POLICY BRIEF

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Assessing Budget Absorption Across ATMS Sectors and Institutions Driving Uganda's Tenfold Growth Strategy



Executive Summary

Uganda's Tenfold Growth Strategy targets Gross Domestic Product (GDP) growth from US$ 50 billion in 2023 to US$ 500 billion by 2040, anchored on four sectors: Agro-industrialisation, Tourism, Minerals and Petroleum, and Science, Technology and Innovation (ATMS). This brief assesses budget absorption of key ATMS programmes and institutions across FY 2022/23 and FY 2024/25 using data drawn from MoFPED Annual Budget Performance Reports. While budget releases improved from an average of 78.7 percent to 106.7 percent over the review period, absorption declined from 99.2 percent to 87.1 percent, signaling a growing gap between funds released and funds effectively utilised. Tourism institutions performed best, consistently achieving over 90 percent release and 95 percent absorption rates. By contrast, MAAIF's absorption fell sharply from 87.3 percent to 64.7 percent despite improved releases. Government should therefore strengthen absorption capacity of ATMS institutions, ensure adequate and timely releases aligned with approved workplans, establish a mid-year ATMS budget performance review, and document and replicate tourism sector budget execution practices across other ATMS institutions.

Introduction

Uganda's Ministry of Finance, Planning and Economic Development (MoFPED) developed the Tenfold Growth Strategy, a bold blueprint for transforming the country's economy in a rapid, sustainable, and inclusive manner, formally launched in June 2025. The strategy sets a historically unprecedented target: to grow Uganda's Gross Domestic Product (GDP) from approximately US$ 50 billion in 2023 to US$ 500 billion by 2040, effectively expanding the economy tenfold within fifteen years.

To drive this transformation, the strategy identifies four anchor sectors: Agro-industrialisation, Tourism, Minerals and Petroleum, and Science, Technology and Innovation, collectively referred to as ATMS, as the primary engines of growth. Realising this ambition requires not only strong institutional mandates but also adequate, timely, and well utilised public resources. Accordingly, the strategy identifies improving budget effectiveness and efficiency as a core operational objective. Budget absorption —how much allocated funding is ultimately released and utilised is therefore a critical indicator of whether the strategy is being adequately resourced and effectively implemented.

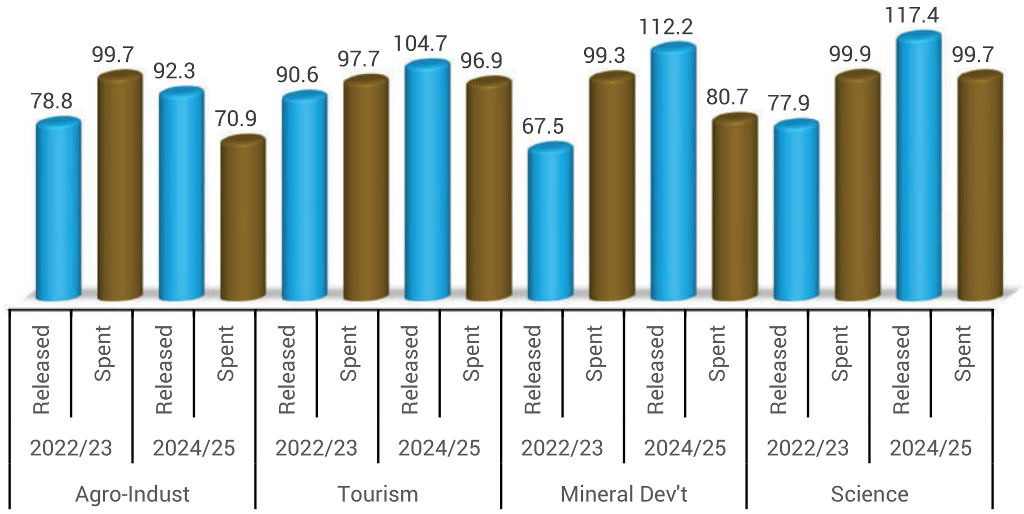
This policy brief examines the budget absorption of key ATMS programmes and their implementing institutions across two financial years: FY 2022/23 and FY 2024/25, drawing on Annual Budget Performance Reports (ABPR) published by MoFPED. The programmes covered include agro-industrialisation, tourism development, mineral development, sustainable petroleum development, and innovation, technology development and transfer. FY 2023/24 was excluded because its corresponding ABPR lacked programme-specific data on approved budgets, releases, and expenditures, making meaningful comparison impossible.

Evidence indicates that:

While budget releases have improved across all programmes, the absorption of released funds has correspondingly declined. Overall, the share of budget released across all programmes increased from an average of 78.7 percent in FY 2022/23 to 106.7 percent in FY 2024/25 (Figure 1). Conversely, the budget absorption capacity declined from an average of 99.2 percent in FY 2022/23 to 87.1 percent in FY 2024/25. With the exception of Agro-industrialisation, all programmes received over 100 percent of their approved budgets in FY 2024/25. Most notably, Tourism development consistently maintained over 90 percent release and over 95 percent in budget absorption across both years, making it the best-performing programme.

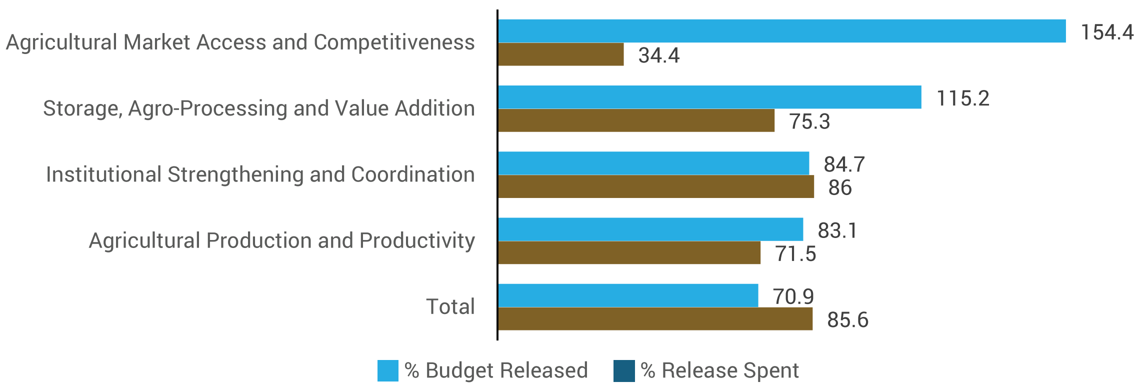
By contrast, the Agro-industrialisation programme recorded the lowest budget absorption in FY 2024/25, largely driven by the Agricultural Market Access and Competitiveness sub-programme, which posted the lowest absorption rate of 34.4 percent among all sub-programmes (Figure 2).

Figure 1: Budget Releases and Absorption for Key Programmes of the Tenfold Growth Strategy (%)



Source: Authors' construction using data from MoFPED Annual Budget Performance Reports

Figure 2: Budget Releases and Absorption by Sub-Programme Under the Agro-industrialisation Programme (%)



Source: Authors' construction using data from MoFPED Annual Budget Performance Report FY 2024/25 for the Agro-industrialisation programme.

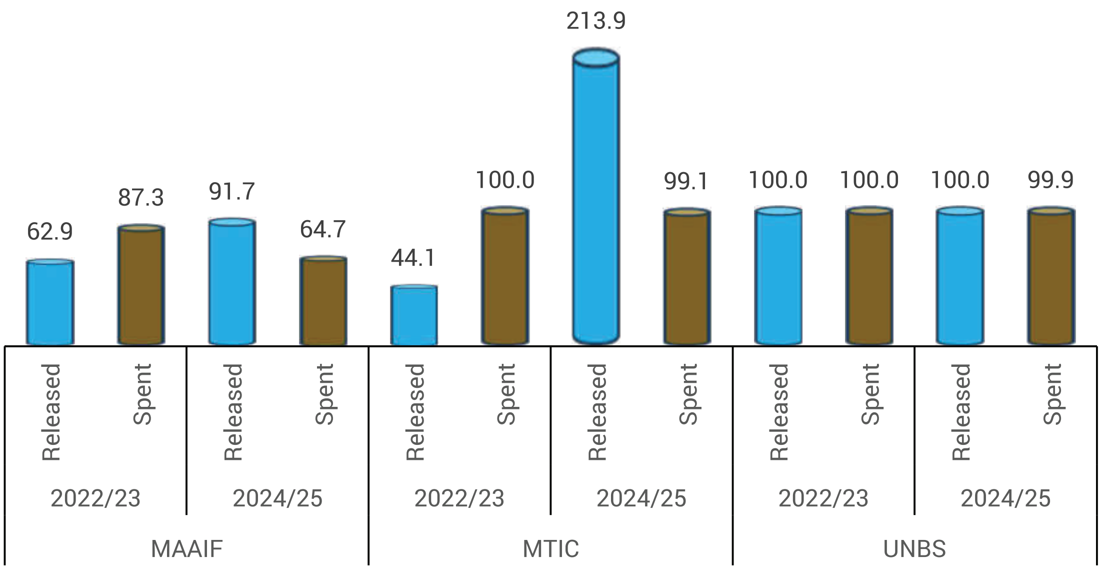
Sub-optimal budget absorption across programmes can be attributed to several factors. First, lengthy procurement processes delay the implementation of planned activities, thereby slowing expenditure. This challenge is documented in the FY 2024/25 annual budget monitoring reports for the Agro-industrialisation, Tourism Development, and Innovation, Technology Development and Transfer programmes. Second, low institutional readiness hampers timely implementation, including delays in compensating Project-Affected Persons (PAPs) and inadequate preparedness among some Ministries, Departments and Agencies (MDAs) to execute planned activities as scheduled. Third, inadequate, delayed, and unpredictable fund releases significantly undermine budget absorption. Although funds are eventually disbursed, their timing frequently misaligns with planned implementation schedules, thus disrupting programme execution.

Across most ATMS programmes, budget releases exceeded approved budgets in the FY 2024/25, raising significant public financial management concerns. These findings point to poorly calibrated original budget estimates, undermining the budget's credibility as a planning instrument. Compounding the problem, where over-released funds remain unspent, Section 36 of the Public Finance Management Act (PFMA) 2015 requires their return to the Consolidated Fund, representing wasted fiscal space that could have been allocated to higher-priority expenditures. In practical terms, this means ATMS programmes lose budget resources they may have genuinely needed, while other priorities go unfunded - a double failure that undermines both the credibility of the budget and the delivery of tenfold growth objectives.

Budget absorption for the agro-industrialisation anchor institutions is uneven. As shown in Figure 3, the budget absorption of institutions driving the agro-industrialisation sector reveals a mixed picture. The Ministry of Trade, Industry and Cooperatives (MTIC) experienced a dramatic turnaround in releases, from only 44.1 percent of its approved budget released in FY 2022/23 to 213.9 percent in FY 2024/25, equivalent to approximately UGX 2.29 billion against an approved budget of UGX 1.07 billion. This sharp over-release likely reflects mid-year supplementary allocations, possibly tied to specific investment or trade facilitation activities. Encouragingly, MTIC maintained near-complete absorption of released funds across both years (close to 100 percent), indicating that once money is available, it is effectively utilised.

The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) showed a more modest improvement in releases, from 62.9 percent in FY 2022/23 to 91.7 percent in FY 2024/25, but its absorption rate fell sharply from 87.3 percent to 64.7 percent over the same period. This is particularly concerning given agro-industrialisation's central role in the tenfold growth strategy. While budget releases to MAAIF have improved, the ministry encounters significant difficulties in effective fund utilisation, largely attributable to persistent weaknesses in procurement, planning, and project implementation capacity. The Uganda National Bureau of Standards (UNBS), though receiving the smallest absolute allocations (approximately UGX 0.94 billion in FY 2024/25), consistently achieved 100 percent release and absorption across both years, demonstrating efficient budget execution within a smaller resource envelope.

Figure 3: Budget Releases and Absorption for Agro-industrialisation Anchor Institutions (%)

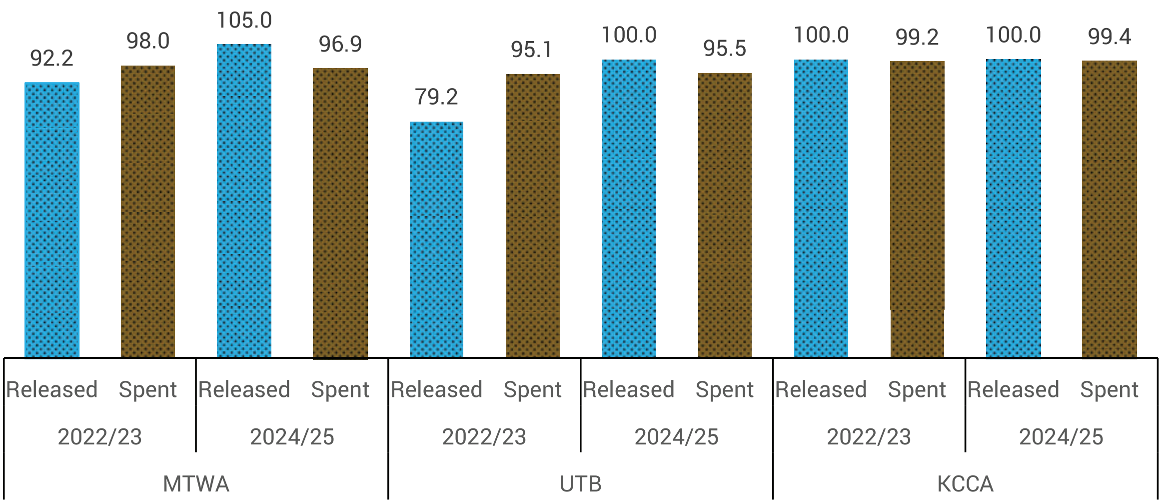


Source: Authors' construction using data from MoFPED Annual Budget Performance Reports

Budget releases and absorption for tourism development institutions have steadily improved. As shown in Figure 4, releases to the Ministry of Tourism, Wildlife and Antiquities (MTWA) rose from 92.2 percent of its approved budget in FY 2022/23 to 105.0 percent in FY 2024/25 while the Uganda Tourism Board (UTB) saw a similar upward trajectory, moving from 79.2 percent to 100 percent over the same period. The Kampala Capital City Authority (KCCA) maintained a consistent 100 percent release rate across both years. Equally notable is the absorption performance - all three institutions utilised over 95 percent of released funds in both financial years, signaling strong expenditure management and institutional capacity to execute planned activities. This combination of adequate releases and high absorption sets tourism institutions apart from those of other ATMS sectors, making them a benchmark for budget execution.

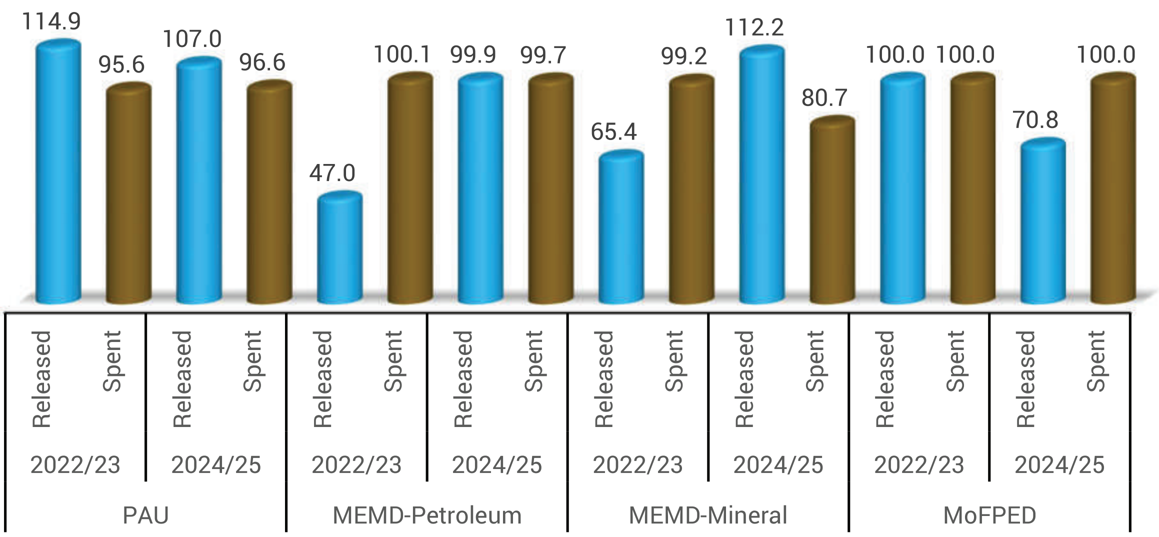
Mineral and petroleum development institutions show mixed budget release and absorption performance. The Petroleum Authority of Uganda (PAU) received over 100 percent of its approved budget in both financial years and consistently absorbed approximately 95 percent of released funds, reflecting strong execution capacity (Figure 5). The Ministry of Energy and Mineral Development (MEMD) experienced significant underfunding in FY 2022/23, with budget releases standing at only 47.0 percent and 65.4 percent of approved budgets under the Sustainable Petroleum Development and Mineral Development programmes respectively. By FY 2024/25, however, releases improved significantly, reaching 99.9 percent and 112.2 percent for the two programmes respectively, reflecting a notable recovery in budget allocation. Nonetheless, this improvement in releases does not translate into effective absorption under the Mineral Development programme, which declines to 80.7 percent, raising

Figure 4: Budget Releases and Absorption for Tourism Development Institutions (%)



Source: Authors' construction using data from MoFPED Annual Budget Performance Reports

Figure 5: Budget Releases and Absorption for Mineral and Petroleum Development Institutions (%)



Source: Authors' construction using data from MoFPED Annual Budget Performance Reports

concern and necessitating further investigation into procurement delays, staffing gaps, or shifting project timelines.

The Ministry of Finance, Planning and Economic Development (MoFPED) received and fully absorbed its budgeted funds in FY 2022/23 but received only 70.8 percent of its approved budget in FY 2024/25, which was nonetheless fully spent. This suggests that MoFPED has strong absorptive capacity, effectively utilising whatever funds are made available to it.

Science, Technology and Innovation institutions recorded strong budget absorption. The Ministry of Science, Technology and Innovation (MoSTI) had no funds allocated under the Innovation, Technology Development and Transfer Programme in FY 2022/23. By FY 2024/25, the ministry received 118.6 percent of its approved budget and utilised nearly 100 percent of released funds (Figure 6). Both the Uganda Industrial Research Institute (UIRI) and the Uganda Registration Services Bureau (URSB) received and absorbed approximately 100 percent of their approved and released budgets respectively, demonstrating consistent execution capacity. Notably, URSB received 22.7 percent beyond its approved budget in FY 2024/25 yet nearly absorbed all released funds in full, suggesting that the bureau operates with sufficient institutional capacity to effectively utilise additional resources when made available.

Policy Recommendations

While budget releases have improved across ATMS institutions, declining budget absorption signals that releasing funds alone is insufficient; institutions must also have the capacity to utilise them effectively. The Government should therefore:

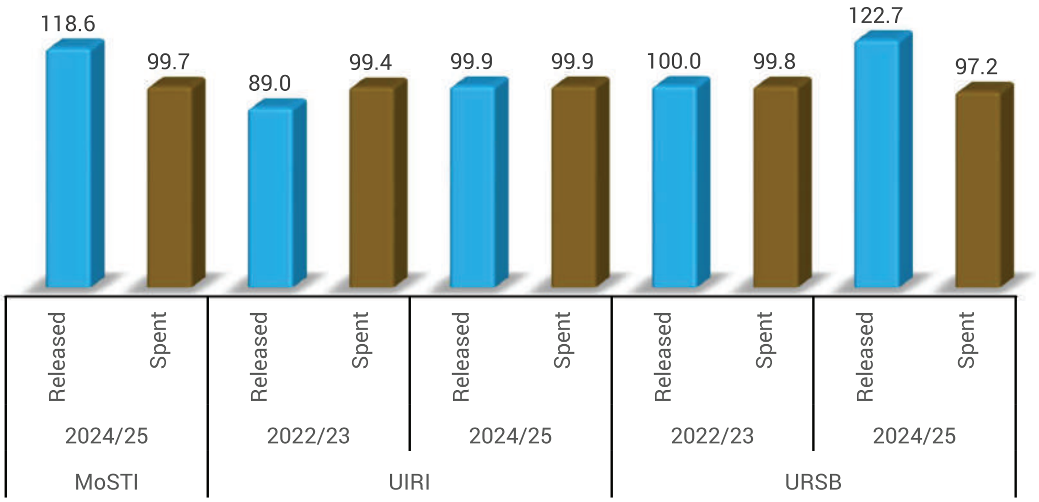
Strengthen budget absorption capacity of ATMS institutions, particularly for MAAIF. The declining budget absorption under MAAIF despite improved releases represents the most urgent budget execution concern within the ATMS framework, given the centrality of agro-industrialisation to the Tenfold Growth Strategy. MoFPED and MAAIF should jointly commission a study to identify specific bottlenecks, whether in procurement planning, staffing of project management units, or delayed approvals and develop a time-bound action plan to address them.

Ensure adequate and timely budget releases. When funds are released on time and in line with approved budgets, institutions can procure, recruit, and implement planned activities as scheduled, preventing the implementation bottlenecks that compound over the financial year and undermine budget absorption. MoFPED should therefore align disbursements with approved workplans and improve release predictability to strengthen budget credibility and safeguard delivery of ATMS programme objectives.

Establish a mid-year ATMS budget performance review mechanism. MoFPED should require all ATMS institutions to submit Q2 absorption reports and convene a cross-sectoral review to identify under-spending risks and trigger corrective actions, including procurement plan revisions or fund redeployment, before year-end.

Investigate and rationalise budget over-releases. Several institutions received funds significantly exceeding approved budgets in FY 2024/25. Parliamentary budget committees should request itemised justifications for such releases, and

Figure 6: Budget Releases and Absorption for Science, Technology and Innovation Institutions (%)



Source: Authors' construction using data from MoFPED Annual Budget Performance Reports

MoFPED should require all over-releases to be accompanied by revised and approved workplans to ensure accountability and strategic alignment.

Document and replicate tourism sector budget execution practices. The tourism sector's consistent achievement of over 90 percent release and 95 percent absorption rates across MTWA, UTB, and KCCA demonstrates that strong budget execution is attainable within Uganda's PFM system. MoFPED and the Office of the Prime Minister should facilitate structured peer learning between tourism institutions and their counterparts in Agro-industrialisation, Minerals, and Science, Technology and Innovation.

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