

BUSINESS VISION

MARKET NEWS...STOCKS...TENDERS...PERSONAL



Goodwill Uganda Ceramic Company Limited factory found in Liao Shen Industrial Park, Kapeeka in Nakaseke district. By investing in industrial parks, electricity and transport infrastructure, the Government hopes factories will absorb labour at scale

HOW 2026/2027 SH69.4 TRILLION NATIONAL BUDGET IS DISTRIBUTED

Uganda's
2026/2027 Budget
Framework Paper
is promising nearly
885,000 new
jobs a year as the
Government chases
industrialisation,
monetisation and
double-digit growth,
writes Ali Twaha.

Government planners believe that if they can move more households away from subsistence activity through initiatives such as the Parish Development Model, then achieving an average of 884,962 stock of new jobs annually over the National Development Plan IV (NDP IV) period should be possible.

The Government also notes that if it can push growth into double digits, broaden the tax base and deepen value addition in key sectors, then employment will follow.

So, where might those jobs come from? The answer lies in a familiar cluster of sectors that have topped the government priority list, where agro-industrialisation sits first in line.

Agriculture still employs the

largest share of Ugandans. But the sector is largely informal and with low productivity. The plan is to link farms to processing, storage and markets, turning seasonal labour into steadier work across supply chains.

Industrialisation is the second pillar. By investing in industrial parks, electricity and transport infrastructure, the Government hopes factories will absorb labour at scale. Manufacturing jobs tend to create spillovers, from logistics to maintenance, which amplify employment beyond the factory gate.

The other key priority sector is digital transformation, which plays a quieter role. The Government says expanding connectivity and digital services is meant to support new forms of work, from financial services to small online enterprises,

while also raising efficiency in older sectors.

The finance ministry permanent secretary, Dr Ramathan Ggoobi, said the aim of the set priorities is to lift growth onto a higher path, targeting an average real expansion of about 8% a year.

He said spending will also prioritise value addition in agriculture, minerals, oil and gas and tourism, alongside higher investment in science, technology and innovation.

To strengthen delivery of the development agenda in the 2026/27 fiscal year, the Government will focus on completing outstanding reforms, including tightening budget forecasting, internal controls and audits to curb practices that encourage corruption.

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HOW GOVT SEEKS TO CREATE 800,000 JOBS IN 2026/2027

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BUDGET ALLOCATION ANALYSIS

The Government has proposed a narrower national budget for the 2026/27 fiscal year, according to the National Budget Framework Paper from the finance ministry.

The preliminary resource envelope for the next fiscal year is projected to drop to sh69.4 trillion from sh72.4 trillion in the current period, according to a review of the latest finance ministry data. The economy is forecast to grow by 10.4% by the close of the fiscal year.

The budget document indicates that the projected revenue collection for 2026/2027 is sh40 trillion, up from sh37.2 trillion target for the current financial year of 2025/2026.

Already, the budget shows a government that is pivoting towards fiscal consolidation as the country prepares for its first commercial oil production.

Aloysious Kittengo, a tax policy analyst at Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), said to meet national and local commitments, Uganda must prioritise domestic resource mobilisation through effective tax collection.

He added that strong tax systems are necessary to fund commitments beyond international obligations.

Stephen Kaboyo, an economist, said while the economy had a good run, there were domestic risks that remained a challenge.

"Key among them were the fiscal pressures, increased debt levels against a backdrop of persistent shortfalls in revenue collections. This kept government finances tight, undermining fiscal consolidation efforts," he said.

"Looking ahead, the economic performance looks promising with growth projected to touch 10% backed up by the anticipated oil production, which will

Comparative summary of Uganda programme budget total allocations: FY 2025/26 vs. FY 2026/27 (Billion sh)

PROGRAMME	2025/26	2026/27
Agro-Industrialization	1,833.71	1,470.88
Manufacturing	312.115	253.274
Tourism Development	428.487	403.831
Natural Resources, Environment, etc.	359.995	418.573
Private Sector Development	2,706.73	2,532.85
Sustainable Energy Development	1,034.88	1,172.10
Integrated Transport Infrastructure	6,383.60	6,757.82
Sustainable Urbanisation and Housing	1,486.71	649.773
Digital Transformation	381.748	273.281
Human Capital Development	11,484.57	9,856.67
Innovation, Tech Dev & Transfer	388.532	387.982
Public Sector Transformation	253.528	218.683
Governance and Security	9,905.04	9,024.87
Regional Balanced Development	1,635.89	1,845.04
Development Plan Implementation	29,540.68	30,126.95
Administration of Justice	603.412	607.378
Legislation, Oversight & Rep.	1,030.26	1,059.62
Sustainable Extractives Industry	877.164	1,698.46
OO Arrears, AIA and ECD*	1,729.45	641.92
GRAND TOTAL	72,376.48	69,399.95

be a major catalyst of lifting the economy. That said, the Government must work to maintain the growth momentum, entrench fiscal discipline, strengthen revenue mobilisation efforts and continue investing in priority sectors that are key enablers of the ambitious tenfold growth strategy," Kaboyo said.

BREAKDOWN

Human capital development, which includes the critical health and education sectors, is slated for a significant 14.2% cut, falling from sh11.5 trillion in 2025/2026 to sh9.9 trillion in the 2026/2027 national budget.

The allocations for sustainable urbanisation and housing are set to be halved, plunging from sh1.5 trillion to about sh650b, as the Government scales back infrastructure projects in

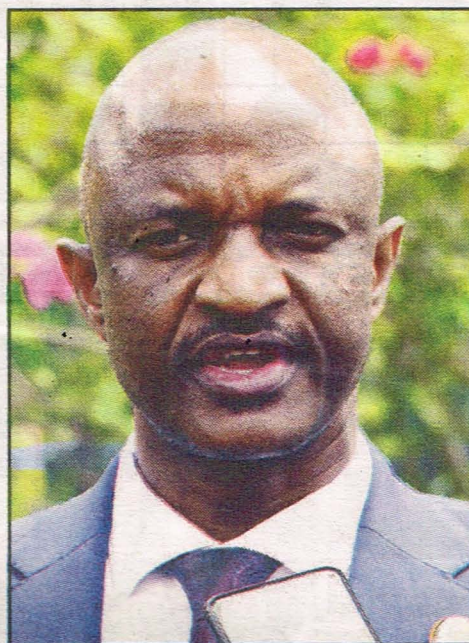


The advancements realised in 2025 underscore the effectiveness of sound monetary policy.

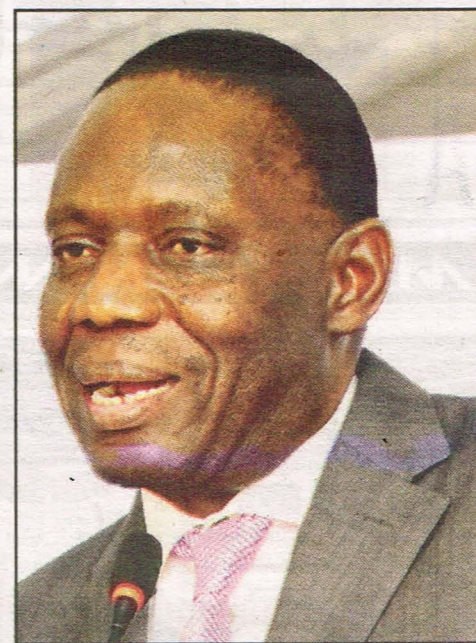
secondary cities.

Despite the overall belt tightening, the Government is betting heavily on its emerging minerals sector in 2026/27. Funding for the sustainable extractives industry is projected to nearly double to sh1.7 trillion.

This could mean the



Ggoobi: Finance permanent secretary



Atingi-Ego: Bank of Uganda governor

Government is accelerating the push to complete the East African Crude Oil Pipeline and mineral quantification projects.

"Uganda's oil revenues present a time-bound opportunity to transform the country's economic trajectory. Whether this opportunity is realised will depend on the quality of institutions, policies, and political will driving resource management," SEATINI said in a statement.

"Investing a portion of oil revenues off shore can protect macroeconomic stability, but must be complemented with transparent, well targeted domestic spending. Oil is a national asset. Its proceeds must be managed in a way that promotes economic sovereignty, social equity, and intergenerational justice."

In the budget, infrastructure also remains a protected priority; the integrated transport budget is set to rise by nearly 6% to sh6.8 trillion. The focus, according to finance ministry data, will remain on the rehabilitation of the Meter Gauge Railway and road networks essential for trade.

Governance and security budgets are being trimmed by roughly 9%, the administration is increasing resources for regional balanced development and energy, aimed at extending transmission lines to industrial parks.

The Government expects these targeted investments to support a 7% GDP growth rate as the economy transitions towards full monetisation.

ECONOMIC OUTLOOK

Michael Atingi-Ego, the Bank of Uganda governor, said Uganda's economy has continued to demonstrate resilience and steady recovery in comparison to

regional peers.

"Uganda enters 2026 having achieved low and stable inflation, a resilient exchange rate, strong foreign reserves, and a robust financial system. The advancements realised in 2025 underscore the effectiveness of sound monetary policy, close co-ordination with fiscal policy, and the economy's capacity to withstand global challenges," he said.

"Nevertheless, we remain aware of the risks and uncertainties that lie ahead. The Bank of Uganda will continue to pursue its mandate with vigilance, supporting macroeconomic stability, advancing strategic initiatives such as the Domestic Gold Purchase Programme, and stewarding the financial sector through innovation and reform," Atingi-Ego said.

In the December 2025 Uganda Economic Update by the World Bank, Qimiao Fan, the division director for Kenya, Rwanda, Somalia, and Uganda, said agro-industrialisation has the potential to create jobs, raise incomes, add value, boost exports and cut imports.

But Uganda's progress, he said, has been slowed by weak primary agricultural production, limited access to supporting infrastructure such as irrigation, roads and energy, and a difficult business climate marked by policy uncertainty.

"Addressing these challenges will require strong and sustained investments and enabling policies. Key areas include improving access

to agricultural extension services, use of modern inputs (including seeds and breeds), and access to irrigation and mechanisation," he said.

"Development of financial instruments for delivering agricultural finance and insurance across various segments of agribusiness value chains is also needed, especially in primary production.

"Integrating climate resilience into this agenda is also imperative, given the sector's vulnerability to climate change and its impact on productivity growth," Atingi-Ego added.

The theme of the 2026/2027 national budget is *Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Social Services, Digital Transformation and Market Access*.

The 2026/2027 national budget marks the second year of implementing the NDP IV and the Tenfold Growth Strategy that seeks to drive Uganda's economy to greater heights of over \$500b in the next 15 years.

The goal of the NDP IV is "higher household incomes, full monetisation of the economy and employment for sustainable socio-economic transformation".

Parliament, through its various sectoral committees and the budget committee, is expected to scrutinise and approve the draft national budget (National Budget Framework Paper) before the end of this month of January.

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