

CSOs react to Uganda's budget reduction and increased debt repayments



L-R Okwir David, Senior Economist MoFPED, Angella Nabwowe, ED ISER and Mr. Thadeus Musoke Nagenda, Chairperson KACITA during a panel discussion. 13/02/2025. Photo: CSBAG

"The idea of reduced reliance on external financing where the government expects to collect UGX. 33.682 trillion from UGX. 31,981.9 trillion financing up to 58% of the proposed budget is one of those moves that I second," Mukunda said.

This morning, the coalition of civil society under their umbrella Civil Society Budget Advocacy Group have today hosted the Pre-Budget Dialogue for FY2026/27. The event that happened in the Central Business District was held under the theme "Making the Budget Work for the People: Prioritizing Expenditure for Inclusive Growth."

The high-level event attracted a large turnout of participants from various MDAs, local Government, media, civil society, academia, and community

monitors. While sharing the opening remarks, Kirabo Agnes, Food Rights Alliance (FRA) is Executive Director. She appreciated participants for sparing time to attend this important dialogue and noted that this is the 41st budget dialogue convened by the Civil Society.

"From this day forward, we will name our budget dialogues using serial numbers. The budget dialogue can only be compared to the UN because it's the only platform where the people of Uganda come together and share their perspectives on the national budget. Therefore, the report and all outcomes from this dialogue will be tagged as the 41st Budget Dialogue." Agnes Kirabo, ED FRA

According to Kirabo, the budget should consider the perspectives of politicians, economists, administrators, and humanity. She also mentioned that a budget should be a tool for equity, justice, and inclusion. Accountability, she emphasized, is beyond receipts and vouchers but results.

Despite this, Kirabo noted that the FY2025/26 budget is leading us to another development plan, it's leading us to another political season. "This budget is leading us to another political struggle, and as the people of Uganda, within our interest, we must be keen and curious. How is this budget going to be administered? Is it injected in power? It is a very critical budget and the people of Uganda, including myself, are very expectant."

The senior economist at MOFPED, Okwir David who gave the keynote address focusing on key priorities and strategies for financing the government Budget FY2025/26 cited that, in nominal terms, the size of the economy increased from Shs. 183 trillion (US\$48.8 billion) registered in FY 2022/23 to about Shs. 202.13 trillion (US\$ 53.2 billion) in FY 2023/24.

The senior economist also hinted at the Ugandan shilling's relative stability against major global currencies, such as the US dollar (USD), with a gradual appreciation since March 2024, except for a slight depreciation in August 2024. "In September 2024, the Ugandan Shilling appreciated by 0.33% against the USD to an average mid-rate of Shs 3,711.31 per USD compared to an average mid-rate of Shs 3,723.65 per USD in August 2024."

He also reminded attendees about the budget decline from Shs. 72.1 trillion to Shs 57.4 trillion, asserting that there was a reduction in borrowing from external sources by Shs 1.364 trillion, from Shs 1.394 trillion to Shs 29.9 billion. Additionally, he highlighted an increase in external debt repayments by Shs 882.5 billion, from Shs 3.149 trillion to Shs 4.032 trillion.

Furthermore, he noted a reduction in net domestic borrowing by Shs 4.957 trillion, from Shs 8.968 trillion to Shs 4.011 trillion, and the settlement of a one-off payment to the Bank of Uganda (BoU) of Shs 9.1 trillion.

Mr. Julius Mukunda, Executive Director of the Civil Society Budget Advocacy Group, expressed his support for the government's reduced reliance on external financing. Mukunda also emphasized the importance of examining how the government raises and spends money.

Mukunda appreciated the Ministry of Finance, Planning and Economic Development (MoFPED) for providing a platform for civil society organizations (CSOs) and acknowledged the government's adoption of 25 CSO proposals in the FY2024/25 budget. These proposals came from various sectors, including education, health, and agro-industrialization. However, Mukunda questioned the distribution of Uganda's economic growth across regions, citing that despite steady growth, poverty remains persistent. "This economy is growing, but who is contributing to its growth, and why is the poverty stubborn?" he asked.

Mukunda also highlighted concerns about Uganda's trade balance, which has continued to widen over the years, with the country importing more than it exports. He wondered why agriculture, despite being a cooperative advantage, is not the country's top export. "And that's why I keep on wondering, our biggest export is gold, why not beans? Why is it not rice? Why is not cassava?" Mukunda advised that the country needs to have more realistic expectations, citing the FY2025/26 budget reduction from UGX 72.1 trillion to UGX 57.4 trillion as a good calculation.

At the same event, Donny Silus Ndazima, Research and Policy Specialist at World Vision, emphasized the devastating impact of violence against children (VAC) in Uganda. He noted that the effects of VAC have a significant toll on the health and economy of Uganda, with an estimated annual cost of UGX 77 billion.

Ndazima stressed the need for increased funding to support child protection services, particularly at the local government level. He highlighted the challenges faced by the Family and Child Protection Unit, which lacks a dedicated budget to support investigation and prosecution of VAC cases.

The pre-budget dialogue was a collaborative effort, with various civil society organizations actively participating and contributing to the discussions. These organizations included the International Society for Economic Research (ISER) Uganda, Advocacy Coalition for Sustainable Agriculture (ACSA), World Vision Uganda, The Hunger Project Uganda, Reproductive Health Uganda, BRAC Uganda, and Food Rights Alliance (FRA). Their collective efforts effectively amplified the voices of all citizens, ensuring that diverse needs and concerns were prominently represented and addressed in the budget dialogue.