CIO–CxO DIGITAL LEADERSHIP FORUM

POST-BUDGET CONSULTATIONS · OUTCOMES, FINDINGS & PROPOSALS REPORT

Uganda's FY 2026/27 National Budget: Implications and Opportunities for Digital Infrastructure and the ICT Sector

A synthesis of findings and outcomes from the Forum's post-budget consultations, combined with the Forum's proposals for stakeholder comments.

Convened: Tuesday, 30 June 2026

Open for stakeholder comments

BY THE NUMBERS

23	Expert sessions
1,730	Sector voices
10×	Economy ambition · 2040
180	Day action plan

Complemented by the Forum's position paper, "ICT Sector Position on National Budget Prioritisation for Digital Infrastructure as an Engine for NDP IV Delivery and Employment Growth" (available on request).

ABOUT THIS REPORT

One Consultation, Two Documents, One Sector Voice

Uganda's FY 2026/27 National Budget was read to Parliament on 11 June 2026, with ICT's dedicated budget share continuing a multi-year decline. The CIO–CxO Digital Leadership Forum convened post-budget consultations in direct response, then converted the findings into this combined outcomes and findings report: a record of what was raised, and the Forum's proposed response, now open for stakeholder comments.

1 The Money

What the budget says financially

2 The Policy

Signals emerging for the private sector

3 The Tax Angle

What ICT businesses must prepare for

4 The Opportunity

Where CIOs and digital firms should position

WHO INFORMED THIS REPORT

Informed by consultations with the CIO–CxO Digital Leadership Forum's members and industry organisations.

Digital Transformation as Economic Infrastructure

The consultations surfaced a material strategic tension: the ICT sector is expected to catalyse productivity, exports, public-service reform and market access, while the investment, tax and implementation architecture may not yet be fully aligned to that mandate. The Forum's principal conclusion is that digital transformation must be treated as economic infrastructure, not merely an administrative programme, a shift from dispersed technology spending toward a protected, performance-led portfolio.

KEY MESSAGES

- Digital is a cross-cutting production input, funded and governed as an ATMS enabler, not an isolated sector vote.
- Success is measured by adoption and value creation, not the number of platforms launched.
- Execution must prioritise backbone resilience, last-mile access, interoperability, cybersecurity and capability.
- The tax environment presents both reliefs and material cost pressures, especially on non-resident software and financing.
- The sector needs a unified, evidence-led policy position, individual complaints do not move the needle.

> *Digital transformation must be financed, governed and measured as national economic infrastructure. The priority is not simply to spend more; it is to invest more deliberately in the assets, systems, skills and market conditions that enable every productive sector to operate with greater efficiency, trust, competitiveness and reach.*
>
> **CIO–CxO Digital Leadership Forum, Position**

A Sector Call to Action

For the CIO–CxO Digital Leadership Forum, the National Budget is not a remote technical document but a direct statement of national priorities, one that shapes the operating environment for every institution, business, innovator and citizen. This report reads the FY2026/27 Budget through that lens, converting policy, technology and strategy into practical action for the ICT sector.

THE RESOURCE ALLOCATION CONCERN

UGX 1.14tn combined STI, ICT & creative industries cluster	**UGX 84.3tn** total approved national budget, FY2026/27	**≈1.35%** of the national budget

FOUR QUESTIONS FOR THE SECTOR

1. What outcomes are expected from the allocation?
2. How will digital public value and ROI be measured?
3. What should be prioritised for tangible results?
4. How can private actors complement public investment?

> *The true test of this session is not whether the conversation was interesting; it is what becomes different after we leave.*

Jonathan Kayemba, Chairperson, Governing Board

The 2040 Ambition: A Tenfold Economy

"ICT is not merely another sector; it is the cross-cutting catalyst that enables every growth sector to perform."

John Wavamuno, Manager, Corporate Finance, BDO East Africa

US$50B
Uganda's current GDP (2023)

US$500B
Target GDP by 2040

10x
Growth multiple required

DIGITAL IS THE NAMED CATALYST, NOT A FIFTH PILLAR

Agro-Industry	Tourism	Minerals	Oil & Gas	Knowledge Economy
US$20B/yr	US$50B/yr	US$20B/yr	US$5B/yr	US$136B
~4% of GDP	*~10% of GDP*	*Beneficiation*	*Downstream*	*Cross-cutting catalyst*

Where Uganda Actually Stands This Year

Record double-digit growth is projected, yet roughly 69% of the FY2026/27 Budget is pre-committed before any sector programme is funded.

UGX 84.3tn
Total approved budget, up from UGX 72.3tn

6.4% → 10.2%
Projected GDP growth, FY25/26 to FY26/27, first double-digit growth since the 1990s

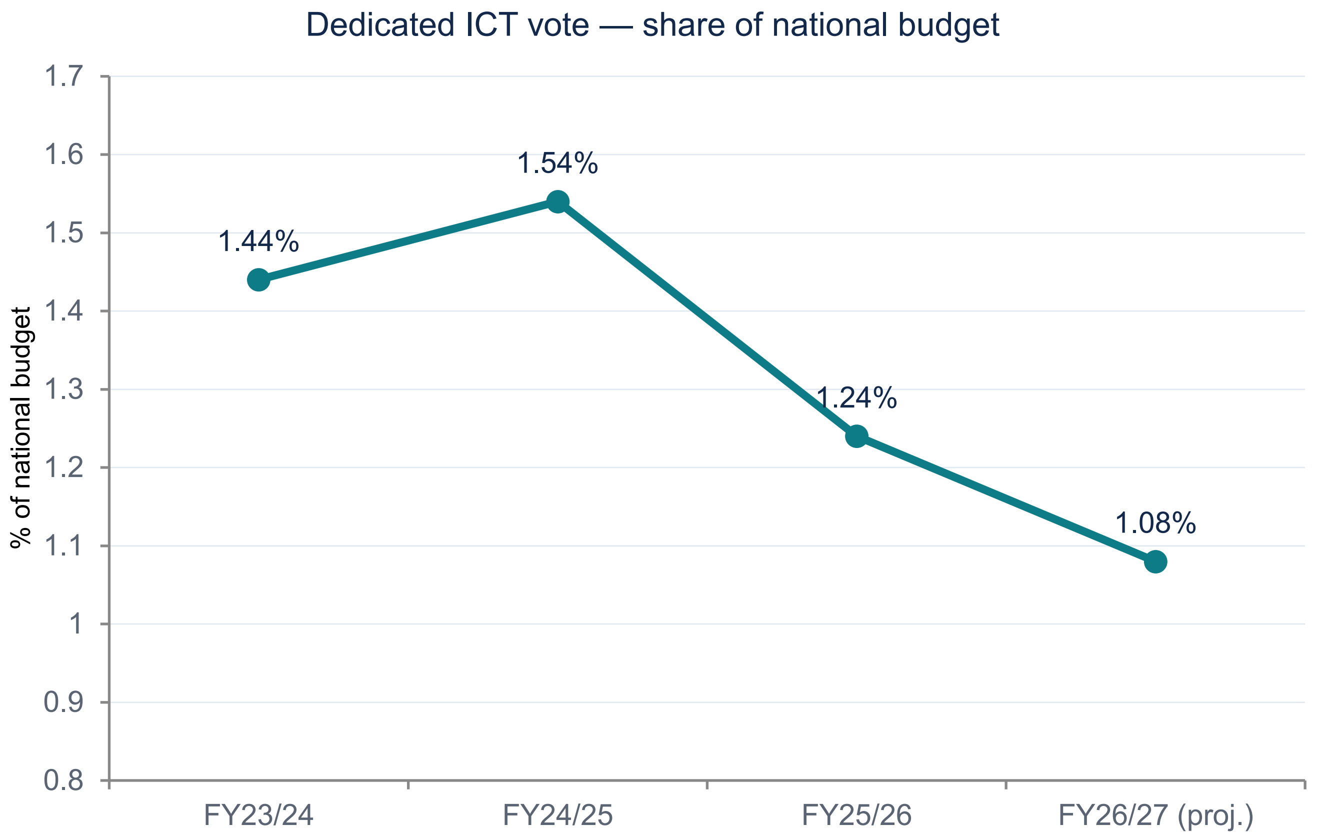
UGX 126.19tn
Public debt stock (Dec 2025), 53.0% of GDP

~69%
Of total expenditure sits in four line items before any sector programme spending

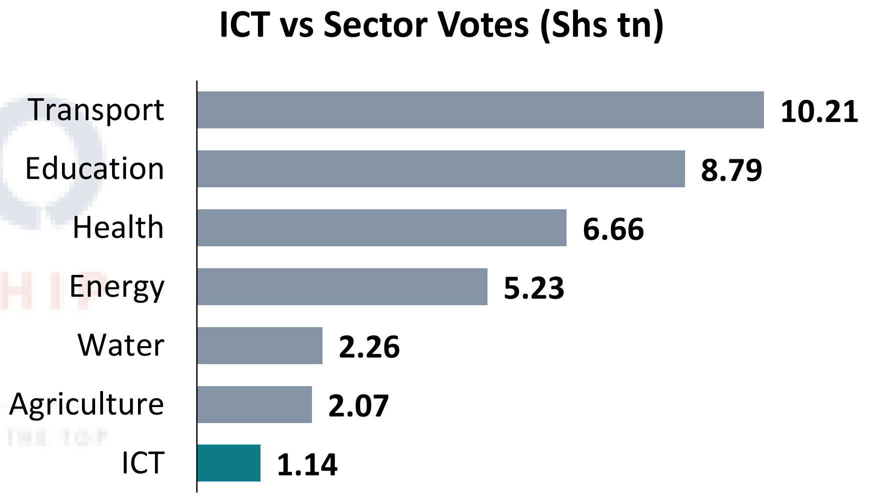
The Fiscal Squeeze Before Service Delivery

Source: Parliament of Uganda Budget Committee report, 24 April 2026, as presented in the Forum's financial analysis session.

ICT's Position Today, and Its Trajectory Over Time

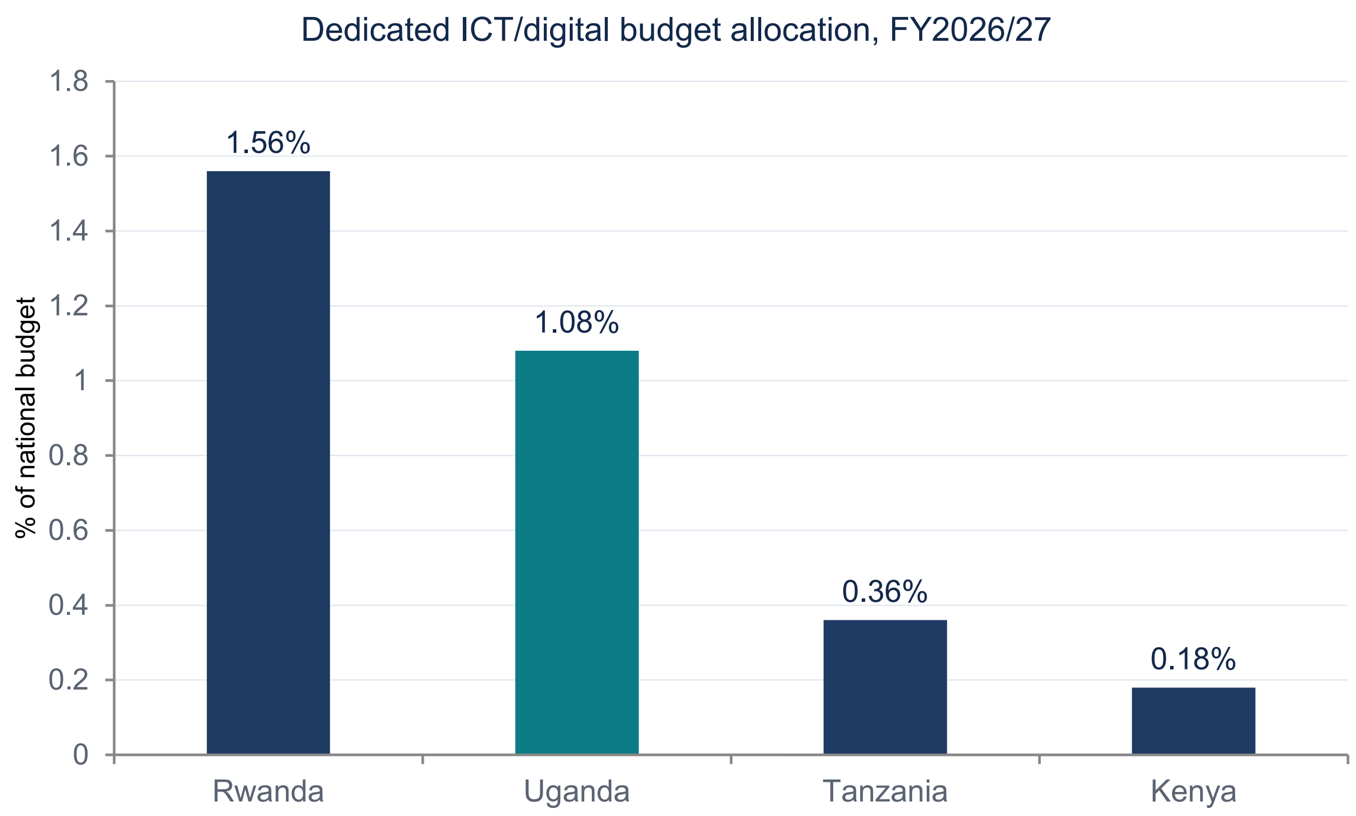


This year, ICT's dedicated vote — Shs 1.14tn — is the smallest of the major sector allocations, far behind transport, education and health.



Source: CIO–CxO Digital Leadership Forum position paper on ICT budget prioritisation, and the Forum's financial analysis session.

How Uganda's ICT Investment Compares Regionally



THE HONEST READ

Uganda isn't last in the region, it sits ahead of Kenya and Tanzania, behind regional benchmark-setter Rwanda. But Uganda is the only one of the four on a clear multi-year downward trend. Kenya cut its own allocation by 32% this year too, from a smaller base.

62,941 km

Fibre backbone (+879 km this year)

US$35/Mbps

Internet cost (from US$70)

36.7M

Active mobile-money accounts

UGX 392.7tn

Mobile-money value (+29%)

The Paradox at the Centre of This Budget

1.35%

of the national budget

US$136B

2040 knowledge-economy target

The Tenfold Growth Strategy names the knowledge economy as the cross-cutting catalyst for a US$500 billion economy by 2040. This year's budget gives it 1.35% of spend, and the dedicated ICT vote has shrunk for two straight years. The gap between what the strategy demands and what the budget delivers is not a rounding error.

Fiscal Risks — and the Five Actions That Answer Them

THE RISKS

1. **Connectivity and backbone risk**
   Under-funding slows connectivity expansion, raises outage risk, and delays MDA onboarding.

2. **Deferred maintenance and upgrade risk**
   A constrained envelope stalls upgrades, defers maintenance, and erodes reliability.

3. **Cybersecurity and trust risk**
   Weak protection invites cyber incidents that erode public and business trust.

THE FIVE ACTIONS

1 Ring-Fence the ICT Vote
Statutory minimum allocation, targeting Rwanda's 1.56%.

2 Protect Backbone Resilience
Private co-investment in connectivity to prevent delivery failures.

3 Build the Digital-FDI Case
Turn e-government reliability into investor-ready metrics.

4 Link Budgets to Milestones
Tie allocations to uptime, penetration and cyber ratings.

5 Launch a PPP Digital Bridge
Private capital for infrastructure savings alone can't fund.

EXTRACTED FINDINGS

From Sector Concerns to a Strategic Operating Model

The consultations did not merely surface a list of complaints. It revealed how the ICT sector should align innovation to national spending priorities, drive adoption rather than platform proliferation, remove fiscal frictions, and organise a coherent policy voice.

SINGAPORE

Credibility first — digital government and predictable policy came before the capital.

SOUTH KOREA

Financing tied to performance — the discipline BPO and digital funding still need.

CHINA

Savings had to scale first; Uganda's ~20% rate can't fund transformation at this scale.

VIETNAM

Export zones tied to tech transfer and skills, not cheap labour — the BPO model.

Strategic Findings: The Investment & Delivery Gap

1. **Strategic ambition is ahead of the investment architecture**
   Digital is positioned as key to agriculture, industry, services and market access, yet the resource base may not match that mandate.

2. **Digital public value depends on execution and adoption, not allocations alone**
   The practical test is reliable access and completed transactions, not another platform launched.

3. **Growth sectors create a clear demand pipeline for ICT solutions**
   Agriculture, manufacturing, finance, logistics, tourism and e-mobility each need trust, payments, tracking and data-driven delivery.

4. **Affordability, resilience and trust remain binding constraints**
   Digital inclusion needs affordable, reliable, secure connectivity and usable services, not coverage alone.

5. **Private capital must be brought into the digital-infrastructure equation**
   The next phase should move from generic investment calls to a defined pipeline of investable, risk-allocated projects.

> *"Businesses that digitise will capture market share; non-adopters risk losing it to more efficient digital players."*
>
> **Dr. Julius Byaruhanga · Director, Policy, Research & Advocacy, PSFU**

Strategic Findings: Tax, Clarity and Coordination

6 **Tax policy may compound operating and growth costs**

Possible increased costs on non-resident software, foreign financing and imports sit alongside VAT relief, incentives and amnesty windows.

7 **Regulatory clarity is as important as tax rates**

Export treatment, zero-rating, software liabilities and transfer-pricing documentation need clearer, consistent interpretation.

8 **SMEs and startups lack a transparent route from innovation to government demand**

No single structured access mechanism connects startup solutions to public-service and sectoral challenges.

9 **The sector's advocacy needs to become evidence-led and unified**

The Forum is well placed to convene a standing policy and budget taskforce that converts evidence into costed proposals.

> *Individual complaints do not move the needle; a coherent evidence base, credible costing and measurable asks do.*
>
> **CIO–CxO Digital Leadership Forum**

Where the Budget Creates Private-Sector Opportunity

Dr. Julius Byaruhanga (PSFU) and the Forum's post-consultation analysis converge on a clear signal: ICT firms should solve real value-chain and service-delivery problems in sectors where public and private investment is active.

Sector / Value Chain	Priority ICT Plays
Commercial agriculture	Precision farming, e-extension, marketplaces, traceability, cooperative & commodity systems, post-harvest analytics
Manufacturing & industrialisation	ERP/MES, automation, industrial IoT, quality assurance, supply-chain visibility, energy monitoring
Financial services & exports	Digital payments, insurtech, trade platforms, interoperable KYC, cross-border e-commerce
Logistics & trade	Fleet & parcel tracking, warehouse systems, route optimisation, last-mile tech, digital documentation
Tourism & creative industries	Online booking, digital marketing, destination apps, rights-management tools, visitor analytics
Public services & cities	Service integration, identity & verification, citizen portals, public Wi-Fi, performance dashboards
BPO / ITES & skills	Managed services, data annotation, contact-centre systems, workforce platforms, certification pathways
E-mobility & energy transition	Battery/asset tracking, charging management, payment integration, telemetry, interoperability layers

Digitalisation is not a standalone sector; it is the engine of competitiveness and productivity across the economy.

Dr. Julius Byaruhanga, Director, Policy, Research & Advocacy, PSFU

From Budget Allocation to Digital Public Value

Ms. Gloria Atwine Katuuku (NITA-U) argued that the analysis should move beyond the headline ICT allocation to the actual priorities financed under the Digital Transformation Programme (≈UGX 513.86bn within the wider envelope).

Affordable, Reliable Infrastructure
Last-mile fibre, public Wi-Fi in markets, connectivity beyond Kampala

Citizen-Facing E-Government
Integration of government digital services; fewer physical visits and delays

Interoperability & Digital Trust
UG-Hub data verification and secure, trusted data exchange

Digital Skills & Inclusion
Centre of Excellence with UICT; inclusion for underserved citizens

Service Uganda Centres
Grassroots access points bringing e-services closer to citizens and SMEs

> *Digital transformation must move beyond building platforms to integrating citizen-facing services that people can actually use.*

Gloria Atwine Katuuku, Director, Planning, Research & Development, NITA-U

TAX & REGULATORY IMPLICATIONS

The Second Lever

If the ICT budget allocation is contracting, is the tax regime compensating for that contraction, or compounding it? The tax session, and the Forum's follow-up analysis, suggest the answer is mixed.

> ***"Policy makers do not respond to corridor complaints; they respond to one researched, evidence-based sector position.***
>
> 
>
> **John Jet Tusabe, Director, Tax and Regulatory Services, BDO East Africa**

Legislative Changes at a Glance

7
Pieces of legislation amended

50+
Proposed changes

46
Changes passed

4+
Rejected or withdrawn

PAYE THRESHOLD, MONTHLY CHARGEABLE INCOME (UGX)

Before	Rate
0 - 235,000	0%
235,001 - 335,000	10%
335,001 - 410,000	20%
410,001 - 10,000,000	30%
Over 10,000,000	40%

After	Rate
0 - 335,000	0%
335,001 - 410,000	20%
410,001 - 485,000	25%
485,001 - 10,000,000	30%
Over 10,000,000	40%

KEY MOVES

- Tax-free threshold raised by UGX 100,000; 40% top bracket maintained
- VAT registration threshold doubled from UGX 150M to UGX 300M
- Software now classified as royalties, 15% withholding tax
- Tax amnesty: interest and penalty to 30 June 2025 waived if principal is paid by 30 June 2027

What ICT Businesses Should Prepare For

Area	FY2026/27 Change	Business Implication
Non-resident software	Classified as a royalty for income tax; 15% withholding, subject to treaty relief	Potential rise in the cost of international software, licences and technology transfer
Foreign financing	5% withholding tax on interest to foreign financial institutions, effective 1 July 2026	May raise the effective cost of external financing for growth-stage tech firms and digital infrastructure
Transfer pricing	Contemporaneous documentation required for related-party transactions	Groups with cross-border arrangements need documentation ready before challenge
VAT threshold	Registration threshold raised from UGX 150M to UGX 300M	Potential compliance-cost relief for smaller firms
VAT withholding	Adjustments intended to reduce cash-flow pressure where proper invoices are issued	Firms should seek written URA guidance and update invoicing controls
Tax amnesty	Amnesty and write-off provisions for specific historical tax positions	Conduct ledger reviews to identify applicable relief before deadlines expire
Fuel & cement excise (indirect)	Petrol & diesel +UGX 200/L; cement +50%	Higher generator, data-centre and tower-site costs — an ICT cost driver, though not an ICT tax

Proposed measures pending Presidential assent as at 10 July 2026.

Practical message: every ICT firm should run a tax-impact review covering software and licence payments, VAT status, foreign financing, incentives, legacy liabilities, transfer-pricing exposure and the cost impact of new operating-input taxes.

Relief on Offer, and Structural Issues That Remain

EXISTING RELIEF FOR THE ICT SECTOR

- Income tax exemption for small businesses established from 1 July 2025, for three years
- 10-year income tax holiday and VAT relief for big investors (US$10m foreign; US$300k citizens; US$150k local investors upcountry)

STRUCTURAL ISSUES FOR POLICY ENGAGEMENT

- Cumulative tax on devices, equipment and data may undermine digital inclusion and affordability
- Tax treatment of imported software, cloud and technical support needs review against the technology-transfer agenda
- BPO/ITES still lacks targeted tax interventions seen in export-service peer economies
- ICT exporters need clear, published guidance on zero-rating and export treatment

NAVIGATING THE NEW TAX RULES

1. Update systems, processes and staff for compliance
2. Raise compliance standards, track tax risk continuously
3. Utilise available incentives and waivers
4. Prioritise transfer-pricing review and mitigation
5. Assess the cost impact of tax increases
6. Speak with one voice as an ICT sector to policymakers

"The key question is whether the tax regime is compensating for a constrained ICT budget—or compounding the problem."

John Jet Tusabe · Director, Tax & Regulatory Services, BDO East Africa

POST-BUDGET PROPOSALS

From Findings to a Forum Position

The proposals below are deliberately specific, designed to form the core of the Forum's FY2026/27 policy and execution position, for stakeholder comments.

"An informed, coordinated and evidence-based ICT sector can shape how priorities are interpreted, implemented and improved in the next budget cycle."

Jonathan Kayemba · Chairperson, Governing Board

Building the Investment Architecture

Proposal	First Practical Move	Type
P1. Digital Investment Compact	Publish an agreed baseline; define priority outcomes; protect critical digital-capital spending	Policy / Fiscal
P2. Ring-fenced digital infrastructure envelope	Report capital, operational, maintenance and cybersecurity allocations separately	Fiscal / Execution
P3. National Digital Public Infrastructure & Adoption Portfolio	Select 8-10 priority journeys; assign owners; publish uptime and adoption metrics	Public Digital Value
P4. Digital PPP and Investment Pipeline	Develop bankable feasibility cases and risk-allocation structures; market jointly	Investment / PPP
P5. Innovation-to-Procurement Access Route	Create challenge calls, sandboxes and pre-commercial procurement pilots	SME / Startup Growth

"A ten-fold growth ambition cannot be matched by marginal investment in the digital backbone."

John Wavamuno · Manager, Corporate Finance, BDO East Africa

Tax Certainty, Accountability & Coordination

Proposal	First Practical Move	Type
P6. Tax Competitiveness and Certainty Agenda	Convene MoFPED-URA-MoICT&NG-industry session; seek written interpretation notes	Tax / Regulatory
P7. Sector Tax Readiness Programme	Deliver a tax masterclass and toolkit on software, VAT, incentives and transfer pricing	Enterprise Resilience
P8. Quarterly Digital Transformation Execution Dashboard	Track releases, coverage, uptime, adoption and local supplier participation	Accountability
P9. ICT Budget and Policy Taskforce	Include public agencies, associations, academia and technical advisers; issue quarterly briefs	Sector Coordination
P10. BPO/ITeS Export Incentive	Introduce targeted tax incentives for BPO/ITeS exporters, benchmarked to peer export economies	Tax / Competitiveness
P11. Exported Digital Services Zero-Rating	Publish URA guidance zero-rating exported digital services and confirming export VAT treatment	Tax / Regulatory

> *The ICT sector needs a researched, unified policy position. Individual complaints do not move the needle; a coherent evidence base, credible costing and measurable asks do.*
>
> **CIO–CxO Digital Leadership Forum**

IMPLEMENTATION

The Forum's 180-Day Action Plan

0-60 DAYS

Consolidate the consultation evidence base and publish the ICT Budget and Digital Public Value Position Paper

61-90 DAYS

Brief policymakers and parliamentary committees on the Position Paper, linking ICT under-appropriation to NDP IV delivery risks

91-180 DAYS

Publish the first quarterly implementation tracker monitoring NDP IV digital targets that slip due to ICT under-appropriation; host an accountability roundtable and begin FY2027/28 pre-budget evidence collection.

> *"Last-mile connectivity, affordable access and reliable infrastructure are essential if digital services are to reach the person on the ground."*
>
> **Gloria Atwine Katuuku · Director, Planning, Research & Development, NITA-U**

PROPOSED MEASUREMENT FRAMEWORK

Anchoring the Debate on Public Value, Not Activity

Investment Discipline

Share of digital capital released; spend on priority infrastructure; maintenance & cybersecurity allocation

Access & Affordability

Last-mile coverage, median service cost, public hotspot use, access for underserved areas and persons with disabilities

Service Delivery

Services integrated; transaction completion rates; uptime; cost per transaction; reduction in physical visits

Economic Impact

ICT-enabled jobs; local supplier participation; SME contracts; export revenue; private capital mobilised

Trust & Resilience

Cyber incident response time; system uptime; backup readiness; interoperability and data-protection status

THE FORUM'S POSITION

Invest Deliberately, Not Just More

Uganda cannot deliver a technology-enabled ten-fold growth agenda through fragmented allocations, platform-led implementation and reactive tax administration. Digital transformation must be financed, governed and measured as national economic infrastructure. The priority is not simply to spend more; it is to invest more deliberately in the assets, systems, skills and market conditions that enable every productive sector to operate with greater efficiency, trust, competitiveness and reach.

The CIO–CxO Digital Leadership Forum therefore calls for a structured Digital Investment Compact, a performance-led digital public infrastructure portfolio, a transparent route for local innovators to participate in national priorities, and a tax environment that supports, rather than penalises, technology acquisition, exports, investment and scale.

Key Takeaways From the Consultations

1. The dedicated ICT budget line has declined for two straight years, even as the Tenfold Growth Strategy names the knowledge economy as its cross-cutting catalyst.
2. Regionally, Uganda sits ahead of Kenya and Tanzania but behind Rwanda, and is the only one of the four on a clear downward trend.
3. The budget and tax regime together create real openings alongside unresolved pain points on ICT taxation and regulatory clarity.
4. NITA-U's digital public value agenda and the sector opportunity map both call for the private sector to move from connectivity provider to public-service-delivery partner.
5. The Forum's proposed Digital Investment Compact, infrastructure portfolio, PPP pipeline and tax agenda now move to stakeholder engagement over the next 180 days.

This report combines the consultation outcomes with the Forum's Post-Budget Findings and Proposals Report , and is complemented by the Forum's position paper, "ICT Sector Position on National Budget Prioritisation for Digital Infrastructure as an Engine for NDP IV Delivery and Employment Growth," both available from the Secretariat on request.

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