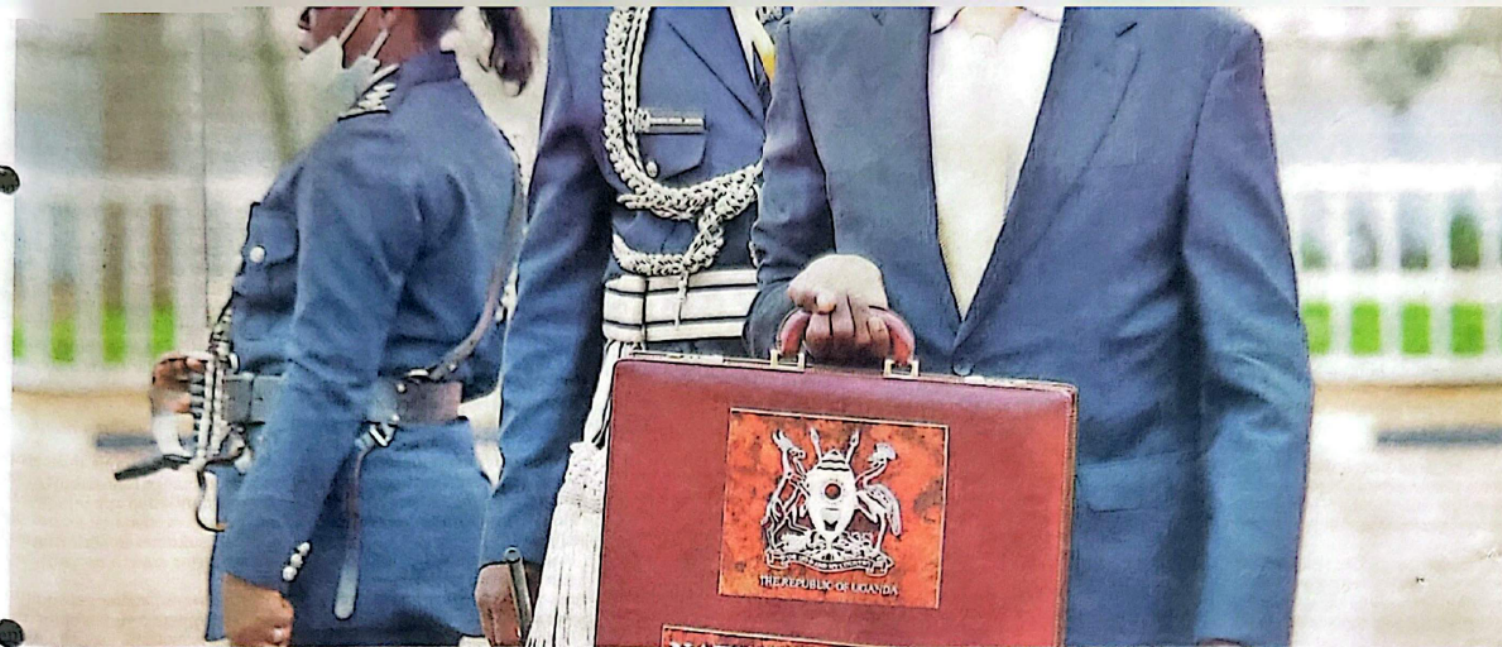




Finance Minister Matia Kasajja displays the Budget briefcase in Kololo. Economists warn that frequent supplementary budgets are destroying fiscal discipline, turning exceptions into routine behaviour. PHOTO/MICHAEL KAKUMIRIZI

Supplementary budget risks

The upward adjustment follows Parliament's approval of a supplementary budget of Shs 8 trillion in December for FY2025/26—a pattern that, critics say, is steadily eroding the integrity of the national budgeting process.

**BUDGET
RONAH
NAHABWE**

When the International Monetary Fund (IMF) warns about fiscal credibility, markets listen.

In recent engagements with Ugandan authorities, the IMF and other multilateral partners have emphasized the need for strict adherence to approved budget ceilings — cautioning that repeated spending revisions risk weakening fiscal discipline and unsettling investors already watching Uganda's rising debt levels closely.

Even before the next financial year begins, Uganda's FY2026/27 national budget has been revised upward to Shs78.2 trillion (\$21.78 billion) — a sharp 12.7 percent jump from the earlier Shs69.4 trillion projection.

For fiscal analysts, the question is no longer whether supplementary budgets will be issued — but when.

The upward adjustment follows Parliament's approval of a supplementary budget of Shs 8 trillion in December for FY2025/26—a pattern that, critics say, is steadily eroding the integrity of the national budgeting process.

What was designed as an emergency mechanism is increasingly being treated as a routine financing tool.

Speaking at the recently concluded Stanbic Economic Forum, interna-

tional economist and Standard Bank Group's head of Africa Regions economic research, Jibran Qureishi, said the upward adjustment is reviving anxieties among fiscal analysts, warning that repeated mid-year revisions are becoming routine rather than exceptional.

Fiscal credibility

International lenders, including the IMF, have consistently cautioned against frequent supplementary budgets, arguing that they weaken fiscal credibility, widen deficits beyond original projections and complicate debt sustainability efforts.

"The concern is that the government announces one fiscal position in the budget, but by the time the final outcome is published, the deficit is consistently much higher than initially projected. That pattern, repeated over several years, erodes credibility," Qureishi said.

It is no surprise that institutions like the IMF and other multilateral partners — alongside the broader investment community — are increasingly worried about the frequent issuance of supplementary budgets.

When supplements become routine, the original budget stops being a serious policy signal.

Investors begin to assume that the numbers presented at the start of the year won't hold. →