

Spend Better, Global Lenders Warn Uganda as Debt Costs Crunch Budget



A Spring meeting session in Washington DC hosted by the International Monetary Fund (IMF) and the World Bank. Source (Net File)

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Amidst tightening fiscal conditions and rising debt costs, a high-level seminar hosted by the International Monetary Fund (IMF) and the World Bank has delivered a stark message to developing nations: the era of simply raising taxes or borrowing more is over. Governments must now focus on "spending well."

The call to action comes as Uganda, like many other nations, faces a severe squeeze between its debt obligations and the need to deliver essential health, education, and infrastructure services.

Julius Mukunda of the Civil Society Budget Advocacy Group (CSBAG), who attended the seminar titled *"The Importance of Spending Well,"* reported that global policymakers are shifting their focus from the *quantity* of public spending to its *quality*.

“The traditional options of raising new revenue or increasing borrowing are becoming increasingly constrained,” the seminar concluded. Instead, governments must balance 3 critical pillars: efficiency (cutting waste and leakages), adequacy (funding priority sectors), and sustainability (avoiding future unaffordable debts).

Uganda’s Fiscal Squeeze

The global trends discussed in Washington mirror Uganda’s homegrown fiscal struggles. The country is grappling with rising debt servicing costs that consume a significant share of the national budget, declining development assistance, and mounting pressure from climate change and population growth.

A key trade-off highlighted at the seminar was the direct tension between servicing debt and investing in people. As interest payments grow, fewer shillings are left for roads, schools, and hospitals.

Furthermore, Ugandan officials were warned about the dangers of persistent inefficiencies. The brief notes that low absorption of development funds—where money sits unused while the government continues to borrow—effectively raises the cost of doing business without delivering results. Procurement irregularities and weak project implementation continue to undermine value for money.

The seminar pointed to successful reforms in countries like Jamaica, Ethiopia, and Ecuador, where governments improved spending outcomes by strengthening public financial management, enforcing transparent procurement, and engaging citizens. In all these cases, political commitment and public oversight were the keys to success.

Armed with these findings, CSBAG is now sharpening its advocacy agenda for Uganda. The group plans to push Parliament and the Ministry of Finance to aggressively address wasteful expenditure and reallocate resources toward high-impact investments.

“Spending well is no longer optional but essential,” the brief states. For Uganda, this means protecting essential services for the poor while ruthlessly cutting inefficiencies.

Without these reforms, the group warns, rising fiscal pressures risk undermining both the delivery of public services and the country’s long-term economic stability.

CSBAG has committed to integrating these insights into upcoming budget dialogues, parliamentary engagements, and citizen-focused communications to push for a more transparent and people-centered approach to public money.

About IMF/World Bank Spring Meetings 2026: The International Monetary Fund (IMF) and World Bank Spring Meetings, taking place from April 11th to April 18th, 2026, in Washington, D.C., has brought together Finance Ministers, Central Bank Governors, Civil Society observers, and Development Partners from across the globe to confront one of the most pressing fiscal challenges of our time: the imperative to deliver better public services with shrinking national budgets. Delegates are examining how governments can navigate tightening fiscal space, rising debt costs, and mounting climate pressures — not by raising more revenue or borrowing further, but by fundamentally improving the quality and efficiency of what they already spend. The gathering marks a significant shift from debates over how much governments allocate to what they actually achieve with every dollar, shilling, or rupee spent.