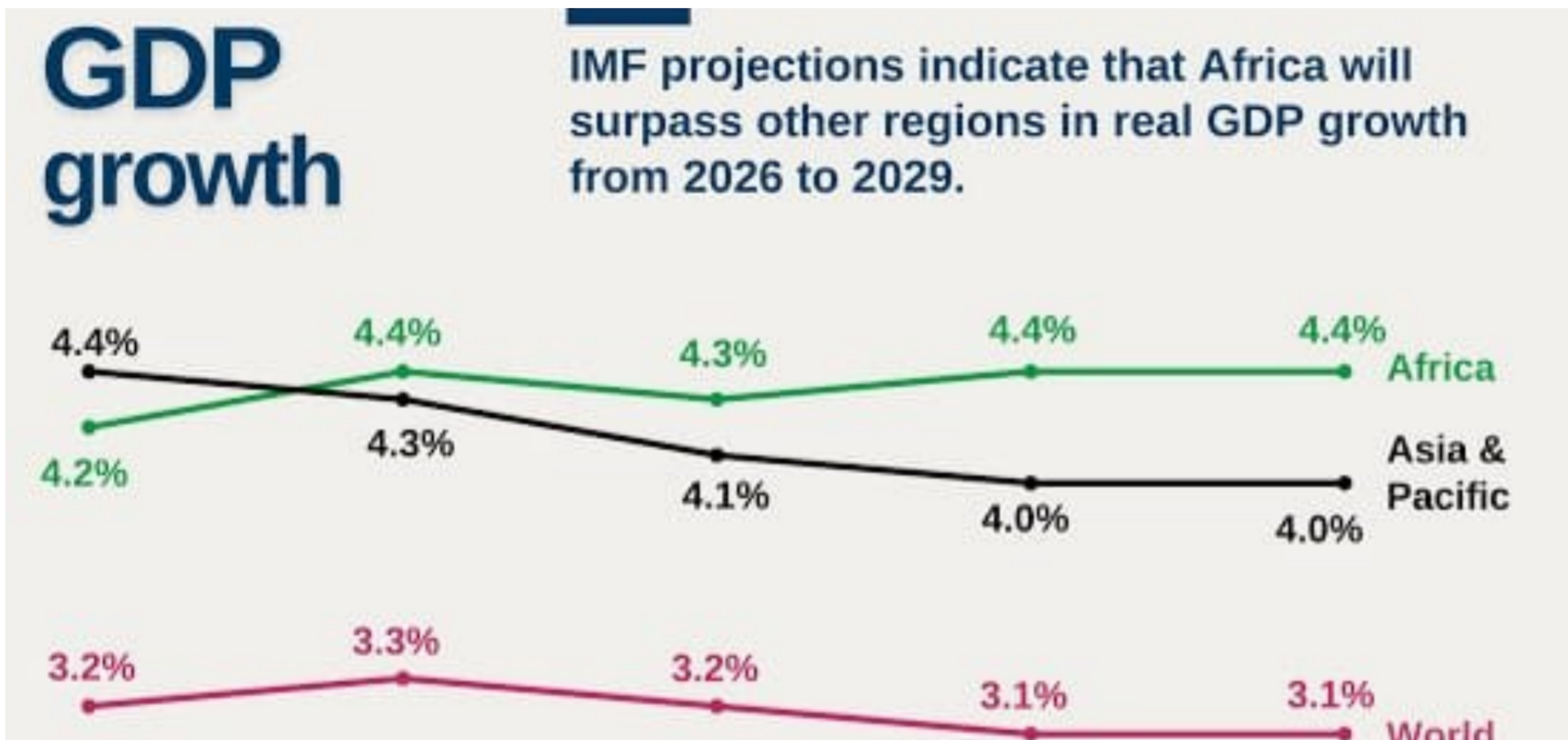


# CSBAG BUDGET NEWS



## Uganda's Economy Growth predicted to be 3rd best in Africa— IMF Report



An IMF Economic growth across continents. Source (IMF)

The International Monetary Fund (IMF) has projected that Uganda will become the **3rd** largest economy in Sub-Saharan Africa within the next **5** years, fueled by the long-awaited commencement of crude oil production.

The prediction, contained in the latest IMF World Economic Outlook and the Regional Economic Outlook for Sub-Saharan Africa released during the Spring Meetings in Washington, D.C., signals a seismic shift in regional power dynamics as Uganda prepares to join the ranks of Africa's oil-producing giants

While the 2025 rankings still place Uganda in the 10th position with a GDP estimated at **\$68 billion**, the Fund's forward-looking analysis suggests explosive growth is imminent.

Economic modeling indicates that once oil flows, Uganda's GDP is expected to surpass current heavyweights like Kenya, Ethiopia, and Ghana, landing it squarely behind only Nigeria and South Africa.

This leap is driven by the "oil multiplier effect." The government is forecasting average annual growth rates of **8%** over the next five years, with the IMF adding that growth could hit "double digits" in the FY 2026/27. Beyond the total size of the economy, Uganda is currently the envy of the continent in terms of speed.

The IMF ranks Uganda as the second fastest-growing economy in Sub-Saharan Africa for 2026, with a projected expansion rate of **7.5%**. The engine behind this historic rise is the Lake Albert basin, holding an estimated **6.5 billion barrels** of crude, of which **2.2 billion** are commercially recoverable.

With major players like TotalEnergies and CNOOC investing billions in the Tilenga and Kingfisher fields,

and the construction of the East African Crude Oil Pipeline (EACOP), the economy is shifting from pre-production spending to export revenues.

However, the IMF has also cautioned Uganda on the existing potential challenges. In its Post-Financing Assessment, the Fund cautioned that while the destination is lucrative, the journey is fraught with risk. Uganda's budget deficit widened to **6%** of GDP in FY 2024/25, and public debt has risen to **52.4%** of GDP

The IMF is urging Kampala to accelerate fiscal consolidation and implement a credible oil revenue management framework to avoid the "resource curse" that has plagued other African oil producers.

However, civil society organizations, are calling for radical transparency, to avoid debt distress, environmental catastrophe, and widened inequality.

Some of these CSO concerns are emerging from the East African Crude Oil Pipeline, or EACOP—a five billion dollar, **1,443 kilometer** heated pipeline that will transport crude to Tanzania's coast which has raised interlocking objections.

Over **7,000 households** face displacement, and the Africa Institute for Energy Governance (AFIEGO) reports that compensation payments have been delayed, arbitrary, and systematically undervalued.

The other issue is the climate contradiction of Uganda expanding fossil fuel infrastructure while facing worsening droughts and floods linked to climate change. oil revenues will last perhaps twenty five to thirty years, but environmental damage lasts centuries. CSOs are calling for radical transparency to realize Uganda's economic growth.

## CSBAG IN THE MEDIA

The collage includes headlines such as 'Why are mobile money taxes perceived as unfair?', 'What happens the last time mobile money users were increased?', and 'How does digital tax connect to Uganda's national budget process?'. It also features a photo of a man speaking at a podium.



### #DIGITALTAXUG26

**CSBAG, together with the Federation of Small and Medium Enterprises, presented to the Finance Committee the alternative tax proposals for FY2026/27. We called for a reduction of Mobile Money withdrawal taxes to 0.25% and the removal of taxes on entry-level mobile phones below UGX 350,000.**

**Economic modeling indicates that once oil flows, Uganda's GDP is expected to surpass current heavyweights like Kenya, Ethiopia, and Ghana, landing it squarely behind only Nigeria and South Africa. While the 2025 rankings still place Uganda in the 10th position with a GDP estimated at \$68 billion, the Fund's forward-looking analysis suggests explosive growth is imminent.**

**SOURCE: IMF World Economic Outlook, April 2026, The FY2026/27 Budget Strategy released by the Finance Ministry, September 2025**