



Ministry  
of East African  
Community Affairs



# PROCEEDINGS REPORT: 5TH EDITION OF THE EAST AFRICAN COMMUNITY (EAC) POST-BUDGET DIALOGUE ON TAX AND DEBT FOR THE FISCAL YEAR 2025/26

JULY, 2025

# EXECUTIVE SUMMARY

This is a summary of the fifth edition of the East African Community (EAC) Post-Budget Dialogue on Tax and Debt for the Financial Year 2025/26 dialogue convened by SEATINI Uganda in partnership with the National Budget Month Partners including Ministry of Finance Planning and Economic Development, Uganda Revenue Authority and East African Community Affairs on 26th June 2025 at Hotel Africana, Kampala, under the theme: “Harmonization of Fiscal and Debt Policies to Boost Trade and Investment in the EAC.”

The main objective of the dialogue was to analyze the fiscal measures adopted by EAC Partner States for FY 2025/26, and assess their potential implications on regional economic integration. The dialogue brought together a total of 133 stakeholders including representatives from civil society organizations, parliamentary committees, government agencies, the private sector, academia, and the media with the Keynote address being delivered by the Rt. Hon. Rebecca Alitwala Kadaga, First Deputy Prime Minister and Minister of EAC Affairs. The dialogue also featured a series of panel discussions, technical reflections, and stakeholder interventions, with Dr. Fred Muhumuza, Director of the Economic Forum at Makerere University Business School (MUBS), serving as moderator.

The dialogue highlighted the progress made by the EAC (comprising countries of Rwanda, Uganda, Kenya, Tanzania, Southern Sudan, Somalia, Democratic Republic of Congo and Burundi) namely: intra-EAC Infrastructural development connecting major border points, harmonized tax and fiscal procedures, 12.1% increase in intra-EAC trade between 2023 and 2024 and elimination of over 247 Non-Tariff Barriers (NTBs) among other achievements.

Challenges like rising debt burden, low GDP rates, corruption, lack of political will, NTBs, inadequate oversight on government projects and public debt contracting plus implementation/enforcement gaps still persist across the EAC region thus in conclusion the dialogue made these recommendations towards building a stronger and more resilient EAC common market:

- Continuous dialogue across the partner states to enhance political will and compliance to EAC agreements
- Digitization at all levels, including points of sale, to support effective policy formulation.
- Improving governance and transparency in public debt contracting, articulating the purpose of each loan.
- Establish a platform for sharing best practices in project management.
- Seeking sustainable financing options for Infrastructural projects
- Effective strategies to deal with corruption
- Elimination of NTBs
- Mechanization of Agriculture.

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# Abbreviations and acronyms

AFRODAD: African Forum and Network on Debt and Development

Ag: Acting

CSO: Civil Society Organization

DRC: Democratic Republic of Congo

DRM: Domestic Resource Mobilization

EA: East Africa

EAC: East African Community

EALA: East African Legislative Assembly

EAMU: East African Monetary Union

ED: Executive Director

EU: European Union

FY: Financial Year

GDP: Gross Domestic Product

IMF: International Monetary Fund

MoFPED: Ministry of Finance, Planning and Economic Development

NIRA: National Identification and Registration Authority

NTB: Non-Tariff Barriers

NTV: Nation Television

PAC: Public Accounts Committee

PDMF: Public Debt Management Framework

PFM: Public Financial management

SADC: Southern African Development Community

SEATINI: Southern and Eastern Africa Trade Information and Negotiations Institute

SGR: Standard Gauge Railway

UGX: Uganda Shillings

URA: Uganda Revenue Authority

URSB: Uganda Registration Services Bureau

USD: United States Dollars

VAT: Value Added Tax



# 1.0 Introduction

## 1.1 Overview of the Meeting

This report presents a summary of the fifth edition of the East African Community (EAC) Post-Budget Dialogue on Tax and Debt for the Financial Year 2025/26. The dialogue was convened by SEATINI Uganda in partnership with the National Budget Month Partners including Ministry of Finance Planning and Economic Development, Uganda Revenue Authority and East African Community Affairs on 26th June 2025 at Hotel Africana, Kampala, under the theme: “Harmonization of Fiscal and Debt Policies to Boost Trade and Investment in the EAC.”

Key objectives of the dialogue:

- To analyze the fiscal measures adopted by EAC Partner States for FY 2025/26 and assess their potential implications on regional economic integration
- To examine the opportunities and risks associated with leveraging debt financing to promote inclusive economic growth and sustainable development across the EAC region
- To generate actionable recommendations for harmonizing fiscal and debt policy frameworks among EAC Partner States in order to enhance equitable resource mobilization and policy coherence
- To equip citizens with accurate and relevant information on tax, debt, trade, and related issues, thereby fostering informed public dialogue and effective citizen participation in the budget-making process.

Adopting a hybrid format, the dialogue was broadcast live on NTV Uganda and streamed via various online platforms including YouTube, Zoom, and Facebook, allowing both in-person and virtual participation.

The Keynote Address was delivered by the Rt. Hon. Rebecca Alitwala Kadaga, First Deputy Prime Minister and Minister of EAC Affairs. The dialogue also featured a series

of panel discussions, technical reflections, and stakeholder interventions, with Dr. Fred Muhumuza, Director of the Economic Forum at Makerere University Business School (MUBS), serving as moderator.

Participants included representatives from civil society organizations, parliamentary committees, government agencies, the private sector, academia, and the media, creating a diverse space for meaningful policy exchange.

The East African Community is a regional inter-governmental organization comprising eight partner states: Burundi, Rwanda, Kenya, South Sudan, Tanzania, Somalia, the Democratic Republic of Congo, and Uganda. Over the years, EAC member states have synchronized their national budget readings to promote fiscal harmonization and regional integration.

Despite progress made, EAC countries continue to face challenges such as rising public debt portfolios, persistent budget deficits, and slow growth in tax-to-GDP ratios. This dialogue served as a platform to critically examine these issues, raise awareness, and propose policy recommendations for a more integrated, resilient, and financially sustainable East African region.

## 1.2 Welcome Note

Dr. Fred Muhumuza, the dialogue moderator, and Director at the Makerere University Business School (MUBS) Economic Forum, warmly welcomed all participants to the fifth edition of the EAC Post-Budget Dialogue. In his brief remarks, he underscored the importance of the forum as a space for critical reflection, evidence-based engagement, and constructive dialogue on pressing fiscal and debt issues affecting the East African region.

He noted that the timing of the dialogue coinciding with the post-budget a strategic opportunity for stakeholders to interrogate national and regional budget priorities, policy coherence, and implementation challenges within the EAC integration framework.



*Mr. Herbert Kafeero, Programs Manager at SEATINI Uganda, delivering opening remarks at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*

## 2.0. Opening Remarks

### 2.1 **Remarks by Mr. Herbert Kafeero, Programs Manager, SEATINI Uganda**

Mr. Herbert Kafeero, speaking on behalf of the Executive Director, Ms. Jane Nalunga conveyed her warm greetings to all participants.

He emphasized that this dialogue is a critical platform for promoting transparency, accountability, and constructive engagement on key fiscal and development issues affecting the region.

Mr. Kafeero reflected on the current global context, characterized by rising protectionism, declining donor aid, geopolitical tensions, and climate-related shocks thus EAC partner states ought to seek inward-looking, sustainable solutions and work towards reclaiming its fiscal space.

He underscored the importance of the EAC Post-Budget Dialogue as a critical platform for

promoting transparency and accountability in the region. He noted that the dialogue is taking place against a backdrop of complex global dynamics, including declining aid flows, escalating geopolitical tensions, and increasingly volatile markets. Mr. Kafeero emphasized the urgent need for East African countries to reduce reliance on external aid by strengthening Domestic Resource Mobilization. This, he highlighted, can be achieved through the implementation of fair and gender-responsive tax policies, alongside concerted efforts to curb illicit financial flows.

He raised concerns about the rising debt burden in the East African Community (EAC), which is eroding governments' ability to invest adequately in social services, infrastructure, climate resilience, and inclusive economic transformation. "We must move beyond discussion and take action to address these debt challenges," he urged.

Mr. Kafeero called for coherent and harmonized fiscal policies on taxation, borrowing and debt transference by EAC partner states. He pointed out that the region's tax-to-GDP

ratio remain below regional benchmarks, with Uganda projected to reach only 13.4% in FY 2025/26, up from 12.8% in FY 2024/25.

He expressed gratitude to the Minister for EAC Affairs for gracing the event with her presence, reaffirming SEATINI's continued support for regional integration and policy advancement within the EAC framework.

Looking ahead, he encouraged partner states to leverage digital technologies, noting that "the future is both green and digital." He called for the inclusion of all stakeholders in the policy formulation process and went on to reiterate SEATINI's belief that East African

countries can trade their way out of poverty and debt.

To boost trade in the region, national and regional policies such as tariff structures and digital tax rules must be aligned. He also stressed the importance of harmonizing investment codes and introducing deliberate performance requirements to improve investment quality and outcomes.

In conclusion, Mr. Kafeero reaffirmed SEATINI Uganda's commitment to working collaboratively with relevant government institutions and regional partners to realize these shared goals.



*Ms. Allen Nassanga, Acting Commissioner for Strategy & Risk Management at Uganda Revenue Authority (URA), delivering remarks at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*

## **2.2 Remarks by Ms. Allen Nassanga, Acting Commissioner for Strategy & Risk Management, Uganda Revenue Authority (URA)**

On behalf of the Commissioner General of URA, Ms. Allen Nassanga provided an overview of the Authority's performance, challenges, and strategic outlook as financial year 2024/25 comes to an end. She noted that URA's revenue target for the current

financial year stands at UGX 31 trillion, with an ambitious target of UGX 37 trillion for the financial year 2025/26.

However, she acknowledged that Uganda's tax-to-GDP ratio has not grown at the desired pace, largely due to persistent challenges such as the large informal sector, smuggling through porous borders, and various administrative bottlenecks. As of the end of May 2025, only 5.2 million taxpayers were registered still a



relatively low figure compared to the country's working population.

Looking ahead, Ms. Nassanga outlined URA's strategic priorities aimed at broadening the tax base. These include enhanced inter-agency integration notably with National Identification and Registration Authority

(NIRA) and Uganda Registration Services Bureau (URSB), leverage data analytics, identifying and registering previously unregistered taxpayers. The Authority also plans to deepen the use of technology, to streamline processes for clients, including the use of mobile applications and automatic return filing mechanisms and improve risk management, expedite the tax dispute settlement.

She highlighted that risk-based compliance strategies remain central to URA's approach, and enhanced client facilitation tools. URA will also continue to undertake outreach and tax education programs aimed at increasing voluntary compliance across different segments of the population.

On the operational front, Ms. Nassanga

noted that URA is undertaking a review of sector performance and enhancing risk management systems. Additional efforts include strengthening of cargo management protocols, use of non-intrusive inspection technologies, and the continuous reinforcement of a zero-tolerance policy on corruption all to facilitate trade and ensure that collected revenue is fully accounted for.

In terms of policy, she informed participants of the 2025 tax amendments, which span multiple areas: Income Tax, VAT, Stamp Duty, Excise Duty and the Tax Procedures Code. These amendments are designed to be taxpayer-centric aiming to lower the cost of compliance, strengthen tax administration, and support business growth thereby creating a conducive environment for sustainable development.

Ms. Nassanga emphasized that the URA team is available to provide further clarification and education on these policy changes. In her conclusion, she called on all citizens to participate actively in the tax process not just as a civic responsibility but as a vital contribution to building a resilient and self-reliant Ugandan economy.



*Mr. Moses Kaggwa, Director of Economic Affairs at the Ministry of Finance, Planning and Economic Development (MoFPED), delivering remarks at the EAC Post-Budget Dialogue on Tax and Debt for FY2025/26.*



### **2.3 Remarks by Mr. Moses Kaggwa, Director of Economic Affairs, Ministry of Finance, Planning and Economic Development (MoFPED)**

Mr. Moses Kaggwa delivered remarks on behalf of the Permanent Secretary of the Ministry of Finance, Planning and Economic Development. Drawing from his own experience as part of the Ugandan negotiation team for key East African Community (EAC) protocols including the Customs Union, the Common Market, and the East African Monetary Union (EAMU), and the EAC Political Federation. Mr. Kaggwa provided valuable insights into the regional economic integration agenda.

He echoed the sentiments of President Museveni's recent budget address, emphasizing that unity within the EAC is critical for achieving regional prosperity. Despite the progress made, he noted that the combined GDP of the EAC of about 240 billion US dollars still falls below that of a single U.S. state or a country like Norway, underscoring the need for accelerated integration and economic coordination.

Mr. Kaggwa projected that Uganda's GDP is expected to reach USD 61.3 billion by the end of 2025, with an ambitious long-term target of USD 500 billion by 2040 as part of the 10-fold growth strategy. He highlighted that the EAC will play a central role in this transformation, particularly by creating an integrated regional market to drive inclusive and sustainable development.

He pointed to ongoing discussions on financing integrated infrastructure projects like the Standard Gauge Railway (SGR) with Kenya, Rwanda and South Sudan among others to connect Mombasa-Navaisha-Malaba-Kampala-Mirama and South Sudan. This will reduce transportation costs of containers from Mombasa to Kampala by over 70% and significantly reduce transportation times and the cost of doing business in the region. As an example, he referenced Uganda's surplus electricity generation and

the challenge of trading this surplus across borders in the absence of harmonized policies and infrastructure.

Uganda has also intervened in road infrastructural development in Congo to ease export of goods from Uganda, Kenya and Tanzania to DRC by reducing transportation costs and time.

#### **Issues for consideration**

- a) Issues related to tariffs and non-tariff barriers, for instance, the application of industrial development levy by Tanzania on all goods coming from EAC which is against the EAC Community Treaty claiming the Kenya is doing it also, for instance, Milk from Uganda does not move freely to Kenya thus affecting the full realization of the EAC Economic integration. Discussions are ongoing to handle these issues.
- b) Signing of Trade Agreements by different partner states; some EAC member states are doing it alone instead of as a bloc which undermines the EAC tariff arrangement.
- c) Travel restrictions: Zanzibar's mandatory insurance requirement, which is anti-EAC, and it needs to be looked at. These inconsistencies, he warned, hinder progress toward deeper regional integration. However, he reassured participants that dialogues are ongoing to address and resolve these issues

Despite the hurdles, he emphasized that the regional integration agenda is advancing, with intra-EAC trade increasing from USD 13.8 billion in 2023 to USD 15.2 billion in 2024. This growth, he noted, is a positive indicator of the region's potential when member states work collaboratively.

Mr. Kaggwa concluded by reaffirming the Ministry's commitment to supporting regional economic frameworks that foster unity, lower trade barriers, and unlock shared prosperity across East Africa.

## **2.4 Keynote address by Rt. Hon. Rebecca Alitwala Kadaga, First Deputy Prime Minister and Minister for East African Community Affairs (Guest of Honor) "The East African Community Council of Ministers' Decisions for FY 2025/26"**



*Rt. Hon. Rebecca Alitwala Kadaga, First Deputy Prime Minister and Minister for East African Community Affairs, delivering the keynote address on "The East African Community Council of Ministers' Decisions for FY 2025/26" at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*

The First Deputy Prime Minister and Minister for East African Community Affairs reflected on the progress and challenges facing the East African Community (EAC) in the upcoming financial year. Despite the prevailing global geopolitical tensions, she highlighted that the region had demonstrated notable economic resilience, recording a regional growth rate of 5.5% in 2024.

She noted that this year's budget delivery by the EAC Council of Ministers was conducted virtually, due to logistical constraints. This is because out of the 8 EAC member states only 41/2 are contributing to the EAC work. Nonetheless, the Council's priorities remain firmly focused on peace, security, political stability, and cross-border cooperation, which are critical for the region's development trajectory.

She welcomed news of the European Union's intention to finance cross-border

infrastructure, and regional markets at the borders, this support could facilitate the expansion of border posts and the establishment of refrigeration and storage facilities which are crucial for improving trade in perishable goods and reducing post-harvest losses.

A central theme of her address was the EAC's commitment to harmonizing tax and fiscal and monetary policies, including the convergence of excise duties and VAT. She highlighted that the macroeconomic convergence criteria are not easy for all the EAC member state to achieve or meet at the same time, but those countries that are ready can move. The criteria were initially set for 3 countries but now there are 8 countries making it difficult to achieve it.

Infrastructure development was also spotlighted, with Hon. Kadaga citing major cross-border projects such as the Suam bypass (connecting Uganda and Kenya) and the

Arusha bypass (linking Arusha to Mombasa) – shortening the journey from Arusha-Nairobi-Mombasa by over 200 kilometers. These projects, she noted, will significantly shorten trade routes and reduce transport costs.

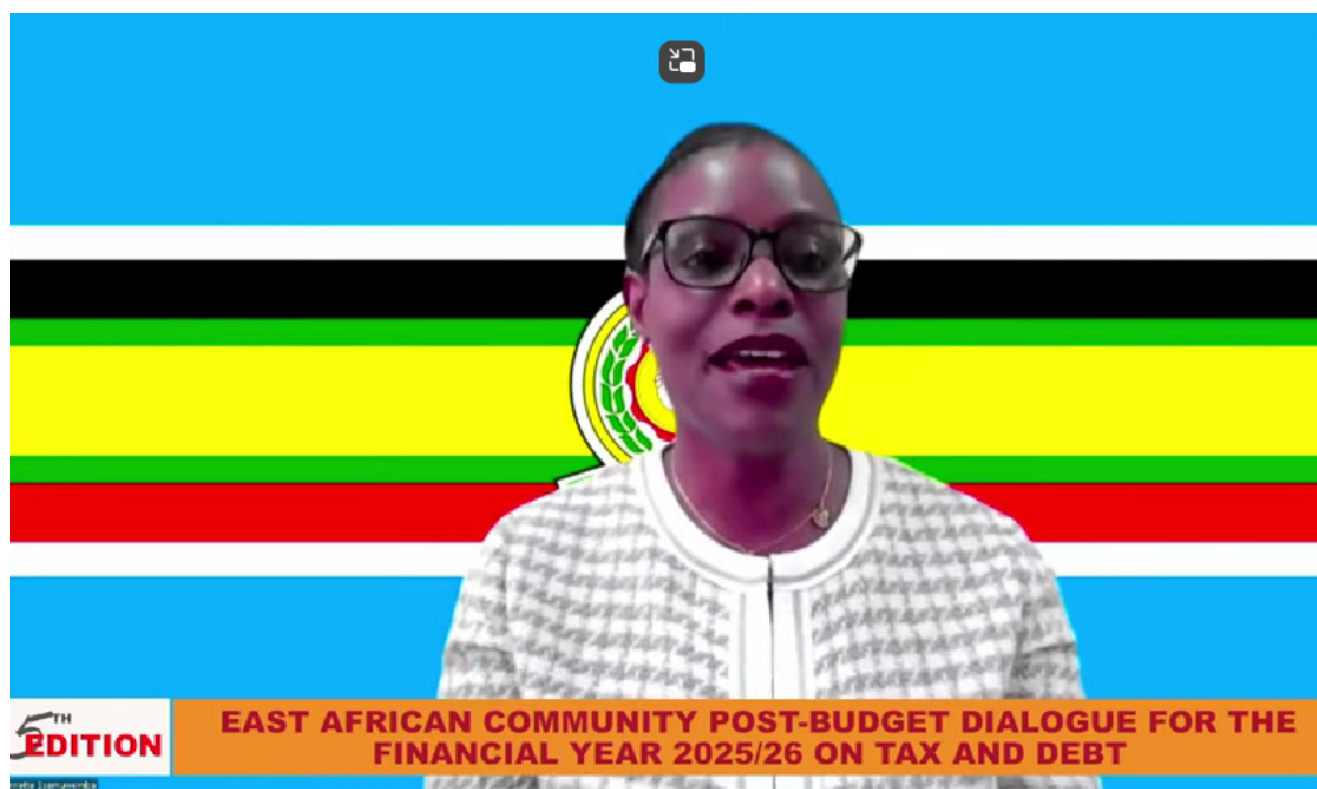
She reaffirmed her ministry's commitment to strengthening social and productive sectors, while also emphasizing the importance of increasing public awareness about the benefits and opportunities of regional integration. However, she raised concerns about the recurring challenge of non-tariff barriers (NTBs), with some member states backtracking on EAC commitments. Ongoing dialogue, she assured, is being pursued to resolve these issues diplomatically.

Hon. Kadaga also addressed the reality of fiscal disparities within the bloc, noting that Kenya has made significant strides in development and is no longer at the same economic level as many of its EAC peers so we can no longer disadvantage them by holding them (Kenya)

back because they are no longer a Least Developed Country (LDC) like most countries in the EAC.

She further acknowledged the persistent fiscal deficits across EAC member states, which continue to be largely financed through borrowing. In this context, she commended the Uganda Revenue Authority (URA) for its recent tax amendments but stressed the need for additional reforms particularly in the regulation and taxation of the gaming and betting industry, which she warned is contributing to rising poverty levels in rural areas.

In conclusion, Rt. Hon. Kadaga reiterated the EAC's resolve to deepen integration, address fiscal and policy disparities, and work collectively toward a more stable, secure, and economically vibrant region.



*Ms. Annette Ssemuwemba, Deputy Secretary General for Customs, Trade & Monetary Affairs at the EAC Secretariat, sharing insights on overcoming Non-Tariff Barriers and enhancing intra-EAC trade during the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*



## 3.0 Panel/Plenary Discussions

### 3.1 *Perspectives from Ms. Annette Ssemuwemba, Deputy Secretary General in Charge of Customs, Trade & Monetary Affairs, EAC Secretariat.*

#### **Annette shared insights on overcoming Non-Tariff Barriers and Enhancing Intra-EAC Trade**

Ms. Annette Ssemuwemba acknowledged the progress made in tariff liberalization across the East African Community (EAC) but expressed concern that intra-EAC trade still lags significantly, accounting for only 13–15% of total trade a figure notably lower than that of other regional blocs.

Referring to Article 75(5) of the EAC Treaty, she reminded participants that Partner States had committed to eliminating all existing non-tariff barriers (NTBs) and refraining from introducing new ones on goods originating from within the region. However, she noted that NTBs continue to persist, undermining integration and costing the region an estimated USD 10.3 billion annually, particularly in the agriculture and manufacturing sectors.

She outlined the key challenges contributing to this situation, including discriminatory treatment of goods, transport and logistics inefficiencies, border delays, road-user charges, and inconsistent trade and tax policies. These barriers have collectively stifled market access, distorted pricing, and discouraged cross-border investments. High consumer prices remain a concern in the region, and investors are hesitant when the predictability and openness of the regional market are not guaranteed.

She emphasized that eliminating NTBs could boost intra-regional trade by 52%, with long-term implications for economic development and poverty reduction. However, this requires a stronger commitment to implementation

and trust-building among partner states.

She stressed that the legal frameworks and instruments to address NTBs already exist, and what is required now is faithful implementation. The EAC has established an NTB reporting and monitoring mechanism, with regular quarterly and bi-annual meetings among partner states. Thanks to these mechanisms, over 247 NTBs have been resolved to date.

Nevertheless, she cautioned that NTBs often re-emerge in different forms, underscoring the need for continued engagement, not just at ministerial levels but also with citizens and private sector actors. She advocated for annual reviews of finance laws and tax amendments, as well as the reconsideration of national-level levies and internal taxes that contradict EAC commitments.

Further, Ms. Ssemuwemba reiterated the urgency of harmonizing domestic taxes, particularly excise duties, and ensuring their non-discriminatory application. Referring to goods originating from EAC partner states as “national goods” rather than “foreign goods” would help promote the regional spirit and reduce protectionist tendencies.

She concluded by urging partner states to ratify Article 24 of the Customs Union Protocol which relates to trade remedies and to activate the regional dispute settlement mechanisms. A collaborative, transparent, and rules-based approach is essential for eliminating NTBs, restoring investor confidence, and unlocking the full potential of intra-EAC trade.





*Ms. Anna Nambooze, Country Director at TradeMark Africa – Uganda and South Sudan on “Strengthening Trade Facilitation for Regional Competitiveness: Key Drivers, Challenges, and Opportunities” at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*

### **3.2 Perspectives from Ms. Anna Nambooze, Country Director, TradeMark Africa – Uganda and South Sudan**

#### **“Strengthening Trade Facilitation for Regional Competitiveness: Key Drivers, Challenges, and Opportunities”**

Ms. Anna Nambooze opened her remarks by commending recent government efforts aimed at creating a more enabling environment for Ugandan businesses, particularly startups and small enterprises. She welcomed the move to extend tax exemptions, observing that Uganda often ranked among the most entrepreneurial countries globally now has a real opportunity to support businesses beyond the critical first three years of survival.

She also noted that the restructuring of tax penalties is a positive step. The proposed amendment to section 93 of the VAT Act

to revise penalties for non-compliance with the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) to “double the tax due on goods and services”, represents a more reasonable and growth-oriented approach, shifting the focus from punishment to supporting compliance and business development.

Ms. Nambooze highlighted that the proposal to utilize the National Identification Numbers (NINs) as Tax Identification Numbers as an important reform for digitizing and harmonizing tax systems, enabling better tracking and policy alignment across the country.

In terms of legal and financial facilitation, she lauded the exemption of stamp duty on agreements and mortgage deeds as a measure that would significantly lower transaction costs and contribute to business growth and sustainability.

Turning to infrastructure, Ms. Nambooze emphasized the urgent need for the Standard



Gauge Railway (SGR) between Malaba and Kampala, citing it as critical for improving transport efficiency and regional connectivity. She also welcomed the government's continued commitment to the Gulu-Tororo railway line, which she noted is essential for enhancing the movement of goods from the eastern border of Malaba into northern Uganda.

However, she expressed cautious concern over the newly introduced export levies on products such as maize bran, wheat bran, cotton cake, and hides and skins. While supportive of the idea in principle especially as a potential step toward value addition she noted that these measures may be premature. The necessary infrastructure, processing capacity, and viable alternatives for surplus stock are not yet in place, potentially increasing the cost of production and reducing Uganda's competitiveness in the region.

She also raised concerns about the impact on small and medium enterprises (SMEs), many of which may not be in a position to absorb these new costs without support mechanisms in place.

There is an increase on infrastructure levy on goods imported into the country for home use by countries like Kenya to be able to promote 'Buy Uganda' but it is an extra cost which will have to be borne by every business or private person in the end.

In relation to the above remarks, the moderator posed a critical question regarding the long-term viability of infrastructure investments such as roads and railways: Will there be sufficient business activity on these routes to justify the investment? He cautioned that unpredictable tariff policies and ad hoc trade measures could continue to undermine the region's competitiveness, particularly in intra-EAC trade.

### **3.3 Perspectives from Ms. Diana Muchoge, Policy Research & Advocacy Officer, AFRODAD**

### **Diana shared on learning from SADC's Public Finance Management (PFM) Model: Implications for Fiscal Policy;**

She analyzed the public debt landscape across the East African Community (EAC), emphasizing that the growing fiscal pressures and debt vulnerabilities faced by member states impede growth. She noted that Kenya's and Rwanda's risk of debt distress is high, while Uganda's and Democratic Republic of Congo's stands at moderate.

She further observed, that many countries are spending more on debt servicing than on essential social sectors. In some cases, nations are spending up to 25 times more on debt repayment than on health services, highlighting the unsustainable nature of current debt levels. This fiscal pressure is crowding out private investment, with elevated interest rates negatively impacting creditworthiness. She cited Rwanda's recent credit rating downgrade has constrained its access to international capital markets, and similarly, Kenya's exclusion from key capital markets due to debt-related concerns.

In exploring regional solutions, Ms. Muchoge drew attention to the Public Finance Management (PFM) Model Law adopted by the Southern African Development Community (SADC) in 2022. The Model Law was developed to strengthen legislative and budget oversight by parliaments, while promoting efficient, transparent, and responsive public finance management across member states.

Key features of the SADC PFM Model Law include:

- The establishment of national debt ceilings for member states;
- Annual debt statements tabled before national parliaments to enhance accountability;
- Provisions aimed at enhancing tax collection, combating illicit financial flows, and addressing money laundering and terrorism financing;



- Mechanisms to promote fiscal self-sufficiency, prudent service delivery, and transparency in government spending;
- Emphasis on an ideal investment climate, with strong oversight, compliance, and enforcement of trade and fiscal laws;
- A requirement for Public Accounts Committees (PACs) to develop and maintain a parliamentary public debt oversight strategy for better debt control and management.

While the PFM Model Law is not legally binding, Ms. Muchoge stressed that it serves as a benchmark and guiding framework, allowing countries to harmonize financial governance practices and strengthen their fiscal architecture.

In her concluding remarks, Ms. Muchoge recommended that the EAC consider adopting a similar model law, tailored to the region's specific context. Such a framework would empower parliamentary committees to provide oversight and strategic guidance on debt management, enforce debt ceilings, and ultimately improve the region's fiscal resilience and sustainability.

### **3.4 Perspectives from Mr. Paul Okitoi, Commissioner, Debt Policy and Issuance, Ministry of Finance, Planning and Economic Development (MoFPED).**

Commissioner discussed “How EAC partner states can leverage on debt financing for Inclusive Growth”

He emphasized that debt, when strategically managed, can serve as a powerful tool for inclusive economic growth within the East African Community (EAC).

He noted that while all EAC member states, including Uganda, are committed to adhering to the EAC macroeconomic convergence criteria—which include maintaining public

debt in present value terms below 50% of GDP and fiscal deficit including grants below but inclusive 3% of GDP, the region's fiscal deficits have increased in recent years. This increase is largely attributed to implementation of high-impact infrastructure investments which are essential to accelerating long-term economic transformation.

Mr. Okitoi highlighted the shift toward diversifying debt sources across the region, with a notable increase in domestic borrowing, which provides more flexibility and reduces exposure to foreign exchange risk. He also pointed out that harmonized debt reporting mechanisms, supported by the IMF, are in place across EAC countries, though variations in reporting timelines remain a challenge.

Uganda's public investment strategy is now aligned with the 10-fold growth strategy, prioritizing high-return sectors such as transport and energy. He specifically cited rural electrification, which has demonstrated potential to enhance economic welfare by up to 40%. In support of these developments, the government is also exploring non-traditional financing instruments, such as international bonds targeted at specific projects.

Performance during the past financial year has been strong, enabling Uganda to secure an additional quota. However, he acknowledged ongoing issues around undisbursed loans and land acquisition, which the government is actively addressing to ensure smooth project implementation.

Mr. Okitoi also discussed the external shocks that have disrupted fiscal plans, notably the COVID-19 pandemic and the Russia-Ukraine war. As a result, Uganda's public debt is projected to reach 51.2% of GDP by the end of this fiscal year exceeding the target in the Charter for Fiscal Responsibility. Nonetheless, he expressed confidence that this will normalize in the medium term through careful fiscal discipline and sustained growth.

To mitigate foreign exchange (FOREX) risks, Uganda is doing foreign exchange hedging thereby shifting some of the risks that could increase costs (in terms of paying debt or

borrowing) by working around aspects of international offer rates which have already yielded tangible benefits for example, cost savings on the Karuma Hydropower Project.

In terms of forward-looking strategies, Mr. Okitoi emphasized the importance of continued harmonization of debt recording and reporting across the region. He also highlighted innovative domestic financing solutions under consideration, including a mobile-based savings scheme that will allow Ugandans to invest in the securities market using their phones. Such initiatives are expected to broaden domestic participation in public financing and unlock new streams of development capital.

In conclusion, Mr. Okitoi reiterated the potential of well-managed debt to drive inclusive and sustainable development, provided it is matched with strong institutional frameworks, transparency, and innovation.

### **3.5 Perspectives from by Ms. Hilda Tumuhe, Policy Analyst – Debt & Aid, SEATINI Uganda**

SEATINI's Debt and Aid Policy Analyst shared insights from a CSO perspective on progress made by EAC partner states towards harmonization of public debt management in the EAC.

She emphasized that the Protocol on establishment of the EAC common market Protocol require member states to pursue macro-economic convergence to fully benefit from the common market protocol.

She pointed out that some partner states, such as Kenya, have adopted different key macroeconomic targets from those highlighted in the macro-economic convergence. For instance, the Country has adopted a ceiling on debt to GDP ratio in present value terms at 55% contrary to the <50% threshold stipulated in the macro-economic convergence criteria.

Referencing Article 9 of the East African Monetary Union (EAMU) Protocol, Ms. Tumuhe noted that partner states are required to report to council the status of the public debt

on a quarterly basis, however most partners continue not comply. For instance, while Uganda issues public debt reports, including the quarterly debt statistical bulletin, this is published late with a lag up to 2.5 months. This which undermines the principles of transparency and accountability on public debt management.

Several indicators within the partner debt management frameworks have not been adhered to, undermining continued efforts towards prudent debt management in the region. For instance, as a result of increased reliance on domestic borrowing, domestic debt-to-revenue ratio stood at 18.5% in June 2023, way above the 12.5% threshold highlighted in the PDMF 2018/19 – 2022/23.

Ms. Tumuhe stressed that civil society organizations require more transparency to determine whether this debt trajectory is sustainable in the long term, especially as the cost of borrowing continues to rise.

She acknowledged some improvements in public project management, but expressed concern that many large-scale projects are not yet yielding the expected economic returns. The Kampala Expressway, for example, continues to face delays in implementation, despite the government already incurring interest on the associated loans.

Ms. Tumuhe concluded by calling for the establishment of a well-structured and accountable debt management framework across the region. Such a framework, she argued, is essential for ensuring that borrowing translates into real developmental outcomes and supports the broader goals of regional stability, equity, and inclusive growth.

### **3.6 Questions that emerged from the dialogue, grouped under relevant themes**

#### **1. Infrastructure Development and Investment**

- Why is Goli border crossing in Nebbi-Paidah not yet tarmacked?
- Why will the railway stop in Gulu and

not proceed to west Nile according to the original meter gauge?

- How to finance road infrastructure and maintenance, especially in sub-counties where roads are in a sorry state?
- What are the effects of borrowing from domestic banks to pay civil servants' salaries?

## **2. Agriculture and agro-industrialization**

- What strategies does the Ministry of Agriculture have for mechanization of agriculture, control of pesticide use and ensuring we balance our food exports (export surplus without leaving our locals malnourished)?
- What strategies are in place to raise allocations to sectors like agriculture, where we have comparative advantage?
- How do we actualize pillar 2 of the Parish Development Model to support production and marketing activities at parish level? There's also need to evaluate the performance of the model unlike other previous prosperity/development schemes which have not been evaluated to-date.

## **3. Governance, Accountability & Political Commitment**

- What strategies are in place to effectively deal with corruption?
- How is parliament conducting oversight on government projects?
- If there's no political will from all 8 EAC countries, how will the policies be implemented?

## **4. Economic Inclusion, Education, and Empowerment**

- How can we achieve inclusive growth?
- More tax and business education is needed, especially for the uneducated and women, plus building local

hospitals to reduce medical costs abroad.

## **5. Debt, Public Finance, and Fiscal Sustainability**

- How much has been borrowed to tackle climate change, and why are the results not visible?
- What are the implications of the lack of a harmonized approach to climate change within the EAC?
- What would it take to convince the Ministry of Finance to adopt a health insurance scheme, especially to support the ageing population and tackle non-communicable diseases?
- Many are defaulting on loans acquired through mobile phones in rural areas—how will finance implement its mobile application program?
- There is a need for strengthening the oversight role of the Parliamentarian in the implementation of the loan funded project.

## **6. Regional Integration and EAC Coordination**

- How can only 4 member states attend and shoulder the burden of financing EAC meetings?
- Consider using technology to support more virtual meetings and reduce operational costs.
- EAC member states should standardize the fees for certification

## **7. Technology and Innovation**

- There is a need for technological advice to actualize the issues discussed here, especially facilitating EAC intra-trade.

## **3.7 Responses to the Questions that emerged**

### **1. Infrastructure Development and Trade Facilitation**

- About 2,000 trucks now ply the



Malaba route daily, with potential for increased traffic once the railway is operational.

- The government is considering financing the railway extension to Pakwach in the next financial year, along with improvements to roads leading to border points like Goli.
- Government has allocated UGX 579 billion for community, urban, and district roads, although this may not fully meet the need.
- Projects previously approved without proper right of way or land compensation are causing delays, but all new projects now undergo full criteria and analysis before implementation.
- Inter-modal transportation is being encouraged, promoting a shift from road to water or rail to improve climate impact and logistics efficiency.
- Construction is ongoing at Lubowa Hospital, which will also generate employment opportunities.
- There is a need to balance the infrastructure and what they should carry back.

## **2. Agriculture and Sectoral Financing**

- UGX 1.86 trillion has been allocated in the next financial year to agriculture, targeting solutions like aflatoxin control and improving agricultural revenue.
- Efforts to capitalize Uganda Development Bank (UDB) aim to lower lending rates to around 12% to support agricultural financing.

## **3. Public Finance, Debt, and Economic Growth**

- Although the government may be borrowing expensively from domestic sources, these funds are invested in projects designed to drive growth and

development.

- Even small interest burdens on domestic borrowing can crowd out private sector investments.
- Calls for more clarity on how citizens benefit from government programs and investments.
- All new projects consider climate change and food security, ensuring sustainable development.
- Good financial management should be the key issue
- Take effective use of the Public Investment management policy and ensure that there are issues related to right of way, feasibility studies, compensation among others are cleared.

## **4. Governance, Accountability, and Political Will**

- Civil society actively participates in budget formulation and strategic planning processes.
- All relevant economic statistics and facts are publicly available and have not been disputed.
- Policies and processes are being digitized to reduce corruption, enhance accountability, and improve traceability of public funds.

## **5. Health and Social Services**

- The Health Insurance scheme falls under the Ministry of Health, not Finance.
- Such a scheme would enable the government to hire and pay more medical personnel.
- Construction of health infrastructure such as Lubowa Hospital supports both health service delivery and job creation.

**6. Technology, Innovation, and Trade Facilitation**

- Trade Mark Africa will collaborate with stakeholders including women at border points (e.g., DRC) and digital innovators to improve business processes and regional trade.
- The Ministry of ICT and National Guidance provide financing and support for technological innovations.

- Product standards are largely harmonized, with approximately 90% of products certified at the East African level, though new products continuously emerge.

**7. Financing Mechanisms and Alternatives**

- There is a need for sustainable financing options beyond borrowing or tax increases, particularly to support schemes like health insurance.



## **4.0 Closing Remarks – Mr. Herbert Kafeero, SEATINI Uganda**

Mr. Herbert Kafeero expressed sincere appreciation to all panelists and speakers for their valuable insights during the dialogue. He emphasized that Non-Tariff Barriers (NTBs) pose a greater challenge to intra-EAC trade than tariff barriers, underscoring the need for enhanced cooperation among member states to effectively address these issues. Drawing on a quote from the Ugandan President, he likened the EAC regional integration to a marriage that must succeed for the EAC region to thrive as a united “giant” rather than remain fragmented “dwarfs.”

He also thanked all speakers for honoring the invitation and acknowledged the active participation of all attendees. On behalf of Ms. Jane Nalunga, Executive Director of SEATINI Uganda, he extended warm greetings and gratitude. Finally, he highlighted SEATINI’s growing reputation as a center of excellence on trade, fiscal and investment related policy advocacy and research which is attributed to its resident team of experts.





*Hon. George Stephen Odongo, EALA Uganda Chapter, sharing reflections and outlining the way forward at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*





## 5.0 Reflections and Way Forward – Hon. George Stephen Odongo, EALA Uganda Chapter

Hon. Odongo highlighted the importance of the dialogue as a timely and valuable platform, especially given the current budget season. He stressed that every effort must be made to ensure the success of East African integration, emphasizing that trade, investment, and integration remain critical drivers of economic development.

He urged that all partner states should be fully engaged in analyses and decision-making to ensure integration benefits all members. However, he noted that compliance with EAC commitments remains inconsistent, and political goodwill across member states is lacking, calling for the EAC agenda to transcend national political interests.

Key issues identified include:

- Lack of alignment in policy frameworks to effectively drive integration.
- Opportunistic participation by member states, exemplified by the DRC's rejection of EAC intervention forces.
- The need for technocrats to provoke deeper discussions on these challenges.
- Although legislation and policies are largely in place, significant gaps exist in implementation and harmonized enforcement.
- The necessity for digitization at all levels, including points of sale, to support effective policy formulation.
- A call to improve governance and transparency in public debt contracting, with clear articulation of the purpose behind each loan.
- The importance of establishing a platform for sharing best practices in project management.

Hon. Odongo commended SEATINI Uganda for its efforts toward advancing these goals and emphasized that addressing these challenges is essential for realizing meaningful regional integration.

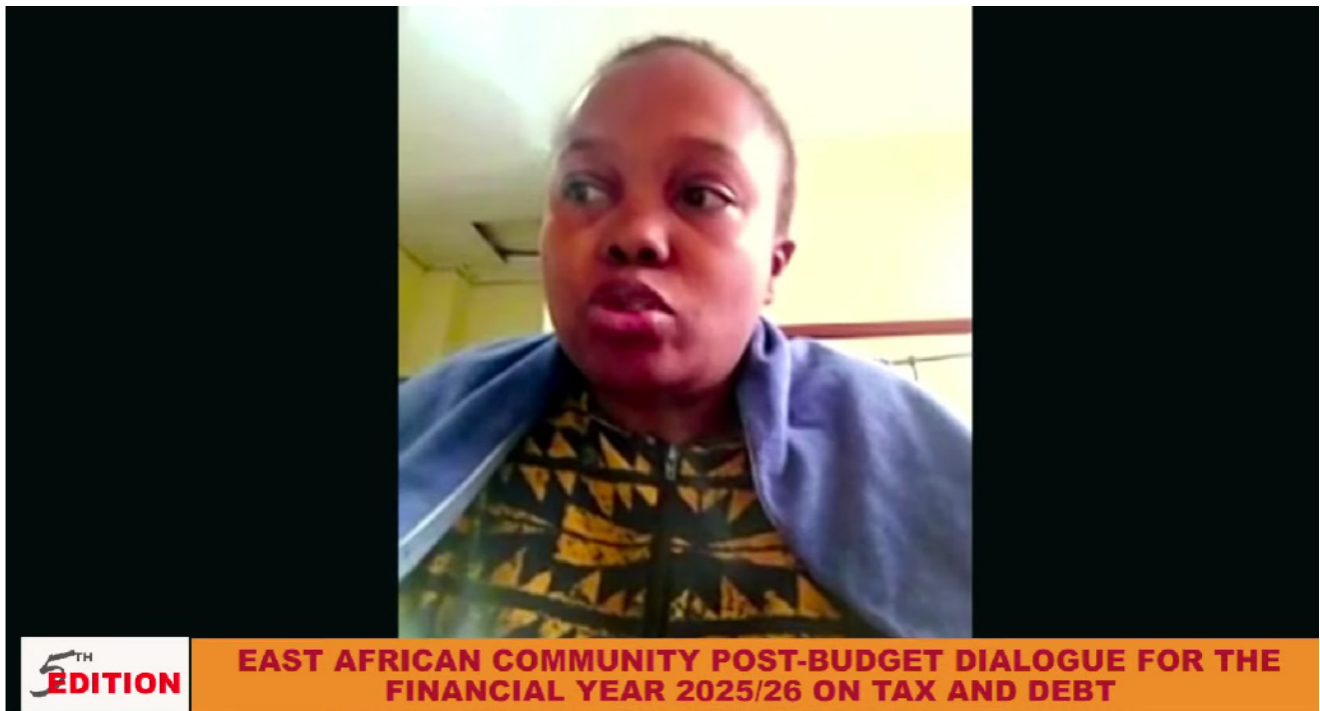


## Annexes

### Annex I: Stakeholders engaged

| Name of Institution/Agency/Organization/<br>Category etc. | Female | Male | Total |
|-----------------------------------------------------------|--------|------|-------|
| Technical leaders                                         | 14     | 47   | 61    |
| Political Leaders                                         | 3      | 3    | 6     |
| CSOs                                                      | 23     | 22   | 45    |
| Academia                                                  | 1      | 1    | 2     |
| Media                                                     | 7      | 12   | 19    |
| <b>GRAND TOTAL</b>                                        |        |      | 133   |

## Annex III: Photos



*Ms. Diana Muchoge, Policy Research & Advocacy Officer at AFRODAD, sharing insights from SADC's Public Finance Management experiences during the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*



*Mr. Paul Okitoi, Commissioner for Debt Policy and Issuance at the Ministry of Finance, Planning and Economic Development (MoFPED), discussing "How EAC Partner States Can Leverage Debt Financing for Inclusive Growth" at the EAC Post-Budget Dialogue on Tax*





*Ms. Hilda Tumuhe, Policy Analyst – Debt & Aid at SEATINI Uganda, sharing CSO perspectives on the progress made by EAC partner states towards harmonization of public debt management during the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*



*Mr. Herbert Kafeero, Programs Manager at SEATINI Uganda, delivering closing remarks at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*





*Participants giving reflections during the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*



*Panellists pose for a group photo at the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*





*Participants pose for a group photo during the EAC Post-Budget Dialogue on Tax and Debt for FY 2025/26.*





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