Telephone: 256 41 707000/232095
Fax : 256 41 4233524
Email: finance@finance.go.ug
treasury@finance.go.ug
Website : www.finance.go.ug
Plot No. 2-8 Sir Apollo Kaggwa Road
In any correspondence on
This subject please quote No.

Ministry of Finance, Planning &
Economic Development,
P.O. Box, 8147
**Kampala, Uganda**

**BPD/103/155/01**

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**PRESS RELEASE ON FIRST QUARTER EXPENDITURE RELEASES FOR FY 2026/27**

## A. Introduction

1. I wish to welcome the media and other stakeholders to this press briefing for the release of the FY 2026/27 First Quarter Expenditure Limits.

2. Uganda enters FY2026/27 from a position of macroeconomic strength. Economic growth has accelerated, inflation remains low, the Shilling is strong, exports are at record levels, and investor confidence continues to improve. The first quarter expenditure releases have therefore been carefully aligned to sustain this momentum while preserving fiscal and debt sustainability.

3. Therefore, Government's fiscal policy this year has two equally important objectives:

   i) Accelerate implementation of the ATMS and the Tenfold Growth Strategy; and
   ii) Preserve fiscal and debt sustainability through disciplined expenditure management.

4. In line with fiscal consolidation, the quarter one expenditure has been programmed in line with the expected cash inflows, and the timing and capacity to access external financing.

5. Therefore, the following principles have been considered in programming the FY 2026/27 First Quarter Expenditure Limits:

i) Maintaining fiscal discipline by ensuring that expenditure commitments are aligned with available financing and the approved fiscal framework;

ii) Directing public resources towards high-impact interventions that promote economic growth, job creation, and improved delivery of public services;

iii) Promoting efficiency in public spending by limiting non-essential expenditures like workshops and travel abroad while protecting priority programmes and strategic investments;

iv) Sustained financing to wealth creation and highly critical priority actions within the ATMS, i.e. Agro-industrialisation, Tourism development, Mineral development, and Science, Technology, and Innovation;

v) The need to sustain investment in the enablers of growth, especially security, infrastructure and human capital development. In this regard, priority has been given to critical counterpart financing for ongoing projects; and

vi) Providing the minimum required critical operational expenditure to cover fixed costs for all Ministries, Departments, Agencies and Local Governments that will ensure continuity of Government programmes and providing adequate resources to finance preparatory interventions for AFCON27.

6. The objectives of this press briefing therefore are to:

   i) Highlight key developments and trends in the economy and provide an overview of the prevailing economic conditions;

   ii) Communicate to the country the release of funds to Government institutions for the First Quarter (Q1) of FY 2026/27; and

   iii) Provide guidance to Accounting Officers on execution of the budget.

7. Let me start by summarising the state of the economy.

## B. STATE OF THE ECONOMY

8. Uganda's economic performance remains robust and the outlook is optimistic for FY 2026/27 and the medium term.

9. Growth is accelerating, inflation is under control, the shilling remains strong and stable, exports have hit record numbers, and investor confidence is rising.

**Economic Growth**

10. The economy sustained steady momentum in FY2025/26, growing at 6.4% in real terms (up from 6.3% the prior year), driven by stronger aggregate demand and continued implementation of government initiatives—notably the Parish Development Model and Uganda Development Bank—which expanded access to affordable credit and seed capital.

11. Real GDP growth is projected to accelerate to 10.2% in FY2026/27, supported by first oil production, ongoing investment in ATMs and public infrastructure, stronger export growth, a stable macroeconomic environment, and improved public spending efficiency.

12. In nominal terms, GDP rose to Shs.250.4 trillion (USD 69 billion) in FY2025/26 from Shs.227.9 trillion in FY2024/25 and is projected to reach Shs.287.23 trillion (USD 75.7 billion) in FY2026/27, raising GDP per capita to USD 1,505.1 from USD 1,420 in FY2025/26.

**Inflation**

13. Annual headline inflation averaged 3.3% in FY2025/26 (down from 3.5% the prior year), reflecting effective monetary–fiscal policy coordination. Inflation ticked up from 3.2% in May 2026 to 3.7% in June 2026, largely due to higher transport and energy costs from rising international oil prices amid Middle East tensions. Overall, price pressures remain broadly contained within the 5.0% medium-term target.

**State of the Shilling**

14. The Ugandan shilling strengthened, appreciating by 1.9% against the US dollar between May and June 2026, supported by higher export earnings, increased remittances, greater offshore investment, and sound macroeconomic management. As a result, the Ugandan

shilling remained the best-performing EAC currency against the dollar in that period.

**External Sector**

15. Foreign exchange reserves strengthened to **USD 6.01 billion** at end-March 2026 (equivalent to 4.0 months of import cover), up from USD 3.588 billion at end-March 2025.

16. Total remittances from Ugandans abroad rose to **USD 2.8 billion** in the 12 months to March 2026 (from USD 1.9 billion a year earlier). Remittance inflows for Q3 FY2025/26 were USD 712.02 million, up 0.8% from USD 706.40 million in the same quarter of FY2024/25.

17. Total export earnings rose to **USD 18.04 billion** in the 12 months to March 2026 (up from USD 5.93 billion in the 12 months to March 2022). Key exports include gold, coffee, cocoa, fish, steel, sugar and an expanding range of manufactured goods. In Q3 FY2025/26, exports of goods and services grew 43.6%, from USD 3.4 billion to USD 4.9 billion.

18. Driven by these strong exports, remittances and investment inflows, Uganda recorded a Balance of Payments surplus of **USD 2.47 billion** in the 12 months to March 2026 — the largest in 15 years.

**Investor Confidence and Optimism**

19. High-frequency indicators show rising investor confidence in Uganda, driven by political and economic stability and a strong average return on investment of 14%.

20. In the first three quarters of FY2025/26 the Purchasing Managers' Index and Business Tendency Index averaged 53.7 and 57.6 respectively—both above the 50-expansion threshold—while the Composite Index of Economic Activity rose to an average of 181.55 in the first eight months of FY2025/26 (from 169.61 a year earlier), reflecting broader activity gains.

## C. EXPENDITURE LIMITS FOR THE FIRST QUARTER OF FY 2026/27

21. The total release for Q1 FY2026/27 is **Shs 23.03 trillion**, representing 27% of the approved budget. The releases have been aligned with implementation schedules, projected domestic revenue, and expected external financing disbursements.

22. The highlights are as follows:

Statutory Obligations and Institutions

i. **Shs 10.83 trillion** for debt and treasury operations;
ii. **Shs 2.46 trillion** to cater for wages and salaries across Government;
iii. **Shs 566.44 billion** for Pension and Gratuity;
iv. **Shs 355.27 billion** for Parliament;
v. **Shs 51.12 billion** for the Judiciary; and
vi. **Shs 15.20 billion** for the Office of the Auditor General.

ATMS to drive tenfold growth

i. Agro-industrialisation (A) – **Shs 289.6 billion** for agro-industrial research and innovation, operations and critical programme interventions;
ii. Tourism Development (T) – **Shs 65.6 billion** for tourism development and promotion interventions, including the "Explore Uganda" drive;
iii. Mineral-Based Industrial Development including oil and gas (M) – **Shs 50 billion** to Uganda National Oil Company (UNOC) and Petroleum Authority of Uganda (PAU) for continuing the implementation of interventions towards fast-tracking first oil; and,
iv. Science, Technology and Innovation including ICT and the creative industry – **Shs 377.9 billion** for STI initiative, expanding internet connectivity and digitisation of the economy.

**Enablers of the ATMS**

Security

i. Ministry of Defence and Veteran Affairs – **Shs 360.7 billion**.
ii. State House – **Shs 103.3 billion**.
iii. Uganda Police Force – **Shs 144.9 billion**.
iv. Uganda Prisons Service – **Shs 105.6 billion**.
v. Office of the President – **Shs 100.5 billion**.
vi. ISO – **Shs 58.4 billion**.
vii. ESO – **Shs 27.4 billion**.

<u>Infrastructure</u>

i. Ministry of Works and Transport — **Shs 1.53 trillion** (Shs 519.0 billion GoU; Shs 1.01 trillion external financing), covering Uganda Airlines, Uganda Railways, Kalangala Infrastructure Services and the Standard Gauge Railway.
ii. Ministry of Energy and Mineral Development — **Shs 609.4 billion** (Shs 277.2 billion GoU; Shs 332.2 billion external) to implement rural electrification, transmission-line development and power-generation projects.
iii. Kampala Capital City Authority — **Shs 169.7 billion** (Shs 64.1 billion GoU; Shs 105.7 billion external) for social services (education, health) and city development projects, notably roads and drainage.
iv. Ministry of Kampala Capital City and Metropolitan Affairs — **Shs 67.4 billion** (Shs 2.1 billion GoU; Shs 65.3 billion external) under the Greater Kampala Metropolitan Area Urban Development Project for roads, drainage and sanitation improvements.

<u>Human Capital Development</u>

i. Ministry of Health – **Shs 325.11 billion,** of which **Shs 68.1 billion** is GoU and **Shs 257.04 billion** under external financing.
ii. National Medical Stores (NMS) – **Shs 284.7 billion** for purchase of essential drugs and medicines.
iii. Uganda Cancer Institute and Uganda Heart Institute – **Shs 191.5 billion** for specialized oncology and cardiovascular health services.

iv. Referral Hospitals (National and Regional) – **Shs 124.68 billion**.
v. National Council of Sports – **Shs 103.83 billion**.
vi. Ministry of Education and Sports – **Shs 234.83 billion. Shs 126.95 billion** is GoU of which **Shs 7 billion** is for instructional materials and **Shs 107.88 billion** under external financing.
vii. Public Universities – **Shs 271.71 billion**.

Local Governments

23. **Shs 428.7 billion** has been released. Of this, **Shs 340.4 billion** is for conditional and non-conditional grants and **Shs 88.3 billion** for capital development to enable timely implementation of Local Government projects especially those relating to AFCON27.

Revenue Generating Votes

i. **Shs 130.6 billion** under Uganda Revenue Authority (URA) to facilitate revenue collection.
ii. **Shs 9.6 billion** for Uganda Registration Services Bureau (URSB).
iii. **Shs 50.7 billion** has been allocated to National Citizenship and Immigration Control (NCIC).
iv. **Shs 19.6 billion** for Uganda National Bureau of Standards (UNBS).
v. **Shs 2.4 billion** for the National Lotteries and Gaming Regulatory Board (NLGRB).

## D. Budget Execution

24. This financial year, Government is implementing fiscal and macroeconomic reforms to strengthen execution discipline, accountability, efficiency and integrity of the budget. The reforms target waste, corrupt budget practices, delays and inefficiency.

25. Detailed policy and administrative guidelines have been communicated to all Accounting Officers via the Budget Execution Circular issued today.

26. Key reforms include:

i) Strict enforcement of budget discipline and accountability rules. Violations will attract severe sanctions as set out in the Budget Discipline and Accountability Charter. These measures will restore budget credibility, improve payroll accuracy, prevent new arrears and restrict supplementary budgets to genuine unforeseen needs. The rules include:

a) Rule 1: **No Budget, No Commitment**

b) Rule 2: **Supplementary Budget Are Exceptional**

c) Rule 3: **Zero Tolerance for Arrears**

d) Rule 4: **No Ready Project, No Budget**

**e)** Rule 5: **No Wage Provision, No Recruitment**

ii) Counterpart funding management will be centralized at the Treasury to protect financing for priority projects.

iii) A contributory public service pension fund will be implemented to ensure fiscal sustainability of government pension liabilities.

iv) State-funded celebrations on public holidays will be eliminated; holidays will be observed without official ceremonies except for religious holidays, per the President's guidance.

v) Anti-corruption measures through procurement reform and digitization: strengthen Electronic Government Procurement and review procurement laws and guidelines.

vi) Governance, oversight and performance of state-owned enterprises will be reinforced.

## E. OPEN BUDGET SURVEY

27. Today we launch the Open Budget Survey 2025 results, which assess our progress on budget transparency and accountability and identify areas for improvement.

28. Since introducing Budget Transparency Initiatives in 2013, Uganda has significantly expanded public access to budget information and citizen participation through the budget website, a toll-free budget

www.budget.finance.go.ug or call the Budget Call Centre on 0800 229 229.

34. I now wish to invite the partners to launch the results of the Open Budget Survey 2025.

Ramathan Ggoobi
**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**