



OIL, GAS & INFRASTRUCTURE

WHAT LIES AHEAD AS OIL REVENUE PARTAKES IN THE NATIONAL BUDGET?

PUBLIC FINANCING

As Uganda approaches first oil production, sh1.442 trillion from the petroleum fund is set to enter the national budget. Analysts, civil society and legislators are weighing the opportunities and risks that come with oil-dependent public financing, writes **Ivan Tibenkana**.

As July sets into motion the 2026/2027 financial year, the latest outflows from Uganda's petroleum fund will also be made. Sh1.442 trillion will be withdrawn to form part of the resource envelope. But as the national budget grows exponentially, amounting to sh84.39 trillion, the move opens up greater expectations and keen interest in the direction and performance of oil revenue.

The decision was endorsed by the finance ministry to meet budgetary expenditures, adding to other prior withdrawals made between 2017 and 2021 from both the US dollar account and the Uganda shilling account.

This comes at a time when Uganda is pivoting into oil production, anticipated in the second half of this year barring any force majeure, and the National Annual Performance Report for financial year 2024/2025 credits the sector positively.

According to the report, the sustainable development of petroleum resources programme ranked as the best performing among the Government's 20 programmes implemented under the National Development Plan III.

THE PETROLEUM FUND OUTFLOWS

The fund is furnished with revenue from the petroleum industry. The income, capital gains and withholding tax revenue derived from petroleum operations include the government share of production, signature bonuses,



Kingfisher well pad at Lake Albert. The upstream activities in Kingfisher and other projects have generated withholding tax, surface rent, bringing in some revenue

surface rentals, royalties, proceeds from the sale of the government production share, any dividends due to government, and proceeds from the sale of the government's commercial interests, among others, linked to the petroleum agreements.

According to the finance

ministry, between June 2018 and June 2021, the fund grossed sh310.217b, amassed from both tax and non-tax revenue. A 401% increase in revenue was recorded in 2021 (sh155.01b), up from sh35.479b in 2020. This was attributed to both capital gains

tax and stamp duty on the sale

of Tullow Uganda Ltd shares to Total EP Uganda.

The Uganda National Oil Company (UNOC), which holds the country's commercial interest in the sector, states that the activity portfolio informs the

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