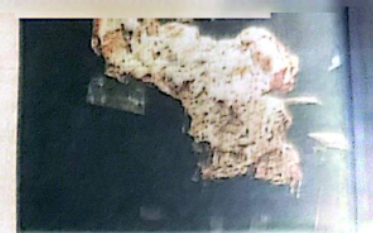


Uganda's exports to the Middle East double, with Bank of Uganda figures showing growth from \$2.68b in 2024 to \$5.27b in 2025. The region became the country's leading market, driven largely by strong gold demand, especially from the UAE, boosting foreign exchange earnings and strengthening trade ties.



Pension.

RACHEAL NABISUBI

The pension sector is undergoing a significant transformation, with a policy shift redefining how civil servants save for retirement and how government manages long-term obligations.

For decades, Uganda operated a non-contributory pension scheme for civil servants, where retirees depended entirely on government allocations.

But under the newly enacted Public Service Pension Fund Act, 2025, that model has changed fundamentally.

Civil servants are now required to contribute alongside government, bringing the public sector closer to the private sector model under NSSF.

The reform introduces a shared contribution structure, with government contributing 10 percent and civil servants 5 percent of their earnings.

The shift is designed to ensure sustainability, reduce fiscal strain on government, and guarantee timely access to retirement benefits.

"A major turning point came in 2025 with the passage of the Public Service Pension Fund Act, which transformed Uganda's civil service pension scheme from non-contributory to contributory," says Rita Nansasi Wasswa, the Uganda Retirement Benefits Regulatory Authority (URBRA) accounting officer and chief manager of legal services.

While the law has already been enacted, implementation is still taking shape.

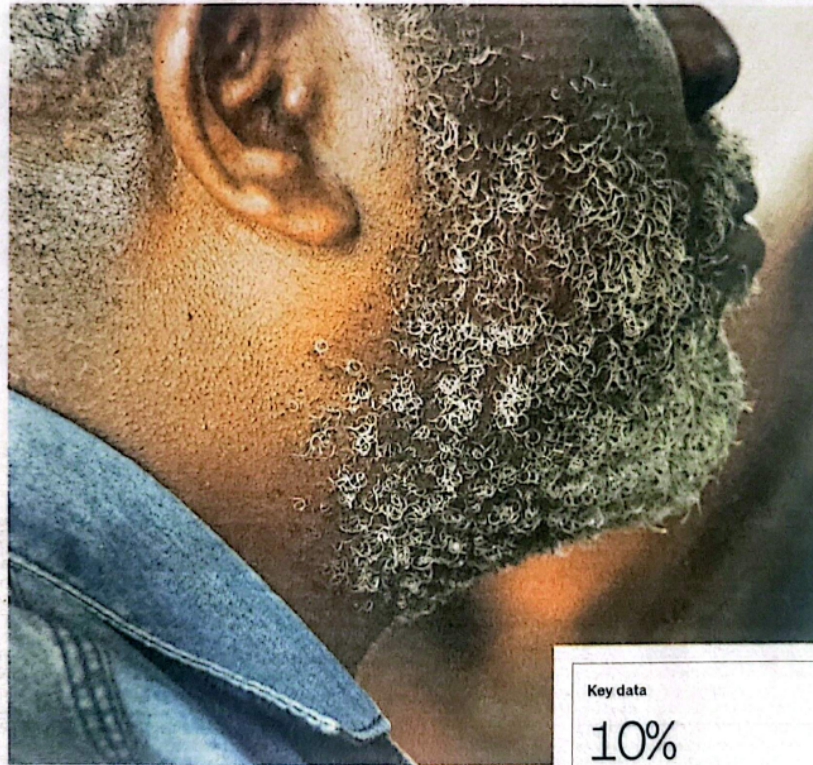
Cosma Ssenyonga, the URBRA prudential supervision manager, says government is now developing regulations to operationalize the framework.

Among the anticipated provisions, he says, are mechanisms such as retirement bonds, which could play a role in structuring long-term pension liabilities and investments.

The reform comes against a backdrop of rising fiscal pressure from pension obligations, which had increasingly strained government finances under the old system.

Finance Minister Matia Kasajja underscores the importance of the shift, saying it "marks a significant milestone in pension reform" by establishing a pre-funded scheme with joint contributions, which ensures timely, predictable, and sustainable benefits payment. But beyond this, he says, it will help

Civil servants to contribute 5% to their pension in major shift



The shift to contributory civil service pensions structure eases fiscal pressure, ensures sustainability, and guarantees timely retirement benefits. PHOTO/FILE

strengthening oversight through URBRA.

Uganda's pension sector is steadily gaining traction, with contributions now averaging 12 percent and rising.

While countries like Kenya and Tanzania remain ahead, thanks to earlier

structural reforms, How-

ever, Uganda is positioning itself as a serious contender in building domestic savings and long-term financial stability.

Key data

10%

Under the reforms the shared contribution structure, will require government to contribute 10 percent towards public servants' pension.

5%

The reforms will require public servants to contribute 5 percent of their salaries towards pension.

ever, Uganda is now leveraging these lessons.

"We now have a more stringent regulatory framework, which regional peers are beginning to benchmark against," she says, but notes that growth opportunities through expansion of contributory schemes, inclusion of informal sector workers, and potential government incentives can boost savings.

The URBRA Annual Report 2024 shows the sector is already showing strong momentum, with total investment income growing by 12 percent to Shs3.89 trillion in June 2025, driven by improved returns from treasury bonds, dividend income, and collective investment schemes.

However, pension schemes recorded a foreign exchange loss of Shs274.3b in June 2025, largely due to the appreciation of the shilling against regional currencies, and still face the challenge of being limited on how far they can invest, because the current laws limit offshore investment to East Africa.

Thus, pension reforms remain central to Uganda's broader economic ambitions under the Ten-fold Growth Strategy that seeks to expand the economy from \$50b to \$500b by 2040.

Retirement benefits schemes already account for 67 percent of gross domestic savings, making them a critical lever for growth, but governments want to raise the sector's contribution to GDP from 21 percent to 40 percent by 2040.

In its report, URBRA noted that the pension sector is on a promising trajectory, but can only get better with relevant reforms, stronger regulation, and potential policy shifts to encourage savings and investment diversification.

The shift from a non-contributory to a contributory system, therefore, represents a structural reset that will enhance financial discipline, improve benefit predictability, and build long-term resilience.

However, government doesn't indicate when the shift will be fully implemented.