

Agriculture continues to power Uganda's economy as seen in the second quarter of FY 2025/26, where it accounted for 25.6 percent of GDP.

BY MARTIN LUTHER OKETCH

Agriculture has emerged as a key driver of Uganda's economic growth, supporting expansion across multiple sectors and sustaining livelihoods for millions. Its contribution continues to shape the overall performance of the economy, not only through direct output but also by supplying raw materials that feed into industry and stimulate activity in the services sector.

In the second quarter of FY2025/26, the agricultural sector accounted for 25.6 percent of GDP, up from 25.5 percent in the same period of FY 2024/25. This steady growth highlights the sector's central role in driving economic growth. Strong agricultural performance has supported agro-processing industries, boosted trade, and increased demand for transport and financial services, creating a ripple effect across the economy.

The calculation of Gross Domestic Product (GDP) on both a quarterly and annual basis remains vital in understanding the size of the economy and how it is performing.

According to the Uganda Bureau of Statistics Executive Director Chris

Agriculture grows economy



Coffee is one of the high earning crops in the agricultural sector. PHOTO/MICHAEL KAKUMIRIZI

N. Mukiza, Uganda's year-on-year quarterly GDP for the second quarter of FY 2025/2026 grew by 8.5 percent, a significant rise from 5.4 percent recorded in the same quarter of the previous financial year (2024/2025).

In nominal terms, the economy also expanded. Quarterly GDP at current prices increased to Shs62.001 trillion in the second quarter of FY 2025/2026, up from Shs55.083 trillion in the corresponding period of FY 2024/2025, according to figures released by

Uganda Bureau of Statistics (UBOS) at the weekend.

While increased investment by both the private sector and government has supported this growth, agriculture remains at the core of the expansion. Its strong performance continues to feed into the industry sector, which contributed 24.6 percent of GDP, largely driven by agro-based manufacturing and processing. The services sector remained the largest contributor at 42.5 percent of GDP. However,

INDUCED GROWTH

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much of its growth is closely linked to agricultural activity, as improved farm output drives demand for trade, logistics, and financial services.

Sectoral performance

"Year on year gross value added for the agriculture sector grew by 8.8 percent in quarter two of 2025/26 compared to a growth of 7.8 percent in quarter two of the previous year. This growth was due to cash crop growing activities which registered growth of 12.6 percent in quarter two of 2025/26 compared to growth of 9.6 percent in quarter two of 2024/25," he said.

In value terms, UBOS explains that Agriculture value added increased from Shs9.594 trillion in quarter one of 2025/26 to Shs10.109 trillion in quarter two of the financial year 2025/26.

Year-on-year gross value added for the

industry sector grew by 12.3 percent in quarter two of 2025/2026 compared to a growth of 7.7 percent in quarter two of the previous year. This growth was due to an increase in manufacturing activities, which grew by 8.9 percent in quarter two of 2025/2026 compared to a growth of 7.8 percent recorded in quarter two of 2024/2025.

In addition, construction activities grew by 19.4 percent in quarter two of 2025/2026 compared to a growth of 7.9 percent in quarter two of 2024/2025.

During the period, the value of Industry increased from Shs11.200 trillion in quarter one of FY 2025/2026 to Shs11.778 trillion in quarter two of FY 2025/2026. The growth of the services sector was mainly driven by an increase in Trade & Repairs activities and Real Estate activities, which grew by 4.9 percent and 6.1 percent respectively in quarter two of 2025/2026 compared to a growth of 7.5 percent and 3.0 percent in quarter two of 2024/2025 respectively. The computed figure reveals that the value of service during the period increased from Shs18.035 trillion in quarter one of FY2025/2026 to Shs18.549 trillion in quarter two of FY2025/2026.

Dr Mukiza says Gross Fixed Capital Formation grew by 15.6 percent in quarter two of 2025/2026 compared to a growth of 7.3 percent registered in quarter two of 2024/2025.

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