UGANDA'S FINANCIAL MARKETS RANK THIRD IN AFRICA

In the recently released 2025 Africa Financial Market Index (AFMI), Uganda made it to the third position, a leap from the fourth position in 2024. The index evaluated 29 countries in the region, approximately 80% of the population and gross domestic product of Africa.

This is determined by a country's performance across more than 40 indicators and six pillars; market depth, access to foreign exchange, macroeconomic environment and transparency, market transparency and regulatory environment, pension fund development, legal standards and enforceability.

AFMI provides a benchmark for market infrastructure and an opportunity for policymakers and governments to learn from improvements across Africa.

In the index, Uganda scored 66 points, behind South Africa (86) and Mauritius (76). The country's strengths include its legal standards and enforceability where it scored an impressive 90 points, and macro economic environment and transparency with a score of 85.

This ranking puts Uganda among Africa's most credible financial markets and is a notable achievement,



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especially in a year that has been defined by global tightening and uncertainty in geopolitics, among other issues.

For business leaders, investors and policymakers, this ranking offers insight into how Uganda's financial ecosystem operates and what it means for capital mobilisation, private-sector growth and economic resilience.

The third spot in the AFMI 2025 ranking shows Uganda's strength in the management of the economy, especially at a time when many emerging markets are struggling with inflationary pressures. Uganda has maintained stable inflation below 5%; central bank's medium-term target.

BETWEEN THE LINES

If leveraged effectively, Uganda's ranking can support a more dynamic private sector and reinforce itself as a promising frontier market.

For businesses, this implies low uncertainty in goods and services pricing, import costs, sustainable debt management and long-term investment planning. For capital markets that are considered a key component of the overall financial system and a crucial indicator of macroeconomic development, improvement in market infrastructure and regulatory oversight strengthens investor confidence, positioning Uganda as an attractive investment destination for both domestic and foreign investors.

In addition, the ranking sends a signal to institutional investors, development finance institutions and multinational firms that Uganda is increasingly viewed among the low-risk markets in Sub-Saharan Africa due to the enhanced enforceability of legal standards.

Global investors often use indices such as AFMI in screening the market environment when allocating capital for investment. Uganda's third spot ranking improves its visibility in investment portfolios and enhances its competitiveness.

In areas of foreign direct investments, the implication is that a sound financial system supports cross-border transactions and reduces regulatory friction, which are all critical considerations for international organisations entering a certain market.

With good AFMI rankings, businesses increasingly access non-bank finance, including corporate bonds, private equity, and structured finance, which are among the tools that remain underutilised in Uganda's economy, although they are critical for financing infrastructure, industrialisation and innovation.

At a regional level, the performance positions Uganda as the East African Community's financial stability anchor, even as the neighbouring markets might exhibit higher liquidity, hence creating an opportunity to attract financial service firms and cross-border investment vehicles looking for stable operating bases.

Despite the strong AFMI ranking, challenges in Uganda's financial markets still remain; there is limited participation from institutional and retail investors and constrained long-term capital mobilisation due to limited investment vehicles or instruments.

To address these challenges, there is a need to have in place targeted reforms that can expand capital market participation and strengthen pension sector investment networks. We also need to develop market instruments that support small and medium enterprises with affordable financing for growth and expansion.

The bigger task ahead for Uganda is to convert this ranking into productive investment, job creation and inclusive growth. If well leveraged, this ranking can support a more dynamic private sector and reinforce our standing as one of Africa's most promising frontier markets.