania. As the oil production plateaus in the early 2030s and starts to decline, growth rates will decline as well, bottoming out at around 5 percent in the mid-2030s. Afterwards, growth is expected to pick up again, reflecting contributions of the non-oil GDP (and, in particular, the services sector), which is projected to grow at around 6 percent, broadly in line with its pre-pandemic average. This outlook assumes no major new reform efforts and excludes the potential impacts of climate change.[9]

- Delays in oil production present a material risk to the growth outlook. For instance, a one-year delay would lower (shift) the projected growth rate in FY26/27 by about 3 percentage points. At the same time, given the reported completion levels across the projects (two oil fields and the pipeline), substantial delays are rather unlikely in staff's view.

Text Figure 4. Real GDP growth projections
(Percent)



Source: IMF staff calculations.

- Long-term growth could be supported by addressing infrastructure constraints (such as major investments to improve transport connectivity, urban infrastructure, expand access to power,

[8] The oil price is expected to increase by about 2 percent per year on average over the medium term.

[9] For detailed discussions of the impact of climate change, see World Bank Group Uganda Country Climate and Development Report, 2025 and IMF Country Report No. 2022/078.

and enhance digital connectivity[10]), improvements to agricultural productivity, and development of agro-processing trade and industries. Finally, Uganda is entering a demographic transition, which has the potential for accelerating growth in per capita income and reducing poverty. Although fertility rates and the dependency ratio are still high, Uganda's declining fertility rate and growing working-age population are gradually increasing the share of the working-age population and reducing the child dependency ratio.

- *Inflation.* Since peaking at 10.7 percent in October 2022, headline inflation decelerated rapidly, driven by declining food prices, monetary policy tightening, and relative stability in the exchange rate. It bottomed out at 2.4 percent in October 2023 and remained subdued at 2.9 percent in February 2026. Core inflation, at 3.0 percent in April, is expected to return to the 5-percent target in FY28/29. The correlation between the CPI and the GDP deflator is expected to decline due to oil-related investment and net exports increasing their weight in the GDP deflator at the expense of consumption starting in FY26/27.[11]

- *Oil revenue projections.* Budget revenues from oil, net of oil-related expenditures, are expected to start in FY26/27 and peak at 2.8 percent of GDP in FY32/33 before declining over the long term. Legislation and institutions (including the Uganda Petroleum Fund and the Petroleum Revenue Investment Fund, PRIR) that have been established to ensure fiscal sustainability over the longer run. These should help manage Dutch disease crowding out effects but are unlikely to help substantially reduce the debt servicing costs, since under the current framework, up to 0.8 percent of the previous year's non-oil GDP would be used to finance infrastructure spending with the rest saved for the benefit of the future generations of the Ugandan citizens.[12] Continued EITI reporting is expected to help enhance the transparency of the extractive sector.

- *Primary fiscal deficit.* The primary fiscal deficit increased in FY24/25 from 1.6 to 2.3 percent of GDP, reversing the earlier gains. However, it is expected to improve going forward and turn positive in FY31/32, driven by oil revenues and some expenditure restraint and revenue mobilization measures.[13] Tax revenue gains are projected to be modest given reluctance to streamline tax expenditures; a forceful implementation of the domestic revenue mobilization

[10] World Bank projects are supporting all four sectors: the Northeastern Road Corridor Asset Management Project 2 (NERAMP 2) improves transport connectivity along a critical trade route to South Sudan and DRC; the Electricity Access Scale-up Project (EASP) expands grid and off-grid electricity access nationwide; and the Uganda Cities and Municipalities Infrastructure Development (UCMID) program and the Greater Kampala Metropolitan Area (GKMA) Urban Development Program strengthen urban infrastructure, service delivery, and municipal institutional capacity.

[11] Inflation projections for Uganda and IMF WEO inflation projections for advanced economies pin down nominal exchange rate projections under the assumption of a constant real effective exchange rate.

[12] The authorities are working on the new Charter of Fiscal responsibility, to be finalized in August. The new charter may allow for marginally higher use of oil revenues to finance development spending.

[13] The authorities are reviewing the lessons from their 2019-2024 Domestic Revenue Mobilization Strategy (DRMS), which aimed to raise tax revenues by 0.5 percent of GDP per annum but has not been fully put into effect. The revised DRMS-2 is close to being finalized and will outline key tax policy reforms, including revenue administration modernization to improve compliance and a rationalization of tax exemptions. International partners, including the IMF, World Bank, and FCDO, have been supporting the Tax Policy Department (MoFPED) and Uganda Revenue Authority (URA) in this work.

strategy (DRMS) could help deliver a faster increase in tax intake. Spending cuts are assumed to be more forceful over the long run, reducing non-wage primary spending to the pre-pandemic levels.

- *Interest payments* are projected to increase further, reaching around 6 percent of GDP over the medium term (close to 35 percent of domestic revenues against 18 percent in FY20/21) and rising further in the long run to some 7 percent of GDP. This happens on account of elevated domestic interest rates, which reflect high reliance of the government on domestic financing, relatively long maturity of outstanding domestic debt, and tight monetary policy stance as the BoU remains concerned about exchange rate volatility and its potential inflationary pressures.

- *Current account deficit.* The current account deficit has been improving driven by strong coffee exports. It is expected to improve further over the medium term once oil exports come on-stream and the oil refinery becomes operational. Export growth will also be supported by better trade logistics, rural access to infrastructure and information, and credit availability, and the rollout of reforms envisaged under the African Continental Free Trade Agreement (AfCFTA).[14] The removal of Uganda from the African Growth and Opportunity Act (AGOA) in 2024 has not had a large impact on trade flows.[15] The 2025 EBA assessment based on the current account model suggests that there was no significant misalignment of the REER, but this estimate is subject to considerable uncertainty.[16] The external position is assessed to be moderately weaker than the level implied by fundamentals and desired policies.

- *Net FDI inflows* have been strong, largely driven by investments in oil-related projects (Tilenga, Kingfisher, and the pipeline between Uganda and Tanzania) but expected to gradually decline to around 3 percent of GDP over the medium term as oil investment peters out reflecting the potential positive impact on FDI from the rollout of AfCFTA among all countries on the continent.

- *Gross official reserves* are expected to gradually rise over the medium term on the back of improved current account, mainly driven by oil exports. The reserve coverage is expected to reach almost 3½ months of imports in the medium-term, in part owing to a stronger 2025 position that reflects stepped-up FX purchases by the BoU enabled by strong coffee exports and a reversal of portfolio flows into government debt instruments as investors are attracted by high yields while viewing Uganda's macroeconomic stability somewhat more favorably than that of the regional peers. GIR has been boosted by FX swap arrangements with local banks, and

[14] Uganda has ratified the AfCFTA agreement; however, the country needs to address constraints that affect implementation of the agreement. These include reducing red tape and simplifying customs procedures, promoting the uptake of modern technology in the agriculture sector and improving quality and standards.

[15] The U.S. share in Uganda's exports is below 2 percent, as most of them are destined to the SSA region, Middle East, Asia, and Europe.

[16] The assessment is complicated by presence of temporary and large (around 3 percent of GDP) oil-project-related imports; a half of it is excluded for the purpose of the EBA assessment.

an additional boost may come from a domestic gold purchase program from local artisanal miners that is to be piloted in the near future.

- *Financing mix.* Net domestic financing reached an exceptionally high level in FY24/25 (5.4 percent of GDP) and is expected to remain high over the medium term (5.7 percent of GDP on average). While the role external debt in budget financing will gradually increase over the long term, domestic financing is assumed to continue to play the dominant role. With the appetite for the domestic debt instruments remaining strong, domestic banks well-capitalized, and non-banks playing an increasing role in this market, the government is expected to continue meeting its financing needs, though likely at elevated debt service costs and with potential adverse impact on private sector lending. The authorities' medium-term debt strategy assumes less of the need for domestic financing of this magnitude, given more optimistic projections for the revenue mobilization and spending constraint efforts.

- Project support assumptions have been revised in line with the FY24/25 outturn and assume a modest increase in FY25/26 and FY26/27, remaining constant as a share of GDP afterwards. The composition of domestic borrowing is projected to remain similar to the recent past with T-bonds accounting for two-thirds of the total. The BoU is expected to provide advances only up to the statutory limit of 10 percent of the recurrent revenue at times of temporary shortfalls in the latter.

- *IDA financing*[17] is set to be largely delivered through project support over the medium term. The assumed average disbursement over the next five fiscal years is set to increase from around US$570 mn to $800 mn. Afterwards, the new disbursements are assumed to be gradually decreasing in percent of GDP. Significant disbursements for projects will support municipal infrastructure and road developments, water management and development, and digital acceleration. No budget support operations are assumed, with the remainder of IDA financing going through Program for Results (P4Rs), including support to enhancing intergovernmental fiscal transfers for better service delivery (Text Figure 5).

9. The realism tool outputs compare the projections to cross-country experiences and to Uganda's own historical experience (Figures 3 and 4):

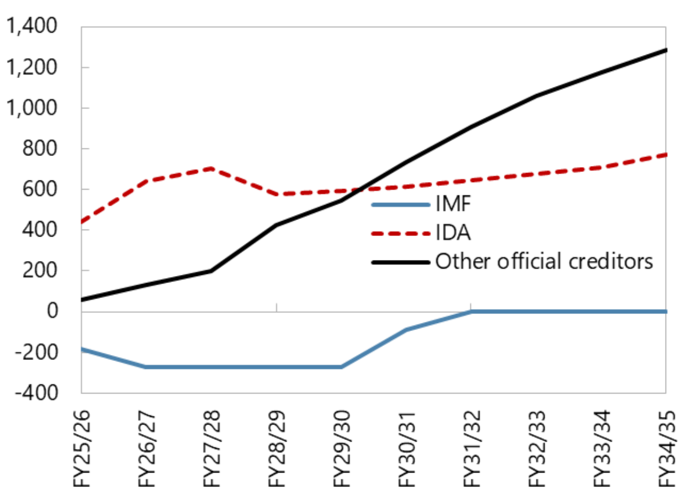
- There are differences between past and projected debt creating flows, which reflect changes to growth and current account trajectories, given expected developments in the oil industry as explained earlier. Unexpected changes are below the median of the distribution across low-income countries for both external and public debt reflecting the pessimism of the 2020 scenario prepared in the midst of the COVID pandemic, forecasting the public debt just below 60 percent of GDP in FY23/24 and FY24/25.

[17] World Bank disbursement has been affected by the slow implementation of the portfolio in Uganda and the lag between approval and effectiveness. Most of the committed portfolio in Uganda are from IDA19 (38 years maturity, 6 years grace period and interest rate below 1 percent) and IDA20 terms (50 years maturity, 10 years grace period, no interest, no commitment fees).

- The improvement in the primary balance over the next three years is in the top quartile of the distribution, reflecting the cyclical improvement in tax revenues, the adjustment following the fiscal policy response to COVID-19 and the implementation of the DRMS. The growth outlook is also supported by private investments as well as improved spending efficiency, including through stronger public investment management on the back of reforms to be implemented with IMF and World Bank support.

- Investment is expected to increase, with private investment offsetting a temporary decline in public investment.

Text Figure 5. Official External Financing, Net
(US$, Millions)



Source: IMF staff calculations.

Text Table 5. Uganda: Macroeconomic Assumptions

	Real GDP growth (percent)		Inflation (percent)		Primary balance (percent of GDP)		Current account (percent of GDP)		FDI inflows (percent of GDP)	
	Prev. DSA	Current	Prev. DSA	Current	Prev. DSA	Current	Prev. DSA	Current	Prev. DSA	Current
2023/24 Act.	6.1	6.1	3.2	3.2	-1.6	-1.6	-7.8	-8.0	5.6	5.6
2024/25 Act.	6.3	6.3	3.5	3.5	-2.3	-2.3	-6.1	-6.2	5.8	5.6
2025/26	6.2	6.1	3.3	3.4	-2.0	-2.5	-4.1	-7.1	4.3	4.5
2026/27	9.4	8.7	4.5	5.4	-1.4	-2.1	-3.1	-5.4	5.0	5.2
2027/28	6.9	8.0	4.9	4.4	-0.6	-1.4	-2.7	-3.2	4.0	4.2
2028/29	6.7	6.4	5.0	5.0	0.0	-1.2	-1.5	-1.9	3.0	3.1
2029/30	6.4	6.2	5.0	5.0	0.0	-1.0	-1.7	-2.0	2.9	3.0
2030/31	5.7	5.8	5.0	5.0	0.6	-0.3	-1.5	-1.9	2.9	3.0
Avg 2031/32-2041/42	5.6	5.6	5.0	5.0	1.0	0.6	-1.3	-2.0	2.7	2.8

Sources: Uganda authorities, IMF staff projections.
"Prev. DSA" refers to the DSA accompanying the 2026 Post-Financing Assessment Staff Report.

COUNTRY CLASSIFICATION

10. Uganda's debt-carrying capacity is classified as medium, unchanged from the previous DSA. Based on the October 2025 WEO (real GDP growth, import coverage of foreign exchange reserves, remittances, and growth of the world economy) and the World Bank's 2024 CPIA (3.508), Uganda's composite indicator (CI) score is 2.855. The CI also incorporates forward-looking elements with the calculation based on the 10-year average (5 years of historical data and 5 years of projection). Uganda's score lies between the threshold values of 2.69 and 3.05 corresponding to medium and strong capacity, respectively, thereby categorizing the country as having "medium" debt-carrying capacity that determines the four external debt indicative thresholds and the total public debt benchmark (Text Table 6).
The thresholds of the PV of external debt-to-exports ratio, the PV of external debt-to-GDP ratio, the debt service-to-exports ratio, and the debt service-to-revenue ratio are 180, 40, 15 and 18 percent, respectively. The benchmark of the PV of total public debt is 55 percent.

Text Table 6. Uganda: Composite Indicator, and Debt Thresholds and Benchmark

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.3850	3.5317	1.36	48%
Real growth rate (in percent)	2.7190	5.7381	0.16	5%
Import coverage of reserves (in percent)	4.0520	31.3510	1.27	44%
Import coverage of reserves^2 (in percent)	-3.9900	9.8289	-0.39	-14%
Remittances (in percent)	2.0220	2.5017	0.05	2%
World economic growth (in percent)	13.5200	3.0350	0.41	14%
CI Score			2.855	100%
CI rating			Medium	

Debt Carrying Capacity	Medium		
Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Medium	Medium 2.855	Medium 2.86	Medium 2.85

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23
TOTAL public debt benchmark	**Weak**	**Medium**	**Strong**
PV of total public debt in percent of GDP	35	55	70

Source: IMF staff projections.

EXTERNAL DEBT SUSTAINABILITY

11. The evolution of external government debt suggests a sustainable path under the baseline (Table 1). Both solvency and liquidity indicators remain below their indicative thresholds over

the projection horizon, with the exception of the debt service-to-revenue ratio exceeding the benchmark in FY25/26-FY26/27, though the breach is mild and short-lived (Figure 1 and Table 4). External debt sustainability indicators peak in FY25/26: the PV of PPG external debt-to-GDP ratio peaks at 21.0 (against the threshold of 40 percent), the PV of debt-to-exports ratio peaks at 77.2 percent and then declines (against the threshold of 180 percent). The liquidity indicators peak in FY25/26: the debt service-to-export ratio is projected at 11.2 percent; and the debt service-to-revenue ratio reaches 21.4 in FY25/26 and 19.9 in FY26/27, breaching the indicative threshold of 18 percent.[18] These breaches are assessed to be minor and short-lived, warranting the application of judgement to deem away the mechanical signal of high risk and maintain a moderate risk rating.

12. Stress tests and alternative scenarios indicate a moderate risk of debt distress rating, with an application of judgement. The PV of PPG external debt-to-GDP ratio briefly breaches the threshold under the shock to exports. However, the shock to exports increases the PV of external debt-to-exports ratio and debt service-to-exports ratios above the respective threshold levels over the medium term, while the external debt service-to-revenue ratio breaches its respective threshold under the one-time depreciation shock (Figure 1 and Table 3).

13. The share of private external debt to GDP is on a declining path under the baseline (Table 2). Private external debt peaks in FY24/25 at 7.3 percent of GDP (21 percent of the total external debt), before declining toward 6.2 percent of GDP (or 22 percent of external debt) in FY31/32. Under the baseline, the path of private external debt does not elevate the risk of debt distress. However, the abovementioned breaches of certain indicators under the contingent liability shock suggest that possible spillovers from private sector debt may affect debt sustainability under adverse scenarios.

PUBLIC DEBT SUSTAINABILITY

14. The total public debt-to-GDP trajectory under the baseline remains on a rising path (Table 2). The PV of public debt-to-GDP ratio starts at 49.2 percent in FY25/26 and gradually increases, though without breaching the benchmark of 55percent of GDP for countries with medium debt-carrying capacity (Figure 2 and Table 4). Meanwhile, the debt service-to-revenue ratio continuously rises over the forecast horizon, while PV of debt-to-revenue remains broadly flat.

15. Stress tests point to unfavorable dynamics in all indicators under the scenario with a shock to growth (Figure 2). Under this shock, the PV of total public debt-to-GDP ratio exceeds the benchmark of 55 percent in FY27/28 and continues to increase above it. Likewise, the PV of total public debt-to-revenue ratio and the debt service-to-revenue show increasing trajectories.

16. Domestic debt has increased and related vulnerabilities are intensifying (Figure 6). Under the baseline scenario, the level of domestic debt to GDP continuously rises, even though the pace of these increases slows down as the financing mix pivots towards external sources. Although there seems to be

[18] The decline in the liquidity indicators is mainly driven by the projected increase in exports and government revenue.

sufficient appetite in the market for the domestic debt instruments, potential risks from a deepening sovereign-bank nexus require close monitoring as Uganda now ranks 4th among SSA economies in terms of banks' exposure to sovereign debt. While not an immediate financial stability risk,[19] this calls for a gradual rebalancing of banks' portfolios to reduce vulnerabilities and mitigate crowding out of private credit. Reliance on domestic financing sources impacts interest rates, with an increase of one percentage point of GDP in domestic financing adding about 100 basis points to the interest rate on a 1-year government bond.

CONCLUSIONS

17. Uganda's risk of external and overall public debt distress is moderate, with limited space to absorb shocks. External debt burden indicators and total public debt remain below their respective thresholds and benchmark throughout the projection horizon. The stress tests, however, indicate breaches of the thresholds, some of which are lasting. Moreover, the vulnerabilities related to reliance on domestic debt have intensified and are not projected to abate over the medium term, reinforcing the need for larger fiscal consolidation.

18. Risks to the debt outlook are tilted to the downside. Risks around growth reflect tight external financial conditions, possible spillovers to trade from the global developments, further cuts to external assistance as well as tourism, and increased frequency of natural disasters due to climate change. Domestic risks include the slower-than-expected implementation of reforms, including the revenue mobilization efforts, delays in oil production, and the potentially limited capacity of commercial banks to increase their purchase of government securities in response to future shocks given the increasing weight of those securities in their balance sheets.

19. Mitigating debt risks requires sound macroeconomic management and strong/steadfast policy implementation. This includes:

- *Implementing the DRMS.* Given Uganda's relatively low revenue collection, there is an urgent need for tax policy reforms, including a rationalization of exemptions, and strengthening of tax administration to improve compliance.

- *Implementing sustained fiscal consolidation through durable revenue and expenditure reforms.* A combination of a forceful tax revenue mobilization and reduction in current spending to its pre-pandemic levels could stop the increases in the public debt to GDP ratio and allow for the interest payments to domestic revenue ratio to decrease over the medium term.

- *Strengthening overall public financial management (PFM).* There is a need to enhance budget discipline, limit the scope for accommodating frequent in-year spending requests, and improve cash flow controls.

[19] A recent stress test showed that all banks remain well-capitalized under an adverse interest rate shock and the recently introduced, more stringent capital requirements will reinforce banks' capital positions.

- *Improving spending efficiency through stronger public investment management and electronic government procurement (eGP).* Better use of medium-term fiscal envelope forecasts would improve project prioritization and capital expenditure budgeting; revising the Land Policy would reduce implementation delays; and ensuring sufficient maintenance funding would extend the lifetime of public infrastructure. On the procurement side, overcommitment in multi-year projects should be reduced, emergency procurement procedures curtailed, and open competitive bidding prioritized over direct contracting. Finally, spending leakages could be reduced, notably through strengthened and integrated information systems across key sectors

- *Reprioritize expenditure to support the Tenfold Growth Strategy.* A gradual reprioritization towards priority spending on human and physical capital, as well as towards public goods in priority sectors, together with more forceful DRM, PFM and debt reduction efforts as outlined above, would support higher growth and job creation.[20]

- *Strengthening debt management.* Public debt management in Uganda should continue to ensure that the government's financing needs, and its payment obligations are met at the lowest possible cost over the medium to long run, consistent with prudent risk-taking. Better communication and coordination across government agencies, including on new borrowing plans, and broadening the scope of potential creditors, including through use of mobile money platforms for retail investors, would further enhance debt management.

- *Improving debt transparency.* Over the last decade, Uganda has enhanced debt transparency, both in terms of fiscal reporting and publication of explicit and implicit debt and debt management information. Debt transparency could be further enhanced, including through the publication of a statement of fiscal risks in the budget framework paper that lists contingent liabilities and reports on risks arising to the budget, the extension of coverage to potential debt collateralization in the public sector, as well as better communication, thereby contributing to a better understanding and management of risks.

- *Closely monitoring contingent liabilities.* Contingent liabilities have in general been one of the largest sources of fiscal risk across countries, since the materialization of contingent liabilities can contribute to unexpected increases in the debt-to-GDP ratio, crowding out private credit and jeopardizing debt sustainability. There has been important progress on the collection of data on the debt of state-owned enterprises. Efforts, however, should be stepped up to estimate, disclose, manage, contain, and shorten the lag in the publication of information on contingent liabilities, especially those in the financial sector, state-owned enterprises (including through their potential inclusion in government finance statistics), and PPPs.

[20] The World Bank Public Finance Review (June 2026) documents that expenditure composition has shifted away from investment in human and physical capital, as well as from the provision of public goods with economy-wide productivity spillovers. It proposes a reform path to reprioritize expenditure while improving the fiscal trajectory, supporting a GDP significantly higher than under the PFR baseline scenario by FY35.

- *Implementing a set of particular reforms to improve fiscal and debt sustainability*. Given the moderate risk of debt distress, the government notably implements a set of reforms—known as *Performance and Policy Actions* (PPAs) as per IDA's *Sustainable Development Finance Policy* (SDFP)—in the areas of debt sustainability, debt management and fiscal sustainability. The purpose of this is to ultimately incentivize the government to reduce debt vulnerabilities.[21]

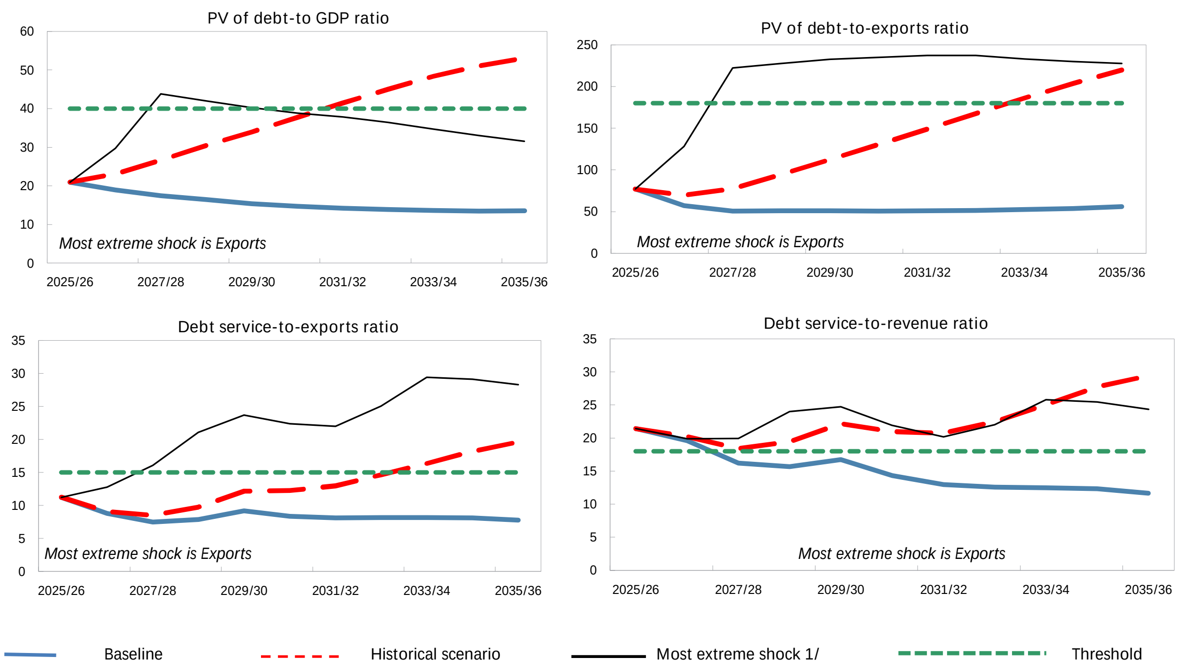
- *Enhancing governance frameworks.* These are equally essential to safeguard the quality and effectiveness of public investment and other government spending. Better infrastructure and the impact of parallel reforms, e.g., improvements in the business climate, are expected to strengthen Uganda's competitiveness. Sound asset-liability management and avoidance of a premature reliance on uncertain future oil-related flows remain essential preconditions for debt sustainability.

Authorities' Views

20. The authorities broadly agreed with the results of this DSA and the overall conclusion of a moderate risk of external debt distress. They acknowledged the need for fiscal adjustment and stressed their intention to proceed with budgetary consolidation, driven by efforts to mobilize revenues and curtail recurrent spending. They acknowledge the vulnerabilities from growing public debt and contingent liabilities risks and remain committed to ensuring debt sustainability while bringing debt below 50 percent of GDP (in nominal terms). They indicated that the new Charter of Fiscal Responsibility will be more parsimonious in terms of the numerical fiscal rules, focusing on the debt trajectory and the liquidity indicators, such as debt servicing costs. They also commit to continuing to engage with IDA/IMF staff on debt management issues and to address debt vulnerabilities by building policy credibility and deepening the markets. The authorities regularly carry out their own debt sustainability analyses and pay very close attention to maintaining a low risk of debt distress.

[21] All four PPAs were implemented in FY25, and three new ones are being implemented in FY26.

Figure 1. Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, FY2025/26-2035/36[1]



Customization of Default Settings		
	Size	Interactions
Tailored Tests		
Combined CLs	Yes	
Natural Disasters	n.a.	n.a.
Commodity Prices [2/]	n.a.	n.a.
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions for Stress Tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	5.4%	5.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	20	20
Avg. grace period	5	5

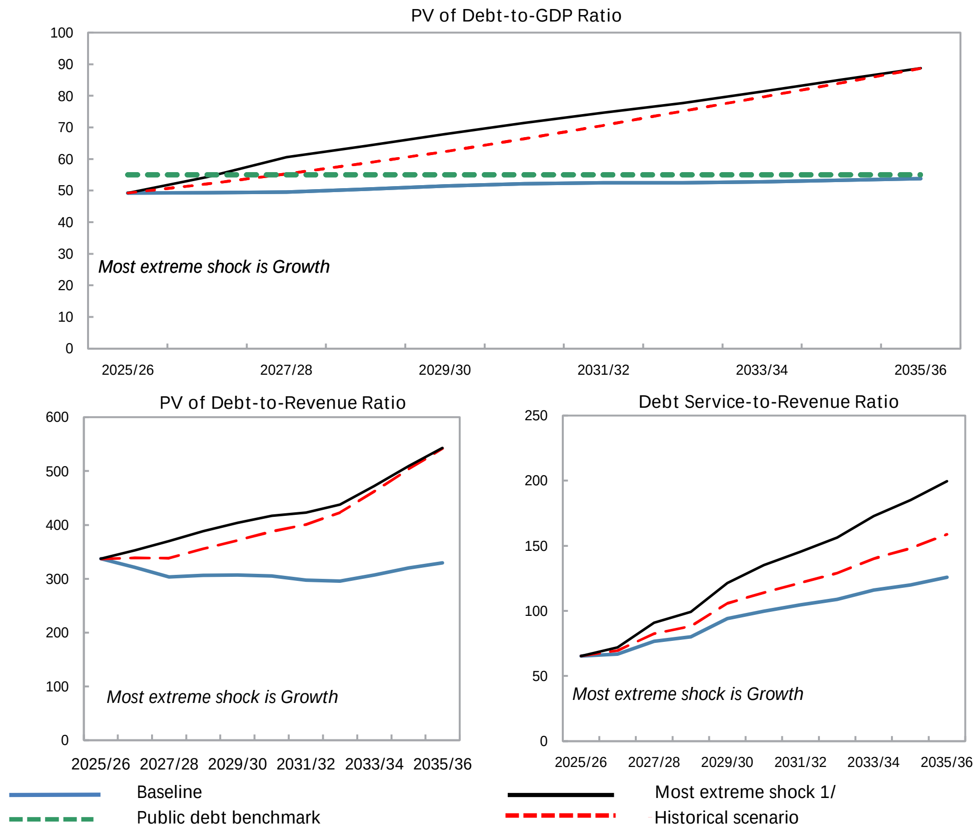
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Indicators of Public Debt Under Alternative Scenarios, FY2025/26-2035/36



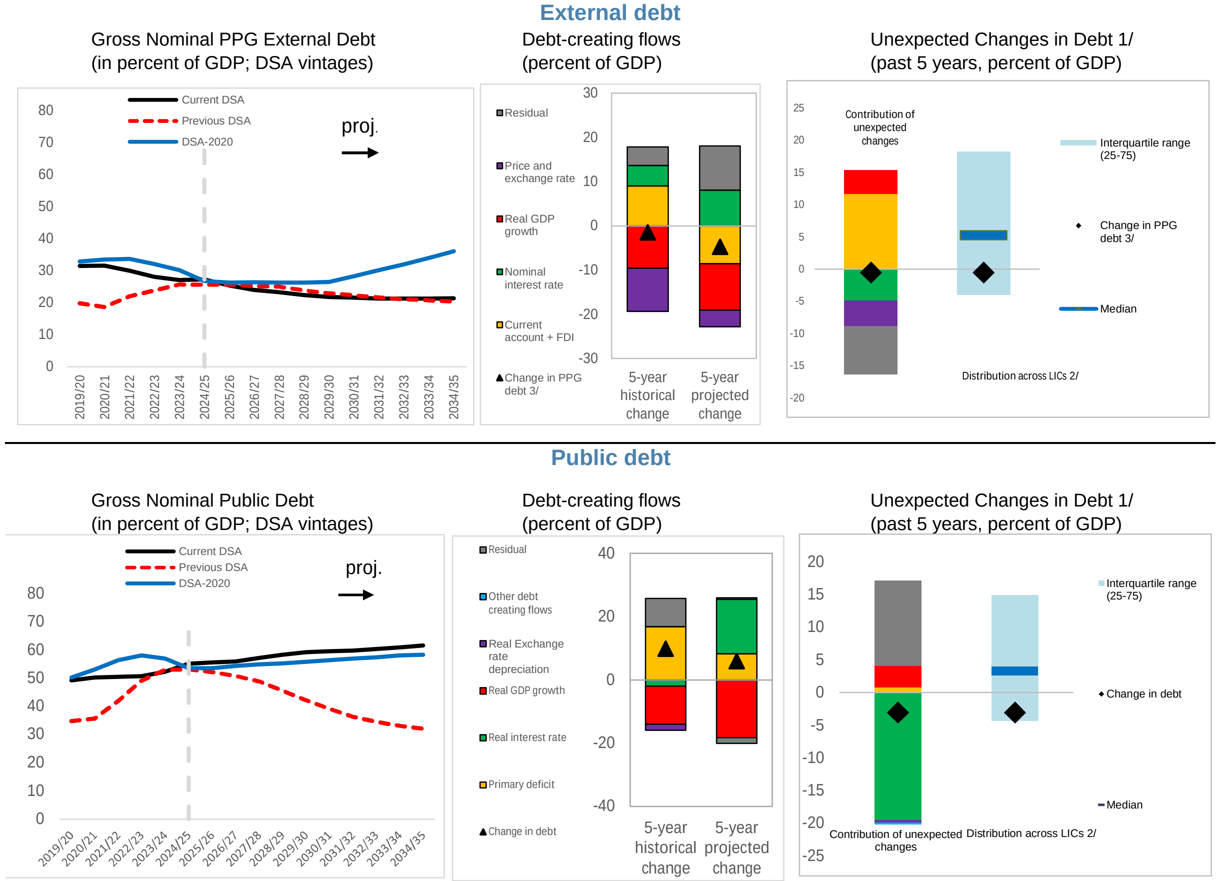
Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	19%	19%
Domestic medium and long-term	56%	56%
Domestic short-term	25%	25%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	5.4%	5.4%
Avg. maturity (incl. grace period)	20	20
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	12.7%	12.7%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	9.0%	9.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Drivers of Debt Dynamics – Baseline Scenario



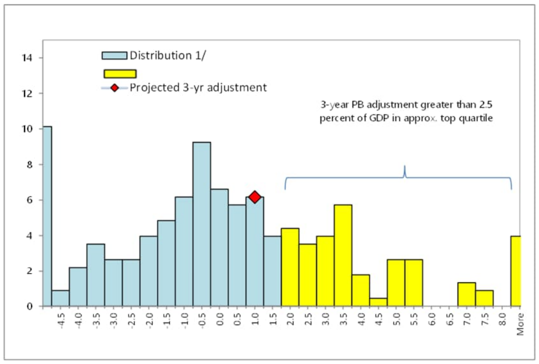
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

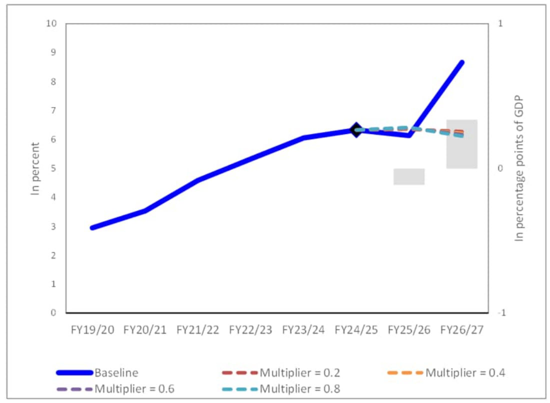
Figure 4. Realism Tools

3-Year Adjustment in Primary Balance(Percentage points of GDP)



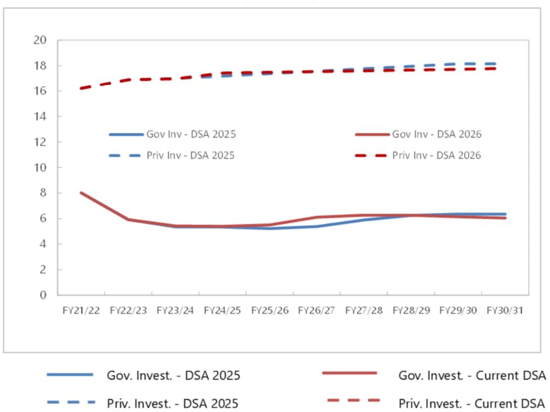
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(% of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

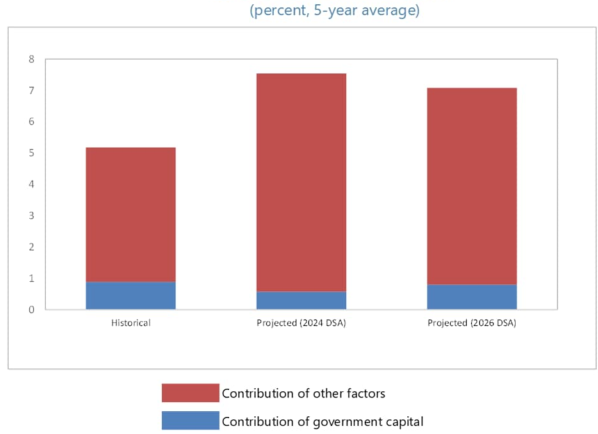
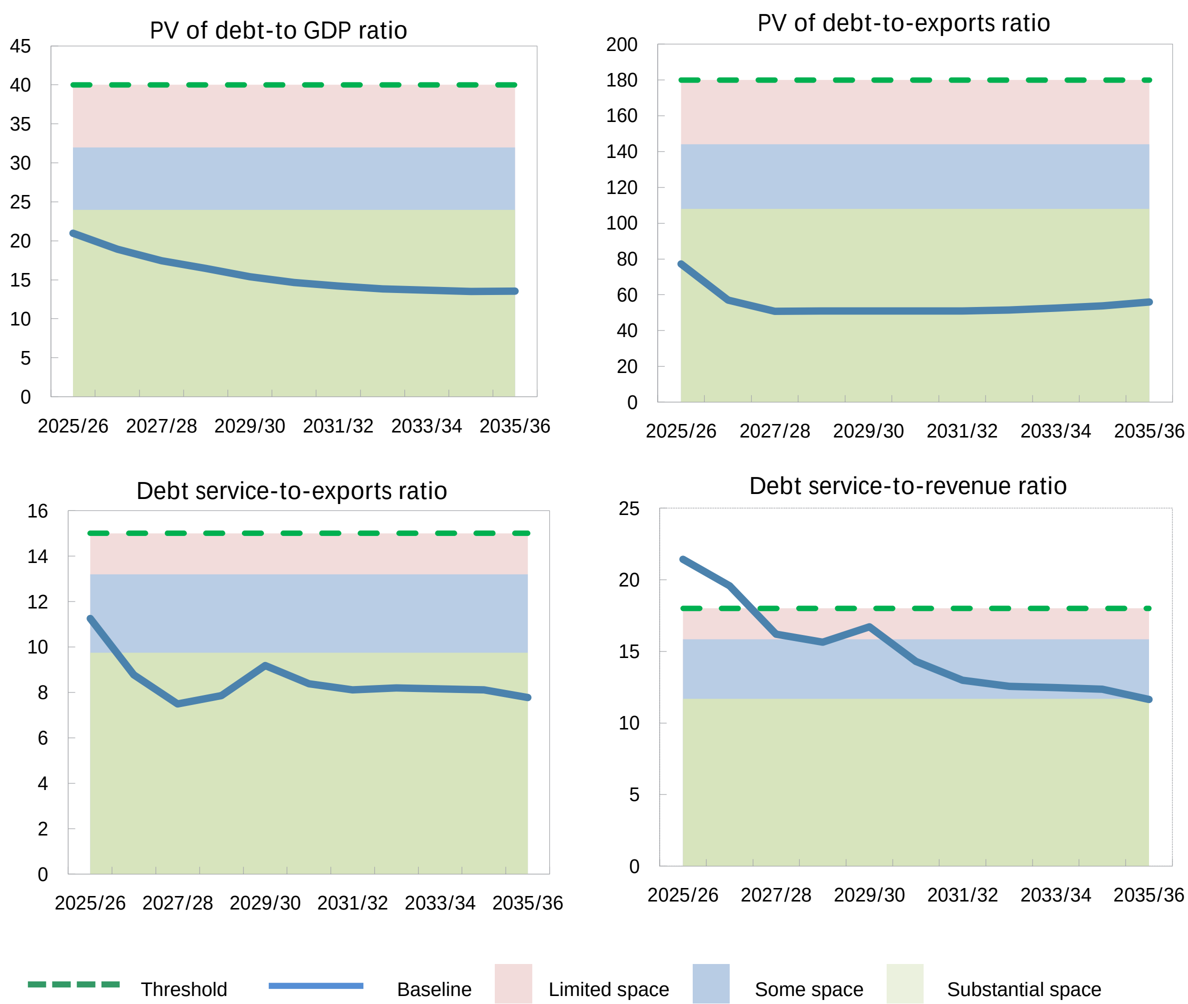


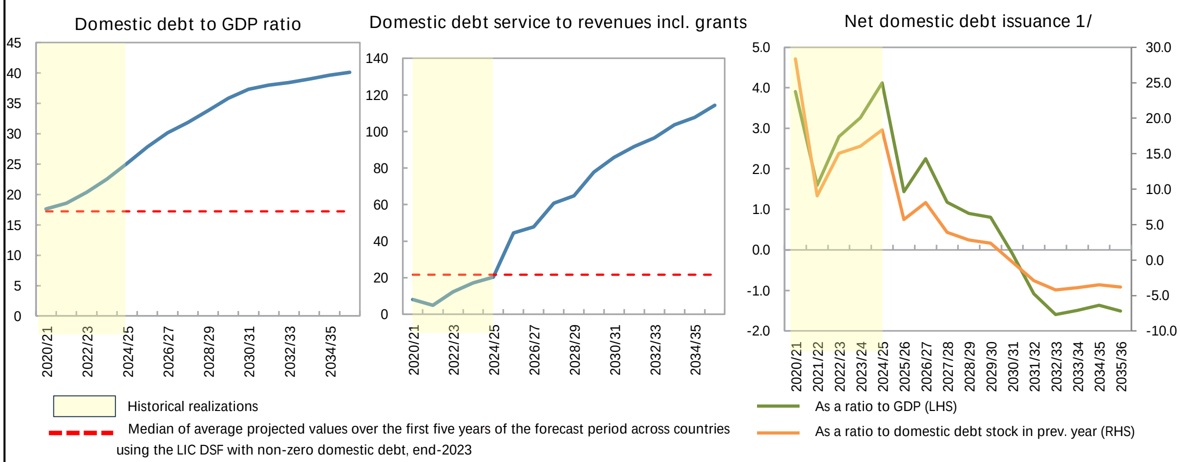
Figure 5. Qualification of the Moderate Category, FY2025/26-2035/36[1/]



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Indicators of Domestic Public Debt, FY2020/21-2035/36[1/]
(percent)



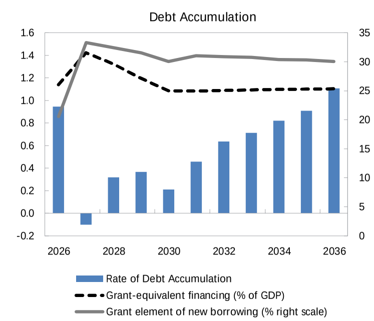
Borrowing Assumptions (average over 10-year	Value
Shares in new domestic debt issuance	
Medium and long-term	69%
Short-term	31%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	12.7%
Avg. maturity (incl. grace period)	3
Avg. grace period	2
Domestic short-term debt	
Avg. real interest rate	9.0%

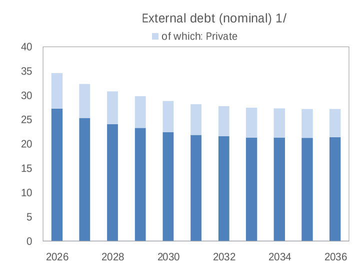
Sources: Country authorities; and staff estimates and projections.
1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

Table 1. Uganda: External Debt Sustainability Framework, Baseline Scenario, FY2025/26-2045/46
(In percent of GDP, unless otherwise indicated)

	Actual	Projections									Average 8/	
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2035/36	2045/46	Historical	Projections
External debt (nominal) 1/	34.7	34.6	32.4	30.8	29.9	28.9	28.2	27.8	27.2	26.9	37.8	28.2
of which: public and publicly guaranteed (PPG)	27.2	27.3	25.4	24.1	23.3	22.4	21.9	21.6	21.4	22.2	26.6	22.4
Change in external debt	-1.5	-0.2	-2.2	-1.6	-0.9	-1.0	-0.7	-0.4	0.0	0.0		
Identified net debt-creating flows	-4.0	0.7	-2.5	-3.3	-3.1	-2.8	-2.7	-2.5	-1.4	-2.2	0.3	-2.4
Non-interest current account deficit	5.3	5.4	3.6	1.6	0.3	0.5	0.4	0.7	1.6	0.2	6.0	0.9
Deficit in balance of goods and services	-0.3	-1.5	-6.1	-8.5	-9.2	-8.6	-7.8	-6.9	-4.8	-3.8	1.4	-5.7
Exports	21.7	27.1	33.1	34.4	32.2	30.2	28.9	27.8	24.2	18.4		
Imports	21.3	25.7	27.0	25.9	23.0	21.6	21.0	21.0	19.4	14.7		
Net current transfers (negative = inflow)	-3.3	-2.7	-2.7	-2.6	-2.5	-2.4	-2.4	-2.3	-2.1	-1.7	-4.4	-2.1
of which: official	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	0.0		
Other current account flows (negative = net inflow)	8.9	9.6	12.4	12.7	12.1	11.5	10.6	9.8	8.5	5.7	9.0	8.7
Net FDI (negative = inflow)	-5.6	-4.5	-5.2	-4.2	-3.1	-3.0	-3.0	-3.1	-2.9	-2.0	-4.0	-3.0
Endogenous debt dynamics 2/	-3.6	-0.3	-0.9	-0.8	-0.3	-0.2	-0.1	0.0	-0.1	-0.4		
Contribution from nominal interest rate	1.0	1.7	1.8	1.6	1.5	1.5	1.5	1.4	1.3	1.0		
Contribution from real GDP growth	-2.0	-1.9	-2.7	-2.3	-1.8	-1.7	-1.6	-1.5	-1.4	-1.5		
Contribution from price and exchange rate changes	-2.6	...	...	...	...	...	...	...	...	...		
Residual 3/	2.5	-0.8	0.3	1.7	2.1	1.8	2.0	2.1	1.4	2.1	0.5	2.0
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators												
PV of PPG external debt-to-GDP ratio	22.2	21.0	18.9	17.5	16.4	15.4	14.7	14.2	13.5	13.9		
PV of PPG external debt-to-exports ratio	102.5	77.2	57.1	50.7	51.1	51.0	50.9	51.0	56.0	75.2		
PPG debt service-to-exports ratio	10.5	11.2	8.8	7.5	7.9	9.2	8.4	8.1	7.8	10.9		
PPG debt service-to-revenue ratio	16.2	21.4	19.6	16.2	15.6	16.7	14.3	13.0	11.6	13.4		
Gross external financing need (Million of U.S. dollars)	2,197	4,282	2,788	1,945	1,952	2,171	1,838	2,044	4,171	5556.9		
Key macroeconomic assumptions												
Real GDP growth (in percent)	6.3	6.1	8.7	8.0	6.4	6.2	5.8	5.6	5.5	5.9	4.9	6.0
GDP deflator in US dollar terms (change in percent)	7.9	4.1	1.5	2.0	1.9	1.8	2.1	2.1	2.4	2.4	1.8	2.3
Effective interest rate (percent) 4/	3.0	5.3	5.8	5.4	5.4	5.4	5.5	5.5	5.0	4.1	2.2	5.0
Growth of exports of G&S (US dollar terms, in percent)	32.2	38.4	34.6	14.4	1.5	1.4	3.3	4.0	4.0	4.0	12.2	8.0
Growth of imports of G&S (US dollar terms, in percent)	21.9	32.9	16.0	5.8	-3.8	1.4	5.3	7.5	5.9	6.2	11.4	6.7
Grant element of new public sector borrowing (in percent)	...	20.6	33.3	32.4	31.5	30.0	31.1	30.9	30.0	29.0	...	29.9
Government revenues (excluding grants, in percent of GDP)	14.1	14.2	14.9	15.9	16.2	16.6	16.9	17.4	16.1	15.1	12.9	15.9
Aid flows (in Million of US dollars) 5/	-1,877	882	1,279	1,324	1,251	1,238	1,320	1,430	1,964	4561.9		
Grant-equivalent financing (in percent of GDP) 6/	...	1.1	1.4	1.3	1.2	1.1	1.1	1.1	1.1	1.1	...	1.1
Grant-equivalent financing (in percent of external financing) 6/	...	27.4	43.5	40.7	38.1	34.5	35.6	35.4	34.4	33.2	...	34.9
Nominal GDP (Million of US dollars)	61,831	68,319	75,334	82,960	89,951	97,267	105,078	113,294	152,683	339,590		
Nominal dollar GDP growth	14.7	10.5	10.3	10.1	8.4	8.1	8.0	7.8	8.0	8.4	6.8	8.5
Memorandum items:												
PV of external debt 7/	29.8	28.2	25.9	24.2	23.0	21.8	21.0	20.4	19.3	18.6		
In percent of exports	137.5	104.0	78.2	70.3	71.5	72.4	72.8	73.3	80.0	100.9		
Total external debt service-to-exports ratio	18.0	19.5	15.8	14.2	15.3	15.9	15.2	15.3	16.5	18.3		
PV of PPG external debt (in Million of US dollars)	13,734	14,319	14,250	14,490	14,794	14,984	15,430	16,098	20,666	47108.1		
(PVt-PVt-1)/GDPt-1 (in percent)		0.9	-0.1	0.3	0.4	0.2	0.5	0.6	1.1	1.2		
Non-interest current account deficit that stabilizes debt ratio	6.8	5.6	5.8	3.2	1.3	1.5	1.1	1.1	1.6	0.2		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes





Sources: Country authorities; and staff estimates and projections.

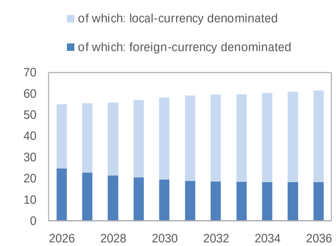
1/ Includes both public and private sector external debt.
2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.
3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.
4/ Current-year interest payments divided by previous period debt stock.
5/ Defined as grants, concessional loans, and debt relief.
6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).
7/ Assumes that PV of private sector debt is equivalent to its face value.
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 2. Uganda: Public Sector Debt Sustainability Framework, Baseline Scenario, FY2025/26-2045/46
(In percent of GDP, unless otherwise indicated)

	Actual	Projections								Average 6/	
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2045/46	Historical	Projections
Public sector debt 1/	52.3	55.1	55.5	55.9	57.1	58.2	59.2	59.6	66.4	42.7	61.0
of which: external debt	27.2	27.3	25.4	24.1	23.3	22.4	21.9	21.6	22.2	26.6	22.4
Change in public sector debt	1.6	2.8	0.4	0.4	1.2	1.2	0.9	0.4	0.8		
Identified debt-creating flows	-2.1	3.6	0.6	0.6	1.5	1.5	1.2	0.7	1.2	0.9	1.0
Primary deficit	2.3	2.5	2.1	1.4	1.2	1.0	0.3	-0.5	-0.3	3.1	0.0
Revenue and grants	14.7	14.6	15.4	16.3	16.5	16.8	17.1	17.6	15.3	13.7	16.1
of which: grants	0.6	0.4	0.5	0.4	0.3	0.2	0.2	0.2	0.2		
Primary (noninterest) expenditure	17.0	17.1	17.5	17.7	17.7	17.8	17.4	17.1	15.0	16.8	16.2
Automatic debt dynamics	-4.5	1.1	-1.5	-0.8	0.3	0.5	0.9	1.2	1.5		
Contribution from interest rate/growth differential	-3.1	0.4	-1.4	-0.7	0.2	0.4	0.9	1.2	1.6		
of which: contribution from average real interest rate	-0.1	3.4	3.0	3.4	3.6	3.8	4.1	4.4	5.2		
of which: contribution from real GDP growth	-3.0	-3.0	-4.4	-4.1	-3.4	-3.4	-3.2	-3.1	-3.6		
Contribution from real exchange rate depreciation	-1.4	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	3.8	-0.7	-0.2	-0.3	-0.3	-0.3	-0.3	-0.4	-0.5	2.3	-0.4
Sustainability indicators											
PV of public debt-to-GDP ratio 2/	46.8	49.2	49.3	49.5	50.5	51.4	52.2	52.4	58.3		
PV of public debt-to-revenue and grants ratio	318.8	337.0	321.1	303.6	306.5	306.8	305.3	297.6	380.9		
Debt service-to-revenue and grants ratio 3/	35.9	65.4	66.8	76.6	80.1	94.2	99.9	104.6	155.1		
Gross financing need 4/	7.6	12.0	12.4	13.9	14.4	16.8	17.4	17.9	23.5		
Key macroeconomic and fiscal assumptions											
Real GDP growth (in percent)	6.3	6.1	8.7	8.0	6.4	6.2	5.8	5.6	5.9	4.9	6.0
Average nominal interest rate on external debt (in percent)	2.9	4.1	4.2	3.7	3.6	3.7	3.7	3.6	3.2	1.8	3.4
Average real interest rate on domestic debt (in percent)	-0.8	11.6	8.9	9.8	10.0	10.1	10.4	10.7	1.2	0.9	10.3
Real exchange rate depreciation (in percent, + indicates depreciation)	-5.4	...	...	...	...	...	...	...	...	-0.6	...
Inflation rate (GDP deflator, in percent)	5.2	3.7	5.0	4.6	4.5	4.6	4.9	4.9	5.2	4.3	5.0
Growth of real primary spending (deflated by GDP deflator, in percent)	14.8	6.4	11.3	9.7	6.0	6.7	4.0	3.8	5.9	7.2	5.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	0.7	-0.4	1.7	1.1	0.0	-0.2	-0.6	-0.9	-1.1	1.4	-0.6
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes

Public sector debt 1/



Sources: Country authorities; and staff estimates and projections.
1/ Coverage of debt: The central, state, and local governments, central bank, government-guaranteed debt, non-guaranteed SOE debt. Definition of external debt is Residency-based.
2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Uganda: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, FY2025/26-2034/35
(In percent)

	Projections									
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
PV of debt-to GDP ratio										
Baseline	21.0	18.9	17.5	16.4	15.4	14.7	14.2	13.8	13.6	13.5
A. Alternative Scenarios										
A1. Key variables at their historical averages in 2022-2032 1/	21.0	23.1	26.6	30.5	34.0	37.7	41.5	45.0	48.4	51.1
B. Bound Tests										
B1. Real GDP growth	21.0	20.5	20.2	19.0	17.8	17.0	16.4	16.0	15.8	15.6
B2. Primary balance	21.0	19.4	18.7	17.9	17.2	16.9	16.6	16.5	16.6	16.6
B3. Exports	21.0	29.7	43.8	42.0	40.2	38.9	37.8	36.5	34.7	33.0
B4. Other flows 2/	21.0	22.1	22.7	21.6	20.4	19.5	18.9	18.3	17.8	17.4
B6. One-time 30 percent nominal depreciation	21.0	23.4	21.4	20.1	18.8	17.9	17.3	16.9	16.7	16.6
B6. Combination of B1-B5	21.0	32.6	34.7	33.1	31.5	30.4	29.5	28.3	27.2	26.2
C. Tailored Tests										
C1. Combined contingent liabilities	21.0	20.4	19.3	18.5	18.2	17.8	17.6	17.7	17.8	17.9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio										
Baseline	77.2	57.1	50.7	51.1	51.0	50.9	51.0	51.5	52.5	53.8
A. Alternative Scenarios										
A1. Key variables at their historical averages in 2022-2032 1/	77.2	69.7	77.4	94.6	112.5	130.7	148.9	167.6	186.1	203.5
B. Bound Tests										
B1. Real GDP growth	57.1	50.7	51.1	51.0	50.9	51.0	51.5	52.5	53.8	56.0
B2. Primary balance	58.5	54.3	55.6	56.8	58.4	59.8	61.4	63.7	66.1	69.3
B3. Exports	128.3	222.0	227.5	232.7	235.1	237.1	237.0	233.1	229.8	227.8
B4. Other flows 2/	66.7	66.0	66.9	67.5	67.7	68.0	68.3	68.6	69.2	70.7
B6. One-time 30 percent nominal depreciation	56.0	49.3	49.5	49.4	49.2	49.4	49.9	50.9	52.3	54.6
B6. Combination of B1-B5	116.7	85.9	128.6	130.6	131.5	132.4	131.5	130.7	130.4	131.2
C. Tailored Tests										
C1. Combined contingent liabilities	61.6	56.2	57.4	60.2	61.8	63.2	65.7	68.4	71.3	75.3
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio										
Baseline	11.2	8.8	7.5	7.9	9.2	8.4	8.1	8.2	8.2	8.1
A. Alternative Scenarios										
A1. Key variables at their historical averages in 2022-2032 1/	11.2	9.1	8.5	9.8	12.2	12.3	13.0	14.7	16.4	18.2
B. Bound Tests										
B1. Real GDP growth	11.2	8.8	7.5	7.9	9.2	8.4	8.1	8.2	8.2	8.1
B2. Primary balance	11.2	8.8	7.6	8.0	9.4	8.7	8.5	8.7	8.9	8.9
B3. Exports	11.2	12.8	16.1	21.1	23.7	22.4	22.0	25.1	29.4	29.2
B4. Other flows 2/	11.2	8.8	7.9	8.7	10.0	9.2	9.0	9.6	9.9	9.8
B6. One-time 30 percent nominal depreciation	11.2	8.8	7.4	7.8	9.1	8.3	8.0	8.0	8.0	7.9
B6. Combination of B1-B5	11.2	11.5	13.2	14.3	16.3	15.2	14.9	17.4	17.7	17.6
C. Tailored Tests										
C1. Combined contingent liabilities	11.2	8.8	7.7	8.1	9.5	8.9	8.7	8.8	8.9	8.9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio										
Baseline	21.4	19.6	16.2	15.6	16.7	14.3	13.0	12.5	12.5	12.4
A. Alternative Scenarios										
A1. Key variables at their historical averages in 2022-2032 1/	21.4	20.2	18.4	19.4	22.2	21.0	20.7	22.5	25.0	27.7
B. Bound Tests										
B1. Real GDP growth	21.4	21.2	18.8	18.1	19.3	16.6	15.0	14.5	14.4	14.3
B2. Primary balance	21.4	19.6	16.4	16.0	17.2	14.8	13.6	13.4	13.6	13.6
B3. Exports	21.4	19.9	19.9	24.0	24.7	21.9	20.2	22.0	25.8	25.4
B4. Other flows 2/	21.4	19.6	17.2	17.3	18.3	15.8	14.4	14.6	15.1	14.9
B6. One-time 30 percent nominal depreciation	21.4	24.7	20.3	19.5	20.9	17.9	16.2	15.5	15.4	15.3
B6. Combination of B1-B5	21.4	21.7	22.8	22.8	23.8	20.8	19.0	21.3	21.7	21.5
C. Tailored Tests										
C1. Combined contingent liabilities	21.4	19.6	16.7	16.2	17.3	15.1	13.9	13.5	13.6	13.6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Includes official and private transfers and FDI.

Table 4. Uganda: Sensitivity Analysis for Key Indicators of Public Debt, FY2025/26 – FY2035/36

	Projections												
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38
PV of Debt-to-GDP Ratio													
Baseline	49.2	49.3	49.5	50.5	51.4	52.2	52.4	52.4	52.8	53.3	53.8	54.3	54.6
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2022-2032 1/	49	52	55	59	62	66	71	75	80	84	89	93	98
B. Bound Tests													
B1. Real GDP growth	49	54	61	64	68	71	75	78	81	85	89	92	96
B2. Primary balance	49	52	55	56	57	58	58	58	59	59	60	60	61
B3. Exports	49	60	75	75	76	76	75	74	73	72	71	70	69
B4. Other flows 2/	49	53	55	56	56	57	57	57	57	57	57	58	58
B6. One-time 30 percent nominal depreciation	49	51	49	49	48	47	45	44	43	42	41	41	40
B6. Combination of B1-B5	49	51	53	52	53	54	54	54	54	54	55	55	56
C. Tailored Tests													
C1. Combined contingent liabilities	49	57	57	58	59	60	61	61	61	62	62	63	63
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	55	55	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio													
Baseline	337.0	321.1	303.6	306.5	306.8	305.3	297.6	295.8	307.2	319.9	329.9	337.7	342.2
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2022-2032 1/	337	339	338	356	371	388	401	423	462	503	542	579	613
B. Bound Tests													
B1. Real GDP growth	337	353	370	388	404	417	423	438	472	509	543	574	600
B2. Primary balance	337	337	338	340	341	339	330	328	341	355	366	375	380
B3. Exports	337	389	460	457	450	442	428	419	426	433	436	437	433
B4. Other flows 2/	337	342	336	338	337	334	325	321	332	343	352	358	361
B6. One-time 30 percent nominal depreciation	337	335	304	295	285	274	258	248	250	253	254	253	250
B6. Combination of B1-B5	337	331	326	317	316	314	305	303	314	326	336	344	350
C. Tailored Tests													
C1. Combined contingent liabilities	337	372	351	354	354	352	344	342	356	371	382	391	397
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a. n.a.	n.a.	
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a. n.a.	n.a.	
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a. n.a.	n.a.	
Debt Service-to-Revenue Ratio													
Baseline	65.4	66.8	76.6	80.1	94.2	99.9	104.6	108.8	116.1	119.9	125.9	131.4	133.1
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2022-2032 1/	65	70	83	88	106	114	122	129	140	148	159	170	176
B. Bound Tests													
B1. Real GDP growth	65	72	91	99	121	135	146	156	173	185	199	213	222
B2. Primary balance	65	67	82	91	108	117	117	121	131	134	140	147	149
B3. Exports	65	67	80	88	101	107	111	118	129	132	138	143	144
B4. Other flows 2/	65	67	78	82	96	101	106	111	119	122	128	134	135
B6. One-time 30 percent nominal depreciation	65	65	75	78	90	95	100	104	110	113	118	122	123
B6. Combination of B1-B5	65	67	79	83	98	103	108	113	120	125	131	137	140
C. Tailored Tests													
C1. Combined contingent liabilities	65	67	94	90	122	119	119	129	135	137	145	151	152
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

2/ Includes official and private transfers and FDI.

INTERNATIONAL MONETARY FUND

UGANDA

May 28, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By

The African Department
(in consultation with other departments)

CONTENTS

RELATIONS WITH THE FUND

Uganda and the IMF:

Exchange Rate Arrangements:
Uganda's de jure exchange rate arrangement is free floating. The authorities intervene in Uganda's foreign exchange market when short-term fluctuations jeopardize its orderly operation. Therefore, the de facto exchange rate arrangement is classified as floating. As of end-April 2026, the official exchange rate was UGX 3,715.26 per U.S. dollar. Uganda has accepted the obligations under Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement, and maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices.

Last Article IV Consultation:

The last Article IV consultation was concluded by the Executive Board on September 6, 2024.

Safeguards Assessment:

An updated safeguards assessment of the Bank of Uganda was completed in March 2021. The assessment found that the Bank of Uganda maintained transparent financial reporting practices and a sound external audit mechanism, as well as an independent internal audit function conforming to international standards. The report pointed to some risks related to the legal framework and internal controls, including in areas of credit to the government and currency operations. While the central bank has addressed most of these risks, those related to the legal framework remain subject to further consideration.

Uganda's Financial Position in the Fund:

https://www.imf.org/external/np/fin/tad/exfin2.aspx?memberKey1=990&date1key=2099-12-31

Membership Status: Joined: September 27, 1963; Article VIII

General Resources Account:	SDR Million	Percent of Quota
Quota	361.00	100.00
IMF's Holdings of Currency (Holdings Rate)	361.01	100.00
Reserve Tranche Position	0.00	0.00
SDR Department:	SDR Million	Percent of Allocation
Net cumulative allocation	519.06	100.00
Holdings	159.70	30.77

Outstanding Purchases and Loans:	SDR Million	Percent of Quota
RCF Loans	324.90	90.00
ECF Arrangement	631.75	175.00

Latest Financial Commitments

Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Jun 28, 2021	Jun 27, 2024	722.00	631.75
ECF[1]	Sep 13, 2002	Jan 31, 2006	13.50	13.50
ECF[1]	Nov 10, 1997	Mar 31, 2001	100.43	100.43

Outright Loans:

Type	Date of Commitment	Date Drawn/Expired	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	May 6, 2020	Jun 25, 2020	361.00	361.00

Overdue Obligations and Projected Payments to Fund[2]

(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2026	2027	2028	2029	2030
Principal	90.25	117.33	153.43	189.53	162.45
Charges/interest	7.41	9.96	9.97	9.96	9.96
Total	97.66	127.29	163.39	199.48	172.41

Implementation of HIPC Initiative:

[1] Formerly Poverty Reduction and Growth Facility (PRGF).

[2] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Commitment of HIPC assistance	Original Framework	Enhanced Framework	Total
Decision point date	Apr 1997	Feb 2000	
Assistance committed by all creditors (US$ millions)[3]	347.00	656.00	
Of which: IMF assistance (US$ millions)	68.90	91.00	
(SDR equivalent millions)	51.51	68.10	
Completion point date	Apr 1998	May 2000	
Disbursement of IMF assistance (SDR millions)			
Assistance disbursed to the member	51.51	68.10	119.61
Interim assistance	--	8.20	8.20
Completion point balance	51.51	59.90	111.41
Additional disbursement of interest income[4]	--	2.06	2.06
Total disbursements	51.51	70.16	121.67

Implementation of MDRI Assistance:

MDRI-eligible debt (SDR Million)[5]	87.73
Financed by: MDRI Trust	75.85
Remaining HIPC resources	11.88
Debt Relief by Facility (SDR Million)	

		Eligible Debt	
Delivery Date	GRA	PRGT	Total
July 2010	N/A	87.73	87.73

[3] Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two numbers cannot be added.

[4] Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

[5] The MDRI provides 100 percent debt relief to eligible countries that qualified for the assistance. Grant assistance from MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

Table 1. Uganda: Fund Technical Assistance Received

Department	Date	Subject
STA	13 April 2026 – 24 April 2026	External Sector Statistics
STA	13 April 2026 – 24 April 2026	Real Sector - Prices
ICD	9 April 2026 – 20 April 2026	Macroeconomic Frameworks
AFE	23 Mar 2026 – 27 Mar 2026	Strengthening SOE Fiscal Risks
AFE	9 Mar 2026 – 18 Mar 2026	Review of the Draft Project Implementation Manual
AFE	3 Mar 2026 – 11 Mar 2026	CPSS-IOSCO Principles for Financial Market Infrastructures
AFE	23 Feb 2026 – 06 Mar 2026	Revenue Administration
ICD	03 Feb 2026 – 13 Feb 2026	Macroeconomic Frameworks
STA	02 Feb 2026 – 06 Feb 2026	Real Sector - National Accounts-HFE
FAD	08 Dec 2025 – 31 Jan 2026	Revenue Administration
FAD	01 Dec 2025 – 12 Dec 2025	Climate Policy Diagnostic
STA	26 Nov 2025 – 02 Dec 2025	Debt Data Quality Assessment
STA	24 Nov 2025 – 2 Dec 2025	Real Sector - National Accounts
AFE	03 Nov 2025 – 14 Nov 2025	Local Currency Bond Market Diagnostic Assessment

Table 1. Uganda: Fund Technical Assistance Received (Continued)

Department	Date	Subject
ICD	20 Oct 2025 – 28 Oct 2025	Macroeconomic Frameworks
MCM	15 Oct 2025 – 28 Oct 2025	Emergency Liquidity Assistance
AFE	06 Oct 2025 – 15 Oct 2025	Strengthening Public Investment Management
FAD	17 Sep 2025 – 30 Sep 2025	PFM-Budget Preparation
AFE	17 Sep 2025 – 30 Sep 2025	Government Finance Statistics
FAD/AFE	15 Sep 2025 – 26 Sep 2025	Strengthening Customs Control in Oil and Gas
AFE	25 Aug 2025 – 29 Aug 2025	Revenue Authority Tax Academy Bench Marking at KRA
FAD/AFE	12 Aug 2025 – 14 Aug 2025	Revenue Forecasting
FAD	11 Aug 2025 – 22 Aug 2025	Enterprise and Compliance Risk Management
FAD/AFE	14 Jul 2025 – 18 Jul 2025	Improving Customs controls in Mining
FAD	18 Jun 2025 – 01 Jul 2025	Tax expenditure analysis and revenue forecasting
MCM	09 Jun 2025 – 20 Jun 2025	Expanding QPM
FAD	28 May 2025 – 09 Jun 2025	Mining fiscal regime review
MCM	19 May 2025 – 30 May 2025	Collateral Framework and repo market development
FAD	12 May 2025 – 23 May 2025	Addressing audit capacity

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
FAD	14 Apr 2025 – 18 Apr 2-25	Refinery fiscal regime review
STA	10 Mar 2025 – 22 Mar 2025	GDP Rebasing
STA	10 Feb 2025 – 21 Feb 2025	Updating and Expanding the PPI
LEG	23 Jan 2025 – 29 Jan 2025	AML/CFT Risk Based Supervision
FAD	04 Nov 2024 – 15 Nov 2024	Revenue Administration- Natural Resources
FAD	29 Oct 2024 – 11 Nov 2024	CPIMA and PIMA
STA	21 Oct 2024 – 01 Nov 2024	Improving Quarterly GDP
AFE	14 Oct 2024 – 18 Oct 2024	SOEs Fiscal Risks Management
STA	14 Oct 2024 – 18 Oct 2024	Index of Industrial Production
AFE	07 Oct 2024 – 18 Oct 2024	TSA and Cash Management Framework
FAD	09 Sep 2024 – 13 Sep 2024	Addressing Audit Capacity
MCM	09 Sep 2024 – 20 Sep 2024	Cyber supervision framework
LEG	27 Aug 2024 – Nov 29 2024	Review of AML/CFT Law and Financial Institutions Act
MCM	19 Aug 2024 – 23 Aug 2024	Enforcement in Securities Markets Training
STA	05 Aug 2024 – 16 Aug 2024	Government Finance Statistics

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
FAD	09 Jul 2024 – 23 Jul 2024	EI knowledge and SOP for EI Customs administration
MCM	10 Jun 2024 - 14 Jun 2024	Review of Close-Out Netting Policy Paper
MCM	13 May 2024 - 17 May 2024	Supervision of mutual funds
STA	13 May 2024 - 17 May 2024	External Sector Statistics
MCM	06 May 2024 - 10 May 2024	IFRS 17 insurance contracts
MCM	08 Apr 2024 - 10 Apr 2024	Seminar on Climate Resistant Debt Instruments CCF
MCM	08 Apr 2024 - 12 Apr 2024	IFRS 17 insurance contracts
FAD	28 Mar 2024 - 30 Apr 2024	EI Audit Capacity
FAD	15 Mar 2024 - 22 Mar 2024	Petroleum Revenue Forecasting Assistance
FAD	12 Mar 2024 - 25 Mar 2024	Managing Oil Resources
FAD	26 Feb 2024 - 29 Mar 2024	Develop compliance improved plan for specialized sectors and international organizations
MCM	30 Jan 2024 - 06 Feb 2024	FSI
MCM	30 Jan 2024 - 08 Mar 2024	Strengthening FPAS Process and Monetary Policy Communication
MCM	15 Jan 2024 - 26 Jan 2024	Supervision of mutual funds

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
FAD	15 Jan 2024 - 23 Jan 2024	Strengthening Capacity in Extractive Industries
LEG	08 Dec 2023 - 17 Jan 2024	Desk-based work related to AML/CFT Structural Benchmark
STA	27 Nov 2023 - 01 Dec 2023	Review of IIP Rebasing
MCM	23 Oct 2023 - 27 Oct 2023	Debt Management Training on Debt Sustainability Framework (LIC DSF)
AFE	17 Oct 2023 - 30 Oct 2023	Further Strengthening TSA and CM practices (FY24)
STA	02 Oct 2023 - 06 Oct 2023	Quarterly National Accounts
FAD	25 Sep 2023 - 29 Sep 2023	Bench marking strategy managment
MCM	18 Sep 2023 - 18 Oct 2023	Implementation of Risk-Based Supervision
FAD	06 Sep 2023 - 20 Sep 2023	C-PIMA & Q-Craft
LEG	28 Aug 2023 - 01 Sep 2023	AML/CFT Supervision Mission
FAD	23 Aug 2023 - 05 Sep 2023	DRMS Review Mission
FAD	23 Aug 2023 - 05 Sep 2023	Follow up on Tax Expenditures
AFE	08 Aug 2023 - 18 Aug 2023	GFS and PSDS
FAD	07 Aug 2023 - 10 Aug 2023	VAT for petroleum operations
MCM	10 Jul 2023 - 14 Jul 2023	Supervision of secondary trading of fixed income markets

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
AFE	05 Jul 2023 - 13 Oct 2023	Strengthening the Multi-year commitment Statement
MCM	19 Jun 2023 - 23 Jun 2023	Issuing a Central Bank Digital Currency, Opportunities and Risks
MCM	22 May 2023 - 26 May 2023	Bottom-Up Stress Testing
AFE	03 Apr 2023 - 07 Apr 2023	Updating the Quarterly GDP forecasting framework
AFE	20 Mar 2023 - 31 Mar 2023	Enhancing NPS regulatory and oversight frameworks and building oversight capacity
LEG	13 Mar 2023 - 17 Mar 2023	AML/CFT Supervision
STA	20 Feb 2023 - 25 Feb 2023	Development of Monthly Indicators of Economic Growth
MCM	09 Jan 2023 - 20 Jan 2023	Risk-Based Supervision
AFE	09 Jan 2023 - 20 Jan 2023	Strengthening the Multi-year commitment Statement
AFE	07 Nov 2022 - 11 Nov 2022	Training on Public Corporation Fiscal Risk Tools
LEG	24 Oct 2022 - 28 Oct 2022	Designing/enhancing AML/CFT supervisory tools
MCM	10 Oct 2022 - 21 Oct 2022	Regulatory reporting under IFRS 17
AFE	15 Aug 2022 - 26 Aug 2022	PSDS - - Expand debt statistics reporting
MCM	11 Jul 2022 - 22 Jul 2022	Risk-Based Supervision

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
FAD	07 Jul 2022 - 19 Jul 2022	Tax Expenditures
MCM	20 Jun 2022 - 30 Jun 2022	Bottom-Up Stress Testing
FAD	16 Jun 2022 - 29 Jun 2022	Public Investment Management Assessment
MCM	23 May 2022 - 31 May 2022	Systemwide FX Liquidity Stress Test
LEG	13 May 2022 - 20 May 2022	AML/CFT Supervision
STA	25 Apr 2022 - 29 Apr 2022	Review and further improvement of QGDP-E compilation
FAD	20 Apr 2022 - 29 Apr 2022	Managing Oil Resources
AFE	04 Apr 2022 - 15 Apr 2022	Monetary policy implementation with flexible exchange rate regime
STA	04 Apr 2022 - 19 Apr 2022	Updating and improving PPI for food and accommodation services
FAD	28 Feb 2022 - 18 Mar 2022	SDG
AFE	21 Feb 2022 - 11 Mar 2022	Strengthening the Multi-year commitment Statement
FAD	17 Jan 2022 - 28 Jan 2022	Improving quality of public corporations' fiscal data
LEG	12 Jan 2022 - 14 Jan 2022	AML/CFT scoping mission
FAD	05 Jan 2022 - 18 Jan 2022	Developing Capacity in Audit of Construction Sector
LEG	06 Dec 2021 - 05 Jan 2022	Techniques and skills for developing AML/CFT Risk Based Supervision

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
FAD	22 Nov 2021 - 06 Dec 2021	GOVTECH-COVID Spending Tracking
MCM	17 Nov 2021 - 30 Nov 2021	Basel II - Strengthening supervisory review process (ICAAP)
MCM	02 Nov 2021 - 12 Nov 2021	CPSS-IOSCO Principles for Financial Market Infrastructures
FAD	31 Oct 2021 - 17 Dec 2021	Petroleum taxation
MCM	18 Oct 2021 - 30 Nov 2021	Bottom-Up Stress Testing
FAD	27 Sep 2021 - 22 Oct 2021	Developing Capacity in Extractive Industries
FAD	19 Sep 2021 - 15 Feb 2022	Strengthening Customs Control of the EI
FAD	02 Aug 2021 - 11 Aug 2021	Improving quality of fiscal data for the GG
AFE	12 Jul 2021 - 30 Jul 2021	Strengthening the Multi-year commitment Statement
STA	21 Jun 2021 - 02 Jul 2021	Development of Monthly Indicator of Economic Growth
AFE	27 May 2021 - 11 Jun 2021	Review the Roadmap and updated SCOA for Implementation of Accrual Based IPSAS
MCM	01 May 2021 - 26 Aug 2021	Banking Supervision
FAD	19 Apr 2021 - 30 Apr 2021	Capacity to identify and mitigate international tax risks posed by the Extractive Industries
FAD	11 Apr 2021 - 30 Apr 2021	Risk-based compliance strategies for the Extractive Industries (EI) sector

Table 1. Uganda: Fund Technical Assistance Received (Continued)

Department	Date	Subject
FAD	27 Nov 2020 - 16 Dec 2020	EI Training Needs Assessment and Training plan
AFE	09 Nov 2020 - 13 Nov 2020	COVID -19-Improving the quality of fiscal and debt data for the General Government
AFE	02 Nov 2020 - 11 Nov 2020	Prices: Finalizing the update of construction cost price indices
AFE	26 Oct 2020 - 12 Nov 2020	Developing Capacity in Telecommunications Audit
FAD	01 Oct 2020 - 30 Oct 2020	Setting a Framework for Monitoring COVID-19 Spending
FAD	21 Sep 2020 - 16 Oct 2020	FARI
MCM	12 Feb 2020 - 26 Feb 2020	Monetary and Foreign Exchange Operations
FAD	12 Dec 2019 - 20 Dec 2019	MTRS implementation
FAD	28 Nov 2019 - 13 Dec 2019	Tax Administration
FAD	21 Nov 2019 - 04 Dec 2019	MTRS Implementation Plan
MCM	31 Oct 2019 - 09 Nov 2019	Monetary Policy Communication
AFE	14 Oct 2019 - 25 Oct 2019	Developing institutional sectors - compiling production accounts by institutional sectors
STA	23 Sep 2019 - 04 Oct 2019	External Sector Statistics
FAD	19 Sep 2019 - 02 Oct 2019	EI Risk Based Compliance Strategy
AFE	16 Sep 2019 - 27 Sep 2019	Government Finance Statistics-expand coverage to public sector & improve PSDS quality

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
FAD	23 Jul 2019 - 05 Aug 2019	Fiscal Management of Oil Resources
AFE	20 May 2019 - 31 May 2019	Rebasing construction price indices -compiling the indices
FAD	29 Apr 2019 - 13 May 2019	Budget preparation (including for public investment)
MCM	08 Apr 2019 - 19 Apr 2019	Financial and Balance Sheet Account Statistics
MCM	01 Apr 2019 - 05 Apr 2019	FSSR Follow-up: Systemic Risk and Financial Stability - Stress Testing
FAD	01 Apr 2019 - 12 Apr 2019	Risk processes, compliance management
FAD	01 Apr 2019 - 05 Apr 2019	Government Finance Statistics
AFE	11 Mar 2019 - 15 Mar 2019	GFS TA mission and training to support quality improvement of fiscal and debt data
FAD	12 Feb 2019 - 27 Feb 2019	TADAT Assessment
STA	11 Feb 2019 - 15 Feb 2019	High Frequency Indicators
AFE	10 Dec 2018 - 20 Dec 2018	GFS TA mission to support compilation of high frequency fiscal and debt data and forecasting
AFE	26 Nov 2018 - 07 Dec 2018	Rebasing CPI - further developments
FAD	26 Nov 2018 - 10 Dec 2018	Fiscal Management of Resource Revenue
AFE	14 Nov 2018 - 27 Nov 2018	AFE:Develop valuation capacity in customs
FAD	12 Nov 2018 - 23 Nov 2018	Risk identification, compliance in EI

Table 1. Uganda: Fund Technical Assistance Received (Continued)

Department	Date	Subject
AFE	07 Nov 2018 - 20 Nov 2018	Strenghthen Telecommunications Sector Tax Audit Capacity
FAD	15 Oct 2018 - 26 Oct 2018	MTRS implementation [BTB Mullins 19FAT15]
AFE	08 Oct 2018 - 19 Oct 2018	National Accounts/Compiling annual VA Components (Part of GDP Rebasing Activity)
FAD	17 Sep 2018 - 28 Sep 2018	Improve risk processes, compliance management
AFE	10 Sep 2018 - 14 Sep 2018	Agriculture Producer Prices Finalizing the Induces for Dissemination
MCM	08 Aug 2018 - 17 Aug 2018	Monetary Policy Communications
AFE	06 Aug 2018 - 17 Aug 2018	Rebasing construction price indices - developing new weights and compilation system
AFE	23 Jul 2018 - 03 Aug 2018	National Accounts/Developing consistent quarterly, annual fiscal and calendar year GDP series
AFE	11 Jul 2018 - 24 Jul 2018	Follow up TA on Strengthening the Post Clearance Audit Practice in Customs
AFE	19 Jun 2018 - 20 Jun 2018	AFE Making a presentation to a Ministry of Finance Budget Retreat in Kampala
AFE	18 Jun 2018 - 22 Jun 2018	Supporting compilation of agriculture PPI
FAD	16 Apr 2018 - 27 Apr 2018	Strengthening EI Risk Compliance Management
FAD	05 Apr 2018 - 12 Apr 2018	Prioritization of the MTRS
FAD	07 Mar 2018 - 15 Mar 2018	Follow-up on PIMA
AFE	05 Mar 2018 - 16 Mar 2018	Assistance with forecasting GDP for the Budget

Table 1. Uganda: Fund Technical Assistance Received (Continued)

Department	Date	Subject
FAD	21 Feb 2018 - 23 Feb 2018	Improve Effectiveness and Efficiency of Tax and Customs Administration
AFE	05 Feb 2018 - 16 Feb 2018	Residential Property Price Index
MCM	03 Feb 2018 - 20 Feb 2018	Financial Sector Stability Review
AFE	22 Jan 2018 - 26 Jan 2018	Accounts for Natural Resources
FAD	08 Jan 2018 - 19 Jan 2018	Revenue modeling and fiscal regime for mid-stream activities
LEG	04 Dec 2017 - 08 Dec 2017	AML/CFT Risk-Based Supervision
AFE	30 Nov 2017 - 13 Dec 2017	National Accounts
AFE	06 Nov 2017 - 17 Nov 2017	Government Finance Statistics - Dissemination of High Frequency Fiscal and Data
AFE	06 Nov 2017 - 17 Nov 2017	Government Finance Statistics - Dissemination of High Frequency Fiscal and Data
MCM	06 Nov 2017 - 09 Nov 2017	Financial Sector Stability Review
FAD	25 Sep 2017 - 06 Oct 2017	Tax and Customs Administration
FAD	13 Sep 2017 - 26 Sep 2017	Review of Digitalization for Improved Revenue Performance
AFE	04 Sep 2017 - 15 Sep 2017	Improve Compliance Management in Tax and Customs
FAD	21 Aug 2017 - 25 Aug 2017	Extractive Industry
AFE	18 Apr 2017 - 28 Apr 2017	Government Finance Statistics

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
AFE	13 Mar 2017 - 24 Mar 2017	Price index: Construction Input Price Index
FAD	01 Mar 2017 - 14 Mar 2017	Public Investment Management
AFE	23 Jan 2017 - 03 Feb 2017	National Accounts
AFE	30 Nov 2016 - 13 Dec 2016	Assessment of FMIs
AFE	14 Nov 2016 - 25 Nov 2016	Government Finance Statistics
AFE	17 Oct 2016 - 28 Oct 2016	National Accounts
AFE	27 Jul 2016 - 03 Aug 2016	Lender of Last Resort
MCM	03 Apr 2016 - 15 Apr 2016	Harmonization of Monetary Data in Currency Unions
AFE	07 Mar 2016 - 18 Mar 2016	Training: Implementation of GFS Migration Plan
STA	07 Mar 2016 - 11 Mar 2016	National Accounts - Sectoral Accounts
AFE	18 Jan 2016 - 29 Jan 2016	Quarterly National Accounts
AFE	18 Jan 2016 - 22 Jan 2016	Roll-out of the Market Risk Regulation
AFE	11 Jan 2016 - 29 Jan 2016	Prices Statistics
MCM	02 Dec 2015 - 11 Dec 2015	Formulating a Medium-term Debt Management Strategy
AFE	02 Nov 2015 - 06 Nov 2015	Government Finance Statistics

Table 1. Uganda: Fund Technical Assistance Received (Continued)		
Department	Date	Subject
AFE	26 Oct 2015 - 04 Nov 2015	Insurance Supervision: Roll-out of CARAMELS
AFE	13 Apr 2015 - 14 Apr 2015	Insurance Supervision training
AFE	28 Sep 2015 - 09 Oct 2015	Pilot Examination on Consolidated Supervision
LEG	17 Aug 2015 - 21 Aug 2015	AML/CFT Supervisory Tools and Practices
FAD	03 Aug 2015 - 18 Aug 2015	TADAT Assessment
AFE	23 Jul 2015 - 03 Aug 2015	Quarterly National Accounts
FAD	06 Jul 2015 - 17 Jul 2015	Natural resource taxation
AFE	05 May 2015 - 12 May 2015	GFS Migration and Training
AFE	04 May 2015 - 22 May 2015	Prices Statistics
AFE	20 Apr 2015 - 30 Apr 2015	Insurance Supervision
AFE	13 Apr 2015 - 17 Apr 2015	Insurance Supervision Training
MCM	13 Mar 2015 - 26 Mar 2015	Monetary Operations/Foreign Exchange Operations/Central Bank Recapitalization BoU Act Revision
FAD	10 Mar 2015 - 19 Mar 2015	Developing a Charter for Fiscal Responsibility
FAD	25 Feb 2015 - 10 Mar 2015	Extractive Industry Fiscal Regimes

Table 1. Uganda: Fund Technical Assistance Received (Concluded)		
Department	Date	Subject
FAD	02 Feb 2015 - 13 Feb 2015	Follow-up mission in tax administration
STA	12 Jan 2015 - 22 Jan 2015	Monetary Data Reported in SRF
AFE	05 Jan 2015 - 17 Jan 2015	National Accounts
AFE	24 Nov 2014 - 28 Nov 2014	Training on Agency Banking
AFE	24 Nov 2014 - 28 Nov 2014	Review of Draft Agency Banking Regulation and Training
AFE	15 Sep 2014 - 26 Sep 2014	National Accounts - Quarterly
AFE	05 May 2014 - 23 May 2014	National Accounts – Quarterly

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

Uganda and the World Bank:

http://www.worldbank.org/en/country/uganda

World Bank projects:

http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=UG

Uganda and the African Development Bank:

https://www.afdb.org/en/countries/east-africa/uganda/

Statement by Mr. N'Sonde, Executive Director
Mr. Nsumbu, Alternate Executive Director
and Ms. Nankunda, Senior Advisor to the Executive Director
on Uganda
July 27, 2026

I. Introduction

On behalf of our Ugandan authorities, we thank staff for the constructive and candid engagement during the 2026 Article IV consultation. The authorities appreciate the Fund's continuous high-quality policy advice and sustained capacity development (CD) support. While their view on the macroeconomic outlook is more favorable than that of staff, they broadly agree with the overall direction of the policy advice.

The Ugandan authorities have embarked on a bold and ambitious strategy—the Tenfold Growth Strategy—with a view to doubling the size of the economy every five years through targeted investments in physical and human capital, alongside a conducive policy environment to support production and productivity. They have identified four anchor areas for their strategy: (i) agro-industrialization; (ii) tourism; (iii) mineral development; and (iv) science, technology, ICT, and innovation (ATMS). Sustaining macroeconomic stability remains a key pillar of the authorities' development agenda.

The authorities acknowledge that the external environment is challenging, including spillovers from the ongoing conflict in the Middle East. These developments have contributed to upward pressures on oil, fertilizer, and other import prices, as well as tighter global financial conditions. As a net oil importer, Uganda has already been affected through higher fuel prices, exchange rate pressures, and rising domestic borrowing costs, with potential further impacts on trade, remittances, and capital flows if the conflict persists. Despite these difficult circumstances, the authorities remain firmly committed to accelerating reform implementation, rebuilding buffers, and reinforcing macroeconomic stability. In this vein, they continue to value Fund's policy advice and CD assistance.

II. Recent Macroeconomic Developments and Outlook

Economic growth remains resilient despite global headwinds, supported by strong domestic demand and prospective oil production, although the near-term outlook is subject to significant downside risks. Real GDP growth has remained strong at around 6 percent, reflecting solid performance in agriculture and industry, and is projected to accelerate further with the start of oil production in late 2026. The authorities expect growth to exceed 10 percent in 2026/27 and stabilize around 7 percent over the medium term on account of growth-enhancing reforms envisioned under their Tenfold Growth Strategy. The near-term outlook is subject to sizeable risks, particularly from heightened global uncertainty linked to the conflict in the Middle East, which would transmit further through higher commodity prices, tighter global financial conditions, and disruptions to trade, remittances, and capital flows. However, risks over the medium-term are more balanced, notably due to expected economic boost from the start of oil production and gains from envisioned reforms.

Inflation remains contained, supported by prudent monetary policy, exchange rate stability, and easing domestic price pressures, although some upside risks are emerging. Headline and core inflation have declined markedly from earlier peaks and remained around 3 percent in early 2026, reflecting lower food prices, tight monetary conditions, and relative exchange rate stability. Looking ahead, inflationary pressures could increase due to exchange rate depreciation, higher international fuel prices, and rising transport costs, while second-round effects from imported inflation underscore the need for maintaining a cautious and data-driven policy stance.

External sector developments reflect improving fundamentals alongside continued structural vulnerabilities. While the current account deficit remains high, it has narrowed and foreign exchange reserves have increased over the past year on the back of higher exports. The wider deficit observed in FY2025/26H1 owes to higher private sector imports, particularly capital goods and energy-related inputs linked to investment activity. Strong portfolio inflows and FDI—especially in oil-related projects—have supported the financial account and contributed to reserve accumulation, with reserves at about 3 months of import cover. Over the medium term, oil exports are expected to strengthen the external position. However, vulnerabilities remain due to dependence on oil imports, exposure to global financing conditions, and sensitivity to external shocks, underscoring the need to further build buffers and preserve exchange rate flexibility.

III. Fiscal Policy

The authorities are pursuing a measured fiscal consolidation to reduce vulnerabilities while maintaining growth-supporting spending, in the context of elevated financing pressures. Rising debt service and sizable financing needs continue to constrain fiscal space and risk crowding out private sector credit. The authorities are therefore committed to a gradual and sustained adjustment path anchored on deficit reduction, increased revenue, and improved expenditure prioritization.

Enhanced domestic revenue mobilization remains essential to strengthening fiscal sustainability. The authorities are finalizing their Domestic Revenue Mobilization Strategy-2 (DRMS-2 – 2026/27 – 2029/30) and aim to increase tax-to-GDP ratio by around 4.4 percent of GDP during the strategy period. To this end, they are dedicated to broadening the tax base, rationalizing exemptions, improving compliance, including in the informal sector—and leveraging digitalization to enhance efficiency and transparency.

On the expenditure side, policy is being recalibrated to enhance efficiency and support development priorities. Efforts are underway to contain non-priority current spending while safeguarding social expenditures and improving the quality and execution of public investment. The latter will be supported by reforms in public financial management. In parallel, the authorities are committed to enhancing expenditure controls, including reducing the number of supplementary budgets through strengthening medium-term budgeting and improving the oversight role of the Ministry of Finance, Planning and Economic Development (MoFPED).

Debt sustainability remains manageable but requires continued policy discipline. While Uganda's debt remains sustainable with moderate risk of debt distress, the authorities are committed to prudent borrowing, improving debt management practices, and diversifying borrowing sources. They are also working to finalize a new Charter of Fiscal Responsibility (CFR) for 2026/27–2030/31, which will enshrine more parsimonious fiscal rules and ensure transparent and prudent management of oil revenues.

IV. Monetary and Financial Policies

Monetary policy remains appropriately tight and has been effective in anchoring inflation expectations and supporting macroeconomic stability. Bank of Uganda has maintained a data-dependent and forward-looking stance, which has helped contain inflationary pressures despite global volatility and exchange rate strains. In the meantime, the authorities are advancing reforms to deepen money markets, improve liquidity forecast, and enhance policy communication, recognizing that weak transmission continues to limit the pass-through to lending rates and private sector credit.

The financial sector remains strong and resilient. The banking system is well-capitalized and profitable, although credit to the private sector remains low, reflecting elevated lending rates, high risk perceptions, and structural inefficiencies. Against this backdrop, the authorities are implementing reforms to deepen financial markets and broaden access to finance. They are strengthening credit infrastructure, promoting digital financial services, and advancing the development of domestic capital markets to diversify financing sources and reduce reliance on bank credit, in line with analytical findings on financial sector constraints. That said, the authorities continue to enhance supervisory capacity, adopt risk-based approaches, and reinforce AML/CFT frameworks to safeguard the resilience of the financial system, particularly as financial interlinkages deepen.

V. Structural Reforms

The authorities are advancing reforms to improve the business environment, strengthen governance, and support private sector-led growth. The structural reform agenda is anchored in Uganda's long-term development framework under Vision 2040 and successive National Development Plans. These frameworks aim to transform Uganda into a modern and prosperous economy through industrialization, human capital development, and infrastructure expansion, with current policy priorities aligned to achieving upper middle-income status. Ongoing investments in transport, energy, and trade facilitation are expected to reduce costs, improve connectivity, and support export diversification and regional integration.

Preparation for oil production is being integrated into a broader structural transformation agenda. The authorities are focused on ensuring transparent and efficient management of oil revenues, strengthening fiscal frameworks, and leveraging oil resources to support diversification while mitigating macroeconomic risks.

VI. Conclusion

The authorities of Uganda remain committed to prudent macroeconomic management and sustained reform implementation. Looking ahead, the focus is on building resilience and supporting inclusive and sustainable growth. In addition, they will continue to prioritize domestic revenue mobilization, expenditure efficiency, debt sustainability, and inflation control with a view to preserving macroeconomic stability, while leveraging oil production and structural reforms to strengthen buffers and drive long-term development.