



UGANDA BUDGET BRIEF

FY 2024/2025

July, 2024



INTRODUCTION

Fiscal Year 2024/25 is the fifth and final implementation year of the 3rd National Development Plan (2019/20-2024/25). The state of development outcomes and service delivery indicators at the end of FY2024/25 will confirm the country's performance against the development targets in the 3rd NDP.

They will also serve as a baseline reference for assessing national development progress under the 4th National Development Plan (2025/26 to 2029/30) that is to be finalized and launched in FY2024/25. The 4th NDP (NDP IV) will implement the first five years of the strategy for growing the economy tenfold, from about USD50 billion in FY2022/23 to USD500 billion by 2040.

The Budget for FY2024/25 retains the theme of “**Full Monetization of the Ugandan Economy through Commercial Agriculture; Industrialization; Expanding and Broadening Services; Digital Transformation, and Market Access**”. The main thrust of the strategy for FY2024/25 is on maintaining peace and security; road maintenance and construction of a few strategic roads; rehabilitation of the Meter Gauge Railway and construction of the Standard Gauge Railway; electricity transmission and utilization of existing energy stock; investing in wealth creation initiatives; investing in the people of Uganda through education, health and water; preparedness and management of natural disasters; and management of international commitments.



INTRODUCTION

There is an urgent need for more realistic revenue projections. The government should adopt a conservative approach to forecasting, basing projections on historical performance and current economic indicators rather than overly optimistic scenarios. This could involve developing a robust revenue forecasting model that incorporates various economic factors and potential risks.

Additionally, the Uganda Revenue Authority should be empowered to provide independent revenue projections, free from political influence, to ensure more accurate and reliable estimates. Regular reviews and adjustments of revenue projections throughout the fiscal year would also allow for more agile and responsive fiscal management.



UGANDA'S FISCAL PERFORMANCE

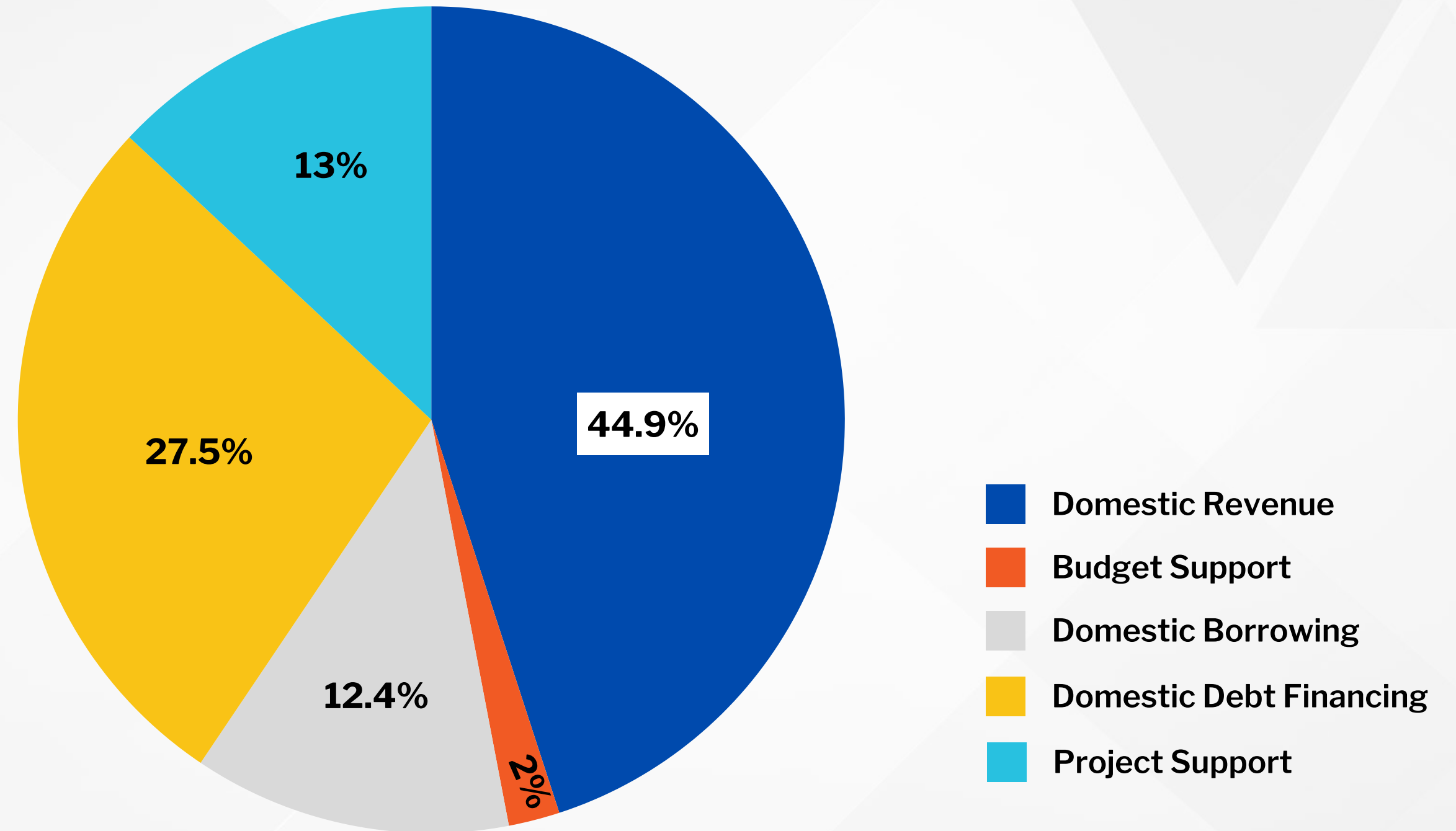
Revenue Performance

Over the past financial years, Uganda's tax-to-GDP ratio which measures the level of taxation compared to the country's overall economic output, has averaged 12%. Similarly, the revenue-to-GDP ratio, which represents the percentage of government revenue compared to the GDP has averaged 13%.

Resource Envelope For FY2024/25

Uganda's resource envelope for the FY2024/25 amounts to Ushs. 72.130 trillion. Of this amount, domestic revenue will contribute to Ushs. 32.3 trillion (44.9%), budget support will contribute USD 1.3 trillion (2%), domestic borrowing will contribute 8.9 trillion (12.4%), domestic debt refinancing will amount to contribute 19.8 trillion (27.5%) and project support will be used 9.5 trillion (13%). This implies that 55.1% of the 2024/25 financial year budget will be financed by debt and 44.9% by domestic revenue.

Budget Support Financing for FY2024/25



EAST AFRICAN REGIONAL COMPARISON

Resource Envelope

A review of the budget allocations for East African countries reveals that Kenya has the largest budget, followed by Uganda and Tanzania, similarly, in terms of domestic financing, Kenya will allocate the most domestic resources to finance its budget in the region followed by Tanzania and Uganda. In addition, Kenya is planning to finance about 84% of its budget from domestic sources, while Tanzania is aiming to finance about 70% and Uganda is looking to fund approximately 44% of its budget from domestic revenue.

Country	Resource envelope (USD, billions)	Domestic Financing (USD, billions)
Uganda	19.31	8.56
Kenya	30.66	25.68
Tanzania	18.86	13.23

ANALYSIS OF THE ATMS

The government's growth strategy for FY2024/25 in the medium of USD 50 billion is anchored on ATMS, an acronym for Agro-Industrialization, Tourism Development, Mineral Development, Science, Technology, and Innovation. Despite this we not three major concerns that might derail the proposed drivers of growth from contributing to the growth strategy:

- The programs have allocated a menial budget compared to other programs - Agro-Industrialization; 1.8 trillion, Tourism Development; 289.60 billion, Mineral Development; 41.55 billion, Digital Transformation, and Innovation, Technology Development 245.89 billion and 346.91 billion respectively.
- Risks such as climate change-related risks have not been considered in the computation of the growth strategy. This could dampen the poised growth.
- For ATMS to deliver the anticipated growth strategy of USD 500 billion by 2040, Uganda needs to grow by at least 12% in FY 2024/25 which is way above the projected growth of 7% by the end of FY 2024/25.

WHAT IT TAKES TO ACHIEVE THE 2024/25 BUDGET

■ Fiscal Discipline

Ushs.2.27 trillion is identified as wasteful expenditure, which includes specific examples like special meals and drinks (300 Bn); welfare and entertainment (137 Bn); travel abroad (114 Bn); official ceremonies and state functions (36 Bn); Beddings, Clothing, Footwear and related Services (134 Bn) among others This constitutes 3.1% of the total budget, highlighting areas where spending could be optimized or redirected to funding public services.

■ Addressing debt management and sustainability is paramount

The government should establish a clear debt ceiling, aligned with international best practices, and strictly adhere to it. Implementing a comprehensive debt management strategy that prioritizes concessional loans over commercial borrowing could help reduce the debt burden. Furthermore, conducting regular debt sustainability analyses and making these publicly available would enhance transparency and inform policy decisions. The government should also consider establishing an independent debt management office to oversee borrowing activities and ensure they align with long-term economic interests.



▣ **Improve public investment management**

To better align budget allocations with stated priorities, a thorough review of the budgeting process is necessary. The government should implement a performance-based budgeting system that links allocations directly to measurable outcomes in priority sectors. For instance, if agriculture and digital transformation are indeed priorities, their budget allocations should reflect this, potentially by reallocating funds from lower-priority areas. Moreover, instituting a mandatory alignment check between the national development plan, sector strategies, and budget allocations would ensure consistency between stated goals and financial commitments.

▣ **Expand domestic revenue mobilization**

To enhance development expenditure, the government should explore innovative financing mechanisms such as public-private partnerships, especially for large infrastructure projects. This approach could help reduce the burden on the national budget while still driving development.



Priorities for the program BFP for the FY 2024/25 are guided by the following;

BFP: Budget Framework Paper

- The strategic objective of the Agro-Industrialization Program of the NDP III, which is also in line with the NRM Manifesto 2021-2026;
- The Agriculture Value Chain Development Strategy approved by Cabinet in 2022;
- The role of MAAIF in the implementation of Pillar one (1) of the PDM (production, storage, agro-processing, value addition, and marketing);
- The six (6) strategic directives by H.E. the President in May 2022 for the development of the Agriculture Sector;
- Implementation of the strategic objective in the Agro-Industrialization program and in this BFP will follow the value chain approach, that is, from the level of enterprise selection up to the market highlighting activities, the what, methodology, the how, and the relevant actors, the who, in a coordinated and collaborative manner.



PROPOSED PROGRAM ALLOCATIONS FY2024/25 (USHS. BILLION)

PROGRAM ALLOCATIONS	GoU	EXTERNAL	TOTAL
Agro-Industrialization	1,202.52	675.75	1,878.27
Mineral Development	41.55		41.55
Sustainable Development Of Petroleum Resources	540.61	380.25	920.86
Manufacturing	133.11	155.56	288.67
Tourism Development	289.6		289.6
Climate Change, Natural Resource, Environment & Water Management	248.25	496	744.25
Private Sector Development	1,612.29	410.39	2,023.32
Sustainable Energy Development	18.98	963.57	982.56
Integrated Transport Infrastructure & Services	2,004.30	2,985.06	4,989.36
Sustainable Urbanisation & Housing	112.77	536.65	649.42
Digital Transformation	83.36	162.53	245.89
Human Capital Development	7,841.51	2,374.76	10,216.27

PROPOSED PROGRAM ALLOCATIONS FY2024/25 (USHS. BILLION)...

PROGRAM ALLOCATIONS	GoU	EXTERNAL	TOTAL
Innovation, Technology Development & Transfer	346.91		346.91
Public Sector Transformation	192.61		192.61
Community Mobilisation & Mindset Change	73.01		73.01
Governance & Security	8,848.11	254.38	9,102.49
Regional Development	1,342.96	181.32	1,524,28
Development Plan Implementation	1,789.27	6.65	1,795.92
Administration Of Justice	481.39		481.39
Legislation, Oversight & Representation	978.39		978.39
TOTAL	28,181.50	9582.87	285,529.35



AGRO-INDUSTRIALIZATION

The government is implementing the NDP III which defines the broad direction for the country and sets key objectives, interventions, and targets for sustainable socio-economic transformation of Uganda. The goal of NDPIII is to increase average household incomes and improve the quality of life of Ugandans. NDPIII aims to pursue the achievement of these goals under the overall theme of Sustainable Industrialization for inclusive growth, employment, and sustainable wealth creation. The underlying theory of change for Uganda's macroeconomic development framework is based on the achievement of higher household incomes and improved well-being through resource-led sustainable industrialization.

Resource-led sustainable industrialization is supposed to address the challenges of low-value addition, low gainful employment, low technology importation, and uptake. The expansion of Uganda's manufacturing industry and the steps towards industrialization provide unmatched potential for accelerated growth by adding value to raw materials that are produced locally, rather than being exported unprocessed. This processing will create better and more sustainable jobs and will eventually lead to higher household incomes and thus a better quality of life for our citizens by deepening the national value chains.



HOUSEHOLD INCOME		
1	Parish Development Model	1 trillion
2	Emyooga SACCOS	100 billion
3	Microfinance Support Centre Limited	50 billion
4	Jua-Kali Enterprises	3 billion
5	Women Participation in Development	13 billion
6	Social Assistance Grants for Empowerment	121.1 billion
7	Special Grants for Persons With Disability	13.2 billion
AGRICULTURE COMMERCIALISATION		
1	Breeding, Production, Animal Seed	24.4 billion
2	Animal Feed Production	13.1 billion
3	Innovations for Management and Control of Livestock	60 billion
4	Research Products	24.1 billion
5	Research Infrastructure	11.39 billion
6	Support to production of Oil Palm	24.88 billion

INDUSTRIALISATION

1	SMEs in the Manufacturing and Export	174.9 billion
2	Development of Industrial parks	155.6 billion
3	Agriculture Credit Facility	50 billion
4	Uganda Development Bank	85.9 billion



PROGRAMME PRIORITIES FY2024/25 & NDP III PROGRAMME INTERVENTION

PROGRAMME PRIORITIES FY2024/25	NDP III PROGRAMME INTERVENTION
<ul style="list-style-type: none">• Procurement and distribution of sets of farm machinery for value addition (Vegetable oil milling equipment, maize and feed mills, pack house for hass avocado, milk coolers). Procure assorted on-farm post-harvest handling and value addition equipment to support subsistence farmers and enterprise groups under the Parish Development Model Framework to reduce/eliminate post-harvest losses.• Support dairy commercial farmers for production and demonstrations in each milkshed. Procure demonstration farm inputs like pasture seeds, milk cans, chuff cutters, and milking machines among others.• Rehabilitate Mbale MCC (Milk Collection Centre) and equip it with 2 processing lines; Rehabilitate 4 MCCs; Procure and install 6 coolers to dairy cooperatives. Support the revitalization of UCCU in Mbarara.• Provision of primary processing equipment (wet mills, motorized pulpers, hullers, solar driers, and drying trays).	<ul style="list-style-type: none">• Establish post-harvest handling, storage, and processing infrastructure including silos, dryers, warehouses, and cold rooms of various scales and capacities at sub-county, district, and zonal levels.

PROGRAMME PRIORITIES FY2024/25	NDP III PROGRAMME INTERVENTION
<ul style="list-style-type: none"> • Construction/ rehabilitation of water harvesting facilities (valley dams, valley tanks, ponds, on-farm water harvesting and storage infrastructure). • Construction of two hundred and fifty (250) solar-powered irrigation and water supply schemes to increase crop production and access to safe clean water. • Construction of Acomai, Atari, Kabuyanda, & Matanda Irrigation schemes. • Construction of the Geregere dam in Agago district to 40% progress, and the Kyenshama dam in Mbarara district is at 100% completion, increasing on water provision for multi-purpose uses. • Rehabilitation of surface water reservoirs in the cattle corridor districts. • Increase access and use of water for agricultural production. 	<ul style="list-style-type: none"> • Increase access and use of water for agricultural production.
<ul style="list-style-type: none"> • Inspection, surveillance, and enforcement of fisheries standards were facilitated and inspectors were provided with tools and equipment for inspection. • Rehabilitate fisheries infrastructure at the various landing sites and support fishing communities with critical inputs (fish feed, fingerlings), appropriate fishing gear (fishing nets and boat engines), and assorted value additional equipment). 	<ul style="list-style-type: none"> • Promote sustainable land and environment management practices in line with the agroecological needs

PRIVATE SECTOR CREDIT

Private sector credit increased to Shs 21.54 trillion in April 2024 from Shs 20.47 trillion in April 2023, an increase of 5.2 percent. There has also been a slight increase in the share of credit going to productive areas of the Economy.

For example, the share of credit going to agriculture increased slightly to 11.3 percent by April 2024 compared to 11.1 percent by April 2023, while the share of credit to manufacturing remained the same at 13.4 percent.



OPPORTUNITIES IN THE FY2024/25 BUDGET

A. Boosting Household Incomes

- Parish Development Model - UGX 1.077 trillion (financial inclusion pillar).
- Emyooga SACCOs - UGX 100 billion of which UGX 20 billion are for teachers' SACCOs.
- UGX 13.2 billion for Special grants for Persons with Disabilities.
- UGX 8.7 billion towards the Youth Livelihood Programme (YLP).
- UGX 3 billion to Jua-kali Enterprises to transition into the Formal Economy.
- UGX 5 billion as Enterprise Funds for Older Persons.
- UGX 121.218 billion towards Social Assistance Grants for Empowerment (SAGE).
- Support to Microfinance Support Center Limited - UGX 50.07 billion of which UGX 30 billion is for onward lending.
- UGX 13.056 billion has been allocated to the Uganda Women Entrepreneurship Program (UWEP) as a revolving fund.
- UGX 342.23 billion has been earmarked for enhancing growth and productivity opportunities for women enterprises (GROW).

B. Industrial and Private Sector Development

- UGX 155.6 billion for infrastructure development of industrial Parks.
- UGX 50 billion for capitalization of the Agriculture Credit Facility to support farmers but mainly Agro-Processors that focus on value addition.
- UGX 85.92 billion for capitalization of Uganda Development Bank

OPPORTUNITIES IN THE FY2024/25 BUDGET

C. Commercialization of Agriculture

- UGX 24.43 billion for breeding, production, multiplication, and availing Animal feed (NAGRC&DB)
- UGX 13.11 billion; for Animal feed production on Government ranches and farms (NAGRC&DB)
- UGX 30 billion; Support the certification and production of seeds, breeds, and (MAAIF)
- UGX 60 billion; Roll-out of anti-vaccine (NARO)
- UGX 23.04 billion; Procurement of tractors, matching implements (MAAIF)

GENDER & EQUITY ISSUES AND INTERVENTIONS FOR FY2024/25

Issue 1: → Low involvement of the youth in Agriculture.

- **Intervention:** To improve youth involvement in Agriculture, emphasis will be placed on supporting the youth in construction, Stocking of fish ponds/cages, and Deliberate inclusion of youth in all program activities.

Issue 2: → High food insecurity in some regions.

- **Intervention:** To improve the issue of high food insecurity in some regions, emphasis will be placed on construction of valley tanks in the poorest and water stressed regions as defined by the Uganda Bureau of Statistics in the Uganda National Household Survey 2020 and distribution of labor-saving technologies mainly targeting the youth, women, and people with disabilities.

Issue 3: → High levels of Malnutrition and stunting in some regions of the country as highlighted in the Uganda Demographic Health Survey 2022.

- **Intervention:** To combat the high-levels of malnutrition and stunting, emphasis will be placed on research, multiplication, and promotion of high nutrient dense technologies, and training of mothers and teenagers on good feeding practices.

GENDER & EQUITY ISSUES AND INTERVENTIONS FOR FY2024/25

Issue 4: → High poverty levels among women

- **Intervention:** To reduce high poverty levels among women, all Agro-Industrialization Programme and project implementers will ensure that women benefit from all programme interventions like access to fish value addition equipment.

ABOUT ACSA

Advocacy Coalition for Sustainable Agriculture (ACSA) is a legally registered national network of Civil Society Organizations (CSOs), which work with small holder farmers (SHFs) and promote Sustainable Agriculture, Agricultural market development, Environmental conservation, Research and Advocacy. This is aimed at increasing farmer's understanding of policy issues affecting small holder farmers in Uganda. ACSA's mandate is "Advocating for the agrarian policy environment for small holder farmers in Uganda". Currently, ACSA has membership of 29 CSOs (8 Caritas organizations, 3 Networks, 5 Farmers' Associations and 13 Non-Government Organizations - NGOs) spread country wide in 46 districts with a Mission "to Empower civil society organizations working with small holder farmers to advocate for favourable agrarian Policy environment for sustainable communities" and a Vision of "Smallholder farmers living in a Sustainable Environment".

ACSA's focus areas are; Advocacy and Lobbying, Research and documentation, Capacity building of member Organisations, Capacity building of ACSA secretariat, Networking and partnership Building, which are undertaken under the overall Goal of: "Relevant agriculture policies and services for Small Holder Farmers (SHFs) are implemented to foster profitable sustainable agriculture enterprises.



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