

African expansion through acquisitions of existing operations and greenfield operations. The group seeks to expand its foothold on the continent through a "revised" pan-African strategy and an updated operating model.

Markets.

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Buy local, hold global, BoU's three-year gold test begins

The Bank of Uganda has begun buying gold dug from Ugandan soil and plans to stack it alongside dollars, euros and Treasury bills as part of the country's official foreign exchange reserves.

This is first time Uganda will systematically convert domestically mined bullion into a sovereign reserve asset, shifting part of the national safety net from paper issued abroad to metal produced at home.

In a notice issued on April 20 2026, the Bank announced it had launched a three-year pilot domestic gold purchase programme, with test purchases executed last week.

The programme, the BoU said, "aims to build and diversify Uganda's foreign exchange reserves portfolio by purchasing and processing domestically mined gold and including it in the foreign exchange reserves."

It added: "This will strengthen reserve adequacy and reduce risks associated with conventional reserve instruments."

Economists say the logic is straightforward.

Dr Susan Kavuma, an economist at Makerere University, called it "a good idea for the BoU to buy gold domestically, which reduces the economy's risk of relying heavily on foreign currencies which experience shocks that could be triggered by global events or national shocks."

Kavuma noted that reserve diversification is not just about spreading risk across currencies.

"Secondly, unlike foreign currencies, gold is not hinged on the performance of countries for the foreign currency of the reserves," she said. Because bullion is not a liability of any government, it is insulated from the fiscal or political troubles that can devalue paper reserves overnight.

How will the scheme run?

BoU "will buy gold mined in Uganda from eligible, prequalified licensed miners."

Payments will be made in Uganda shillings, "based on prevailing international gold prices."

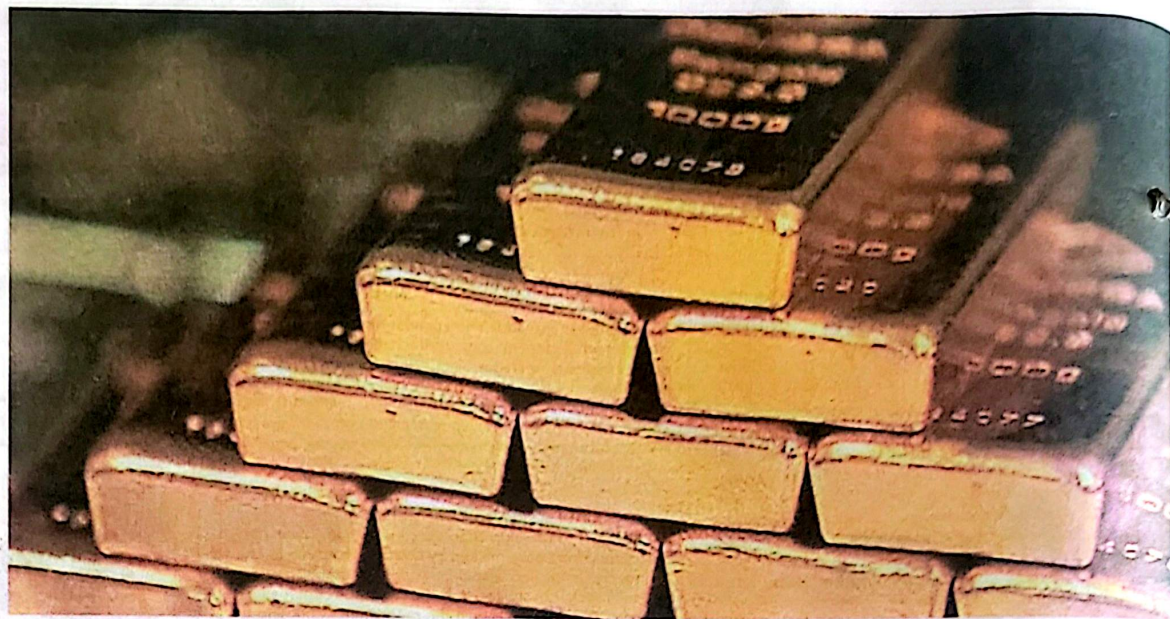
That shilling-based payment structure has its own macroeconomic effect, Dr Kavuma explained.

"Thirdly, if gold is purchased using local currencies, then foreign currencies are reserved, but it also injects money into the economy."

The Bank has indicated it will sterilise those injections through open-market operations to keep overall liquidity consistent with its inflation target, but the initial transaction still puts shillings into the hands of miners, aggregators and refiners.

Once purchased, the gold will be delivered to "designated, prequalified refineries for assaying," after which it will be stored in the Bank of Uganda.

"Subsequently, the gold will be refined domestically and processed to meet international monetary gold standards.



In a notice dated April 20, the Bank of Uganda said it had launched a three-year pilot Domestic Gold Purchase Programme, with test purchases executed on Friday 17 April 2026. PHOTO/FILE

Key data

10-fold

The Initiative, it added, supports Government's 10-fold growth strategy, "in which mineral development is a key pillar, and will serve as a macroeconomic tool for sustainable development."

\$5.8 billion

Uganda's gold export earnings have risen to \$5.8 billion (Shs21.4 trillion).

ensuring a transparent and accountable supply chain, mitigating risks of illicit trade, and strengthening confidence in Ugandan gold in both domestic and international markets."

To meet its own compliance duties, the Bank has obtained a Mineral Dealer's Licence from the Energy Ministry and is registered with the Financial Intelligence Authority as an accountable entity for Anti-Money Laundering and Countering the Financing of Terrorism, the notice stated.

The Central Bank stressed that the rollout will be deliberate.

"The controlled three-year pilot will allow the Bank to test operations, strengthen controls, and apply lessons learned before scaling up," the notice said.

Over the pilot phase, "the Bank will test the full value chain, from purchasing gold to including it in official foreign exchange reserves and enhancing traceability systems."

Preparations were done "under the strategic guidance of a high-level inter-governmental committee bringing together key institutions, including the Ministry of Energy and Mineral Development, Solicitor General, Uganda Revenue Authority, Ministry of Finance, Planning and Economic Development, National Environmental Management Authority, Financial Intelligence Authority and the Uganda National Mining Company."

That work produced "a comprehensive operational framework covering governance, risk management, accounting, compliance, and a traceability mechanism to be used during the 3-year pilot."

Environmental, social, and governance considerations are "integrated through existing licensing regimes, which include the relevant safeguards and regular inspection and monitoring," the Bank said.

Uganda is not alone

In establishing the Domestic Gold Purchase Programme, Uganda joins other countries, including Ghana and Tanzania, which have incorporated gold into their reserve management strategies by leveraging domestic production for broader economic goals."

The Bank tied the initiative to Government's "10-fold growth strategy, in which mineral development is a key pillar," and called it a "macroeconomic tool for sustainable development."

For decades, Uganda's reserves were held mainly in US Treasuries, euro assets, and Special Drawing Rights. Those instruments pay interest but expose the country to interest-rate risk, credit risk, and geopolitical risk.

Gold pays no yield and must be stored and insured.

But it has no maturity date and no issuer who can default.

In a crisis, it can be mobilised by swapping it for hard currency with other Central Banks or selling into the London market.

Traceability

According to BoU, the programme "is anchored on a robust chain-of-custody framework, which is central to ensuring full traceability of gold from mine site

to export."

The framework was developed with the Ministry of Energy and Mineral Development and "aligns with obligations under the International Conference on the Great Lakes Region Regional Certification Mechanism, which requires member states to implement traceability systems to verify mineral origin and prevent illicit flows."

BoU said the mechanism is "critical in