UGANDA DEBT NETWORK — DEBT IS SLAVERY

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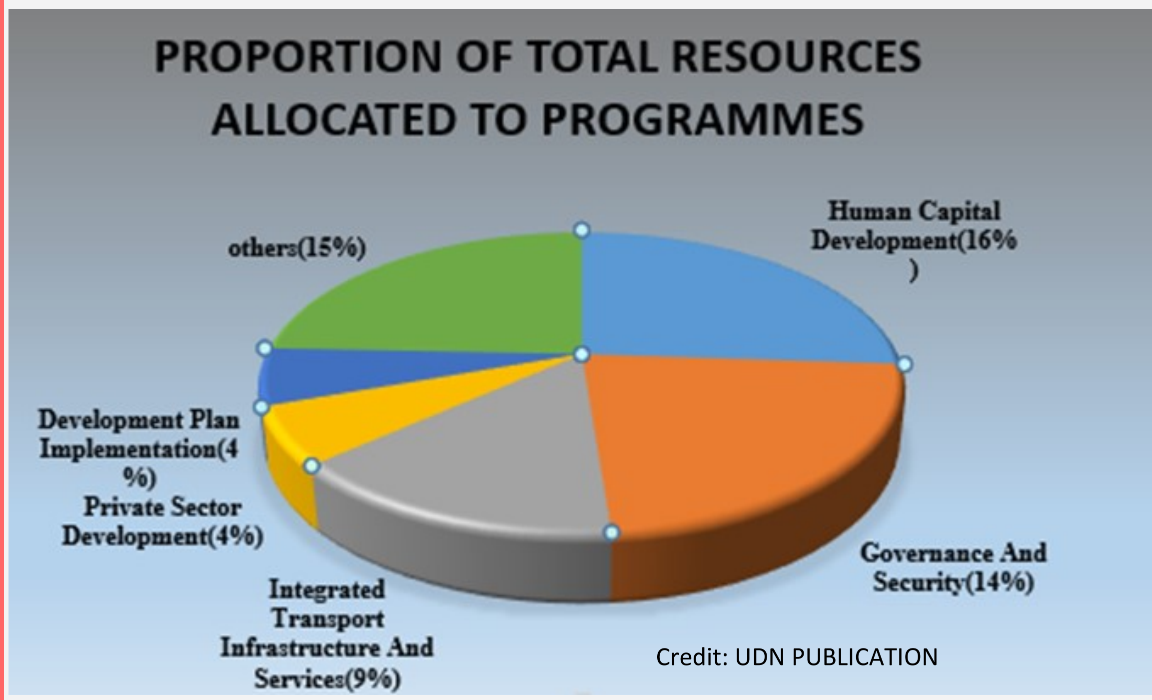
UGANDA'S FY2025/26 BUDGET: DEBT DEVOURS A QUARTER OF NATIONAL SPENDING

INTRODUCTION

The recently released budget for the **financial year 2025/2026** has sparked significant discussions across the nation. As the government sets its priorities for the upcoming fiscal year, it's essential for citizens to understand how these decisions will impact their daily lives particularly in the area of debt financing.



Budget Overview

The **2025/2026 budget, totaling UGX 72,376.30 Trillion**, maintains spending levels similar to the previous financial year. Government priorities include agro-industrialization, tourism, and mineral development particularly petroleum as key drivers of growth. While investments in infrastructure and social services remain prominent, a significant share of the budget has been allocated towards debt servicing.

FY 2025/26 BUDGET NUMERICS

Resource envelope(Annual estimates in UGX billion)			
Source	**FY2024/25**	**FY2025/26**	**Deviation**
Domestic Revenues	31,975.49	37,227.20	5,251.71
Budget Support (External Financing)	1,393.66	2084.3	690.64
Domestic Financing	28,768.19	21,409.10	-7,359.09
Project Support (external Financing)	9,583	11,327.00	1,744.00
Local Revenue for Local Governments	293.9	328.7	34.80
TOTAL RESOURCE INFLOWS	**72,014.24**	**72,376.30**	**362.06**

Debt Financing: A Closer Look

Debt financing continues to play a central role in Uganda's fiscal planning. Approximately 25% of the total budget for FY 2025/2026 is earmarked for debt repayment covering both domestic and external obligations.

As of December 2024, Uganda's total public debt stood at approximately USD 29.1 billion, a sharp increase from USD 24.7 billion the previous year. This escalation stems largely from increased domestic borrowing to fund infrastructure projects and cover budget deficits. The country's debt-to-GDP ratio rose to 52.1%, up from 49.9%, sparking growing concerns about debt sustainability and fiscal pressure on future budgets.

BORROWING	FY2024/25	FY2025/26
Domestic borrowing	4,967.96	11,381.30
Domestic Refinancing	19,800.23	10,027.80
SUB-TOTAL	**24,768.19**	**21,409.10**
External Financing	10,976.66	13411.3
TOTAL	**35,744.85**	**34,820.40**
Debt servicing		
External Debt Repayments	-3,149	-4,985.80
Domestic Refinancing	-12,022	-10,027.80
Domestic Arrears	-200	-1400
interest Payments	-9,064.37	-11,332.70
Domestic Debt Repayment (BoU)	-9,100.00	-493

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Implications for Citizens

The rising cost of debt servicing has significant implications. As a larger share of the national revenue is directed toward loan repayments, less funding may be available for essential services like healthcare, education, and agricultural support. In the long term, this could affect the quality and reach of government programs, particularly in rural and underserved communities.

If Uganda were to repay its entire public debt today, each Ugandan citizen based on the current population estimates would need to contribute approximately UGX 2.3 million. This figure underscores the magnitude of the debt burden and the importance of ensuring that every borrowed shilling is used productively and accountably.

Insights from Uganda Debt Network

According to analysis from Uganda Debt Network (UDN), the growing reliance on debt underscores the urgent need for improved fiscal discipline, stronger domestic revenue mobilization, and transparency in the use of borrowed funds. UDN calls for robust parliamentary oversight to ensure that loans are directed toward high-impact, growth-enhancing investments, rather than recurrent expenditures. Additionally, civil society actors must be empowered to track debt usage and hold institutions accountable.

Conclusion

As Uganda moves forward with implementing the 2025/2026 budget, active citizen engagement will be crucial. Understanding how debt financing affects national priorities enables Ugandans to participate meaningfully in budget advocacy and demand accountability. By focusing on sustainable borrowing and efficient use of public resources, the country can balance development goals with long-term fiscal health

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