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BoU to purchase gold worth Shs574b between March and June

Reserves.

DOROTHY NAKAWEESI

Bank of Uganda (BoU) will purchase at least 100 kilogrammes of gold between March and June this year, valued at approximately $160m (Shs574.1b)

The purchase is part of its ongoing Domestic Gold Purchase Programme, targeting seven to 10 tonnes of locally mined gold each year to boost the country's foreign exchange reserves.

Speaking in an interview in Kampala yesterday, Bank of Uganda Director for Research Adam Mugume, said the Central Bank is in the final stages of preparation, with procurement processes nearing completion.

"We are still finalising procurement issues. Hopefully, in March, we should have commenced," he said, noting they are remaining with working on contract terms for the refineries that will undertake assaying and refining of the gold before it is added to Uganda's reserves.

"So far, we are going to work with two refineries," he said, but declined to reveal their identities. "No names for now until the contracts are finalized."

Under the plan, the Central Bank will purchase about 100 kilogrammes of gold between March and June, all valued at approximately $160m, based on prevailing international market prices. The Domestic Gold Purchase Programme was announced in 2024 as part of Bank of Uganda's strategy to diversify its reserve assets and reduce over-reliance on traditional foreign currencies such as the dollar.

By holding part of its reserves in gold, the Central Bank reasoned that this would strengthen financial stability and hedge against global economic uncertainties, currency volatility, and inflationary pressures. Gold is widely regarded as a safe-haven asset and a store of value during periods of global financial turbulence. Central banks across the world have increasingly added gold to their reserves in recent years as a risk management measure.

Beyond reserve diversification, the programme is also expected to support Uganda's local gold value chain, given that the Central Bank has indicated it will only purchase refined gold domestically.

Through the programme, Bank of Uganda will support the formalization of Uganda's mining sector, promote value addition through local refining, and enhance transparency in gold trade.

The initiative is aligned with broader government efforts to curb gold smuggling and ensure that more value from Uganda's mineral resources is retained within the country.

Under the programme, Bank of Uganda will purchase between seven and 10 tonnes of gold annually.

Previously, Bank of Uganda Governor Michael Atingi-Ego said the initiative is aimed at promoting domestic refining and value addition rather than exporting raw gold.

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