

2025/26 NATIONAL BUDGET: OUR LENS



Introduction

Today, 12 June 2025, Parliament convenes for the reading of the FY 2025/26 National Budget (approved 15 May 2025), amidst a challenging economic and political landscape. Recent freezes in USAID funding have adversely constrained social spending. Simultaneously, numerous reports of the poor state of health facilities underscore persistent public health vulnerabilities. With the 2026 general election campaigns on the horizon, there is a real risk that social sector priorities may be overshadowed by heightened security and law enforcement spending.

Health

In the health sector, the budget allocates UGX 4.47 trillion (6.2% of the total national budget) across critical programmes: Global Fund initiatives for TB, AIDS, and malaria receive UGX 1 trillion; GAVI and general health development UGX 194.2 billion; and UGX 116.9 billion towards rehabilitation and construction of General Hospitals. Despite these allocations, an unfunded shortfall of UGX 604 billion remains for HIV/AIDS, malaria, human resources, and other essential services following the withdraw of USAID support. The suspension of these services will mean immediate disruptions in care for thousands of individuals dependent on consistent medication.



Against this backdrop, the proposed budget envelopes UGX 72.376 trillion—an increase of UGX 240 billion over the previous year—and features the theme “Full Monetization through Commercial Agriculture, Industrialization, Expanded Social Services, Digital Transformation and Market Access”. However, debt servicing alone consumes a staggering 39% of resources, amounting to UGX 28.2 trillion, with interest payments of UGX 11.3 trillion surpassing the combined allocations for health, education, and social protection. Domestic debt rollovers (UGX 10 trillion), external repayments (UGX 4.9 trillion), and arrears (UGX 1.4 trillion) further constrain fiscal space.

Education

Education will receive UGX 5.57 trillion (7.7% of the budget), covering projects such as the Secondary Education Expansion Project II (UGX 244.9 billion), primary school infrastructure (UGX 12.9 billion), and vocational training Phase II (UGX 54.4 billion). Yet wage, non-wage, and development shortfalls totalling UGX 35.5 billion threaten education service delivery quality and access.



Social Protection

Social protection sees a meagre UGX 195.3 billion allocation, of which UGX 121 billion supports senior citizens grant through the Social Assistance Grants for Empowerment Program (SAGE). Without adequate safety nets, vulnerable populations are likely to be pushed deeper into poverty hence exacerbating inequality and exclusion.

Recommendations

To safeguard and advance economic and social rights, ISER recommends the following:

1. Bridge critical funding gaps—especially the UGX 604 billion unfunded health shortfall—through enhanced domestic revenue mobilization or strategic reallocation of wasteful budget items.
2. Enhance transparency and civic participation by publishing detailed sector cash-release schedules and involving civil society in real-time budget monitoring.
3. Pursue debt justice by engaging with Paris Club members and bilateral lenders to secure concessional restructuring for maturing obligations.

Sources: Computations based figures from the 2025 Appropriation Bill, and the Draft Budget Estimates

