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**PRESS RELEASE ON SECOND QUARTER EXPENDITURE RELEASES
FOR FY 2025/26**

1. I wish to welcome the media and other stakeholders to this press briefing whose objective is to:
 - i) Brief the country on the State of the Economy;
 - ii) Communicate to the country the release of funds to Government Institutions for the Second Quarter (Q2) of FY 2025/26; and
 - iii) Provide guidance to Accounting Officers on execution of the Budget.
2. Let me start by summarising the State of Economy.

A. STATE OF THE ECONOMY

Economic Growth

3. The economy continues to expand despite the challenging global environment characterized by tighter financial conditions and geopolitical tensions that have disrupted supply chains in recent years. According to the final GDP estimates recently released by UBOS, real GDP grew by 6.3 percent in FY2024/25, up from 6.1 percent in FY2023/24. The size of the economy in nominal terms increased to shillings 227.88 trillion in 2024/25 from 203.71 trillion in 2023/24.
4. Growth was largely driven by a sustained recovery in aggregate demand, supported by government initiatives such as the Parish Development Model (PDM). These interventions, together with favorable weather conditions and a stable macroeconomic

environment, have boosted production and strengthened private sector activity.

5. In terms of sector contribution to GDP, the Services sector continued to be the biggest contributor to GDP, with a share of 42.1 percent in 2024/25 compared to 43.1 percent in 2023/24. This was followed by the Agriculture sector with a share of 26.1 percent in 2024/25 compared to 24.6 percent in the previous financial year. The Industry sector contributed 24.3 percent in 2024/25 compared to a contribution of 24.9 registered in 2023/24.
6. Looking ahead, we project that the economy remains well-positioned for sustained growth, underpinned by ongoing government initiatives, strengthening regional and global recovery, and a diversified production base that supports resilience and long-term development. Real GDP growth is projected at 7 percent in FY2025/26 and above 7 percent in the medium term.
7. This outlook on economic growth is supported by the high frequency indicators of economic growth. The Composite Index of Economic Activity (CIEA) which measures the overall level of economic activity was recorded at 179.4 in August 2025, an improvement from the 179.3 recorded for the previous month. Additionally, the Purchasing Manager's Index (PMI) which measures the health and activity of the private sector economy also remained above the 50-mark threshold, with a reading of 54.0 in September 2025 which is an improvement from the 53.3 observed in August 2025.
8. Similarly, sentiments about doing business in the Ugandan economy as reflected by the Business Tendency Index (BTI) have been positive since the start of the financial year. The BTI was recorded at 59.2 in September 2025 compared to 57.8 recorded in August 2025. All sectors of the economy exhibited optimism about business conditions mainly on account of increased order volumes implying improved demand.

Inflation and Exchange rate

9. In the first quarter of FY2025/26, annual headline inflation averaged 3.8 percent, supported by prudent monetary policy, a stable exchange rate, and improved domestic food supplies. The outlook remains favorable, with core inflation expected to stay within the 5 percent policy target, backed by resilient exchange rate conditions, better domestic food supply, and stable global commodity prices. However, risks persist from potential adverse weather, global supply chain disruptions, and renewed depreciation pressures on the shilling.
10. On a monthly basis, annual headline inflation slightly rose to 4.0% in September 2025 from 3.8% in August 2025. This was mainly due to increased food prices depicted by a rise in annual food crops and related items inflation which jumped from 3.0% in August 2025 to 7.4% in September 2025.
11. The Ugandan Shilling continued to gain against the US dollar in September 2025, recording an average mid-rate of Shs 3,497/USD down from 3,573/USD in August 2025. The strengthening of the shilling is mainly due to increased foreign exchange inflows from offshore investors, remittances, and coffee export receipts which continue to outstrip demand from corporations and importers.

External Sector

12. Uganda's total export earning in Q4 of FY 2024/25 amounted to USD 3,475.50 million which is higher than the USD 2,236.72 million recorded for the same quarter of the previous financial year, implying growth of 55.4%. This is partly due to increased earnings from coffee exports as the country continued to benefit from improved output as well as better international prices.
13. Similarly, the country's import bill grew by 38.5% from USD 2,869.5 million in Q4 of FY 2023/24 to USD 3,975.02 billion in Q4

of FY 2024/25. This was mainly driven by the formal non-oil private sector imports.

14. As a result of a higher growth in exports compared to imports, Uganda's trade deficit with the rest of the world narrowed by 21.1% to USD 499.53 million in Q4 of FY 2024/25 from USD 632.74 million in the same quarter of the previous financial year.
15. Remittances from the Ugandan diaspora continue to improve. In Q4 of FY2024/25, they amounted to USD 401.85 million. This is 19.9% higher than the USD 335.08 million recorded for Q4 FY2023/24. Total remittances from Ugandans living and working abroad were USD 1,568.91 million for the whole of FY2024/25 compared to USD 1,403.11 million in FY2023/24.

B. BUDGET RELEASE FOR QUARTER TWO OF FY 2025/26

17. The approved Budget for FY 2025/26 amounted to **Shs 72.376 trillion** as summarized below:

Table 1: Breakdown of the Approved Budget for FY 2025/26 (Shs Billion)

Category	Approved Budget	Q1	Q2	Half Year	%
Wage	8,567.97	2,264.10	2,132.27	4,396.36	51.3%
Non-Wage	16,123.93	5,124.03	3,935.39	9,059.43	56.2%
GoU Development	6,913.64	1,464.95	2,389.46	3,854.41	55.8%
Arrears	1,400.78	-	187.03	187.03	13.4%
External Financing - Devt	11,325.06	2,717.59	2,639.89	5,357.48	47.3%
Debt & treasury operations	27,716.43	8,529.98	7,065.66	15,595.64	56.3%
Local Revenue	328.67	82.17	82.17	164.33	50.0%
Total	72,376.48	20,182.82	18,431.85	38,614.68	53.4%

18. Out of the **Shs. 72.38 trillion** for FY 2025/26, **Shs 20.18 trillion** was released in Q1, **Shs 18.43 trillion** released in Q2 resulting into a cumulative release of **Shs 38.61 trillion** which is 53.4% of the approved budget.

C. EXPENDITURE LIMITS FOR THE SECOND QUARTER OF FY 2025/26

Statutory Obligations and Institutions

- i. **Shs 7.07 trillion** for debt and treasury operations;
- ii. **Shs 2.132 trillion** to cater for wages and salaries across Government;
- iii. **Shs 339 billion** for Pension and Gratuity;
- iv. Parliament – **Shs 223.64 billion**;
- v. Judiciary – **Shs 64.06 billion**;

ATMS to drive tenfold growth

- i. Agro-industrialization (A) – **Shs 320 billion** for research, operations and capital expenditure for development projects;
- ii. Tourism development (T) – **Shs 53.65 billion** has been released to Ministry of Tourism, Wildlife and Antiquities and Uganda Tourism Board. These funds are for financing tourism sector development interventions like branding and marketing, promoting and enforcing hospitality standards among others;
- iii. Mineral-Based Industrial Development including oil and gas (M) – **Shs 16.64 billion** under Petroleum Authority of Uganda; and
- iv. Science, Technology and Innovation including ICT and creatives industry – **Shs 124.25 billion** for critical interventions under Science, Technology and innovation, Ministry of ICT and National Guidance and National Information Technologies Authority of Uganda (NITA-U).

Enablers of the ATMS

Security

- i. Ministry of Defense and Veteran Affairs – **Shs 642.85 billion**;
- ii. Uganda Police Force – **Shs 161.62 billion**;
- iii. State House – **Shs 83.97 billion**;
- iv. Uganda Prisons Service – **Shs 89.67 billion**;

- v. Office of the President – **Shs 114.13 billion;**
- vi. ISO – **Shs 34.59 billion;**
- vii. ESO – **Shs 18.56 billion; and**
- viii. Electoral Commission – **Shs 52.71 billion. This makes a full release of the approved budget for the Electoral roadmap totaling to Shs 450 billion.**

Infrastructure

- i. Ministry of Works and Transport – **Shs 1.703 trillion** of which **Shs 878.68 billion** is the GOU amount and **Shs 824.998 billion** is External Financing. For the GOU capital development budget, cumulatively, 82% of the annual budget has been released to fast track road development projects, road maintenance, and completion of Entebbe Airport among others,
- ii. Ministry of Energy and Mineral Development **Shs 361.55 billion** of which **Shs 125.59 billion** is GOU and **Shs 232.95 billion** is external, to implement rural electrification projects, finance development of transmission lines and power generation projects like Karuma etc.
- iii. Kampala Capital City Authority – **Shs 145.68 billion** of which **Shs 74.92 billion** is GOU and **Shs 70.77 billion** is external, for implementation of development projects within the city like roads, and drainage among others.
- iv. Ministry of Kampala Capital City and Metropolitan Affairs- **Shs 292 billion under the Externally Financed** Greater Kampala Metropolitan Area Urban Development Project.

Human Capital Development

- i. Ministry of Health **Shs 471 billion**
 - ii. National Medical Stores (NMS) - **Shs 205.61 billion**
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- iii. Uganda Cancer Institute and Uganda Heart Institute - **Shs 84.85 billion**
- iv. Referral Hospitals (National and Regional) - **Shs 58.79 billion**
- v. National Council of Sports - **Shs 236.77 billion**
- vi. Ministry of Education and Sports - **Shs 172.21 billion**
- vii. Public Universities - **Shs 144.62 billion**

Local Governments

Shs 390.78 billion has been released. Of this, **Shs 138.35 billion** is for conditional and non-conditional grants and **Shs 252.44 billion** for capital development to enable timely implementation of Local Government projects.

Domestic Arrears

Shs 187 billion for Government-to-Government Domestic Arrears i.e. Utilities (water, electricity and telephone), rent and contribution to International Organizations. The balance will be released after concluding the ongoing validation exercise by the Auditor General.

Revenue Generating Votes

- i. **Shs 114.90 billion** under Uganda Revenue Authority to facilitate revenue collection;
- ii. **Shs 8.45 billion** for Uganda Registration Services Bureau;
- iii. **Shs 61.42 billion** has been allocated to National Citizenship and Immigration Control; and
- iv. **Shs 3.06 billion** for National Lotteries and Gaming Regulatory Board.

Parish Development Model (PDM)

Shs 554 billion has been released to ensure a 50% release of the approved budget.

CONCLUSION

19. As I conclude, I would like to emphasize the following:

- i. The budget for this financial year continues to support the implementation of the Ten-Fold Growth Strategy. Emphasis is towards the ATMS and the enablers. As government, our main objective is to promote technical efficiency by ensuring that all Ministries, Department, Agencies and Local Governments deliver better services to Ugandans at the lowest cost;
 - ii. All Accounting Officers are instructed to comply with the commitment to pay salaries, pensions and gratuity by the 28th day of every month as per the approved salary scales;
 - iii. In order to eliminate the accumulation of domestic arrears and penalties, Accounting Officers are directed to prioritize payment of service providers on time. Accounting Officers should stick to the requirement of not committing government without a sufficient budget;
 - iv. All Accounting Officers must ensure that all contracts and payments are executed in Uganda Shillings;
 - v. NO recruitment should be done without clearance from the Ministry of Public Service after ascertaining availability of adequate wage from this Ministry;
 - vi. I urge Accounting Officers to convene Finance Committee Meetings to agree on the priorities for the quarter in line with the approved budget and resources available to inform allocations to cost centers.
20. Once again, I wish to thank the Press and Civil Society for supporting our budget transparency initiative. I urge you to make use of our website www.budget.finance.go.ug where we post more detailed information. You may also call our Budget Call Centre on **0800 229 229** for any information on the Budget.

Patrick Ocailap

For: PERMANENT SECRETARY/ SECRETARY TO THE TREASURY