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Decoding Injustice in Uganda: Debt servicing limits fiscal space, social protection and undermines rights

Uganda has long been celebrated as one of East Africa's fastest-growing economies. It grew 6.4% in FY2025/26, and the government projects 10.2% growth in FY2026/27 as commercial oil production begins.[1] Beneath this growth narrative lies a deepening contradiction. Public debt reached UGX 126.19 trillion (US $34.86 billion) by December 2025, and debt servicing will absorb UGX 33.4 trillion, nearly 40% of the record UGX 84.39 trillion FY2026/27 budget. It is the single largest item in the budget.[2] As debt crowds out spending on health, education, social protection and climate resilience, the people who depend most on public services bear the cost: women, girls, older persons, persons with disabilities and rural communities.

Against this backdrop, CESR and ISER partnered to apply the Decoding Injustice framework to Uganda's debt and budget choices. Using the OPERA methodology, ISER produced five complementary briefs: a human rights brief on Uganda's public debt and four factsheets on debt and the rights to health, education, social protection and climate resilience. This case study traces how ISER used the approach to interrogate the fiscal drivers of underinvestment, illuminate their human rights, gender and climate impacts, and inspire a shift in the debate. The question is no longer only whether Uganda's debt is sustainable, but whether the way it is managed allows the State to meet its human rights obligations.

1. The challenge

Uganda's public debt has grown fast. In USD terms it rose by about 20% in a single year, from US $29.06 billion in December 2024 to US $34.86 billion in December 2025, reaching 52.7% of GDP.[3] By March 2026 it had climbed again, to UGX 131.61 trillion.[4] That is roughly UGX 2.75 million for every person in Uganda.[5]

The problem is not only the size of the debt but its cost. Domestic borrowing, now more than half of the stock, carries a weighted interest rate of 14.5%, against 2.4% for external debt, and commercial loans

make up nearly 20% of external debt.[6] Interest payments alone will take UGX 12.4 trillion in FY2026/27. The State is also paying for money it has not used: about UGX 73 billion in commitment fees on undisbursed loans in FY2023/24 alone, and nearly UGX 469.8 billion in idle-loan charges over six years.[7]

The squeeze is starkest when debt servicing is set beside the sectors that deliver rights. In FY2026/27, debt servicing is five times the education allocation, 6.4 times health, and more than 190 times social protection, up from about 136 times in FY2025/26 on ISER's figures. It is nearly two and a half times the UGX 13.56 trillion the government allocates to health, education, water and social protection combined.

For the people who rely on public services, these numbers translate into daily hardship.

Allocation (UGX)	FY2025/26 (ISER)	Debt is...	FY2026/27	Debt is...
Debt servicing	**26.44 trn**	**—**	**33.40 trn**	**—**
Education	5.57 trn	4.7×	6.66 trn	5.0×
Health	4.51 trn	5.9×	5.23 trn	6.4×
Environment and climate	433.04 bn	61×	494.08 bn	68×
Social protection	194.79 bn	136×	173.55 bn	192×

In **health,** households already pay 27.4% of health spending out of pocket, and the health budget, at 6.1% of the total in FY2025/26, is less than half the 15% Abuja Declaration target.[8] Only 51.9% of the need for essential medicines and supplies is funded, and maternal mortality stands at 189 per 100,000 live births.[9] The health workforce is at just 44.9% of required levels: 154,016 workers against a need of 342,832.[10] With public facilities short of medicines and staff, 45% of patients now turn to private clinics, effectively subsidising the State from their own pockets.

In **education,** the Universal Primary Education (UPE) capitation grant has been stuck at UGX 20,000 per learner per year, less than a third of the recommended UGX 59,000–63,000.[11] The gap pushes government-aided schools to charge non-tuition fees.[12] Primary schools are short of 26,028 teachers (23% of the approved structure), and the Auditor General found an average of 75 pupils per teacher in schools inspected, against a national standard set at 53.[13]

With regard to **social protection,** only 3.1% of Ugandans benefit from at least one programme.[14] The Senior Citizens' Grant (SAGE) reaches only those aged 80 and above, leaving around one million older persons between 60 and 79 years outside it, and the transfer has been fixed at UGX 25,000 a month since 2011. Inflation has further eroded the grant's purchasing power, with its real value declining by nearly 45% between 2013 and 2022.[15] Although the Government approved expanding eligibility to 65 years and increasing the monthly transfer to UGX 35,000 in November 2025, these reforms remain unimplemented due to inadequate financing.[16] In FY2024/25, as debt servicing rose to UGX 24.69 trillion, the SAGE budget was cut from UGX 121 billion to UGX 100 billion, leaving more than 100,000 eligible older Ugandans without the income they were expecting.[17] Over 80% of the labor force works informally, with little access to protection, and children with severe disabilities receive no cash transfer at all.

On climate, Uganda ranks 163rd of 183 countries for climate vulnerability,[18] and droughts, floods and landslides are intensifying. Floods have forced the closure of Kilembe Mines Hospital and left schools in Ntoroko unable to reopen.[19] Uganda needs an estimated US $28.1 billion for climate action by 2030, US $17.7 billion of it for adaptation.[20] Yet FY2026/27 provides UGX 494.08 billion for environmental protection and climate adaptation,[21] about one-sixty-eighth of debt servicing.

Women and girls bear a disproportionate share of these costs. When public services fail, households fill the gaps, and women and girls absorb most of the extra unpaid care, lost income and lost opportunity. Girls are more likely to be withdrawn from school when costs rise; 2024 Census data show 5.2% of women have completed post-secondary education against 6.4% of men.[22] Women's roles in agriculture and caregiving, and their reliance on natural resources, also leave them most exposed when climate shocks hit.

The crisis exposes a deeper structural injustice: fiscal choices that prioritise creditors over the services people need to realise their rights. Uganda faces a double squeeze, with rising debt obligations on one side and growing social and climate needs on the other.

2. The approach: Decoding Injustice in action

Step 1: Interrogate

ISER, in partnership with CESR, applied the Decoding Injustice framework to assess Uganda's debt and budget through a human rights lens. Using OPERA, they asked whether the State was using the maximum of available resources to realise rights, and how debt servicing was driving underinvestment, retrogression and inequality:

Outcomes: ISER examined whether Ugandans could enjoy basic rights in practice. It found shortages of teachers, classrooms, health workers and medicines; high out-of-pocket health costs; social protection reaching only 3.1% of the population; and communities left exposed to droughts, floods and landslides. The rights to education, health, social security and a healthy environment were not being met.

Policy Efforts: Uganda is legally bound to progressively realise economic and social rights using the maximum of its available resources. Yet no safeguards protected rights-critical spending from rising debt obligations. Debt rose above the Charter of Fiscal Responsibility target of 49.3% of GDP, (to 52.7% in December 2025), borrowing shifted towards expensive domestic and commercial sources, and weak loan absorption meant the State paid for money it did not use. The SAGE transfer was never indexed to inflation. Fiscal policy was not designed with the gendered or climate impacts of debt in mind.

Resources: In FY2025/26, UGX 26.44 trillion (36.5% of the budget) went to debt servicing, against UGX 5.57 trillion for education, UGX 4.51 trillion for health, UGX 433.04 billion for the climate-related programme and just UGX 194.79 billion for gender and social protection. Together, these four sectors received about 14.8% of the budget, less than half the share taken by debt. In FY2026/27 the gap widened further.

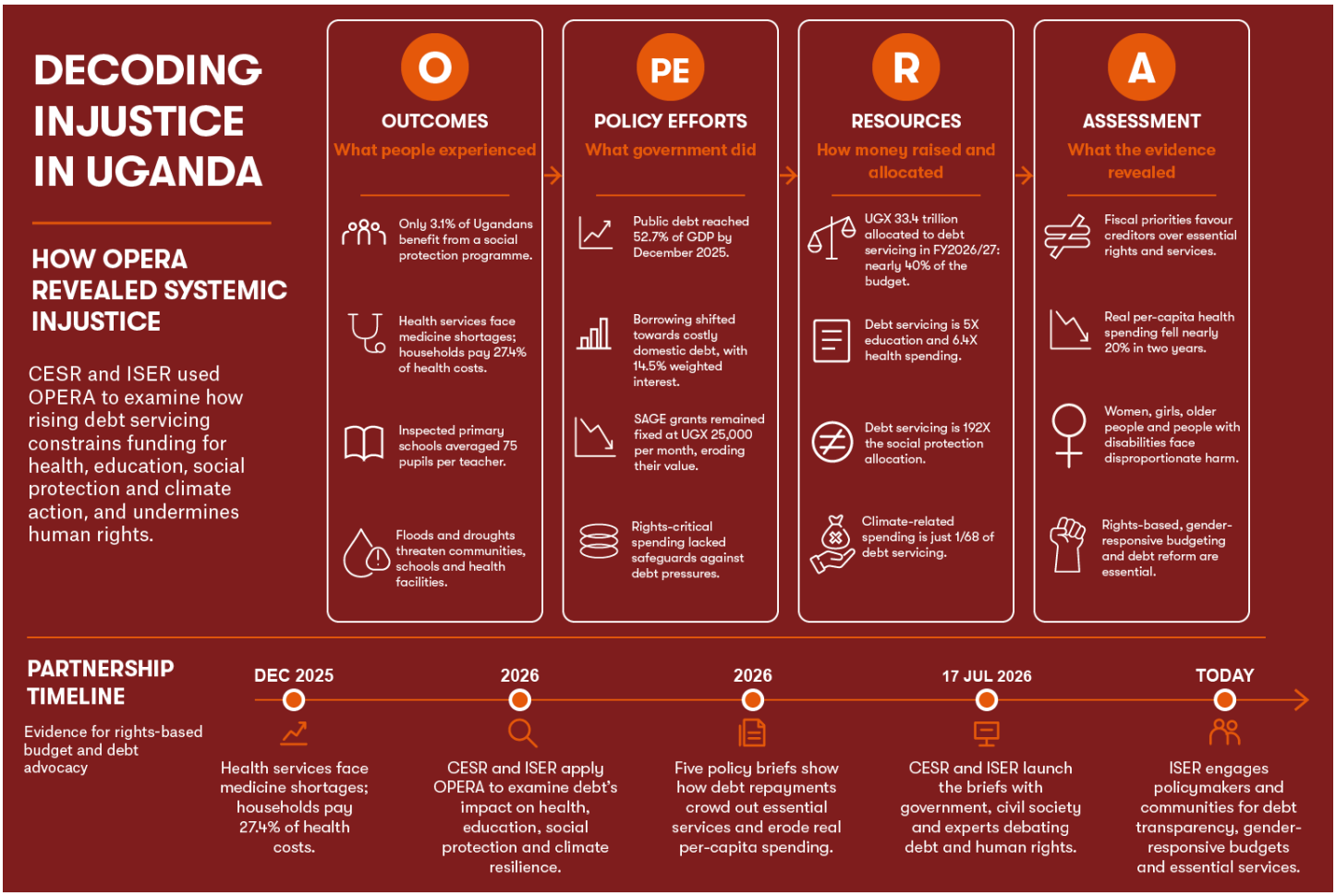
Assessment: Synthesising these findings, ISER found that fiscal priorities were concentrated on debt obligations rather than on the sectors that deliver essential rights. Declining real and per-capita allocations raised serious concerns about retrogression and about whether the State was using the maximum of its available resources. The underfunding of public services was not inevitable. It resulted from borrowing decisions, debt management practices and budget priorities, all of which can be challenged.

Step 2: Illuminate

ISER compiled and analysed official government data to show what headline budget figures conceal. It adjusted nominal allocations for inflation using sector-specific UBOS price indices and the GDP deflator, and calculated per-capita figures using the 2024 Census. The analysis found that even where allocations rose on paper, the resources reaching each person were shrinking:

- **Health:** real per-capita spending fell by nearly 20% in two years, from a peak of UGX 84,958 in FY2023/24 to UGX 67,980 in FY2025/26, far below the WHO benchmark of US $86 per person.[23]
- **Education:** real spending in FY2025/26 was UGX 244,313 per enrolled learner but only UGX 155,254 per child of school-going age, showing how far funding falls short once out-of-school children are taken into account.[24]
- **Social protection:** the SAGE transfer stayed at UGX 25,000 a month while its real value fell from UGX 18,198 in FY2020/21 to UGX 14,681 in FY2025/26, a loss of almost a fifth of its purchasing power.[25]
- **Climate:** real per-capita climate-related spending fell from UGX 10,443 in FY2022/23 to UGX 7,738 in FY2024/25, about US $2 per person a year.[26]

Over the same period, debt servicing more than doubled, from UGX 12.76 trillion in FY2020/21 to UGX 26.44 trillion in FY2025/26. The research also showed that these fiscal constraints are not gender-neutral. When public systems are underfunded, women and girls absorb a disproportionate share of the cost through unpaid care, lost income, barriers to health care and education, and greater exposure to climate and economic shocks. Making visible who pays was central to the analysis.



The consequences of inadequate social protection financing, for instance, are evident in the lived experiences of older persons documented through ISER's community engagements. Hadijah Namyalo, an 82-year-old SAGE beneficiary from Kayunga District, relies on the monthly UGX 25,000 grant to meet her basic needs while also caring for her elderly mother and a grandson with a severe disability. Although she appreciates the government's support, she explains that the money is insufficient to meet her household's needs.

For John Oteede, a 78-year-old resident of Kumi District living with physical disabilities, the challenge is exclusion from the programme altogether since with the available resources, it only covers older persons aged 80 years and above. His condition limits his ability to work and earn a livelihood, leaving him and his family dependent on assistance from others. As he explains, "For financial support, my children and I are at the mercy of good Samaritans." His testimony highlights how restrictive eligibility criteria leave older persons facing poverty and disability without reliable income support.

Step 3: Inspire

The analysis showed how debt servicing shapes the lives of ordinary Ugandans: lack of medicines, overcrowded classrooms, a pension for older persons worth less each year, and communities left unprotected against floods and droughts.

ISER translated these findings into five briefs that use comparative fiscal storytelling, setting debt payments directly beside spending on each right. Each brief tells the story through one right and ends with concrete recommendations, turning an abstract macroeconomic problem into a question of State obligation. The climate factsheet, for example, shows that redirecting just UGX 100 billion, less than 0.5% of debt payments, could significantly strengthen disaster preparedness. The education factsheet shows that closing the capitation grant gap would cost a fraction of what is spent on debt.

3. What changed?

The Uganda case demonstrated that reframing debt as a human rights, gender and climate justice issue shifts the terrain of advocacy. By examining real and per-capita spending, ISER exposed underinvestment that headline budget increases had hidden. By connecting the sectors, the briefs showed that debt pressures play out simultaneously across health, education, social protection and climate action. ISER converted the evidence into concrete demands:

- ring-fence social sector and climate allocations from debt pressures;
- index the SAGE transfer to inflation and expand coverage;
- raise the capitation grant to recommended levels;
- strengthen rights-based and gender-responsive budgeting;
- improve debt transparency, management and loan absorption;
- reduce reliance on expensive borrowing and prioritise grant-based climate finance;
- pursue debt restructuring and relief, and strengthen progressive domestic resource mobilisation.

Most importantly, ISER grounded these demands in the principles of progressive realisation, maximum available resources, and non-retrogression. This showed they were not simply desirable policy options but obligations the State owes its people. The FY2026/27 budget, which sets UGX 33.4 trillion for debt servicing against UGX 173.55 billion for social protection, confirms the urgency of that case.

The research also provided a basis for engagement with policymakers and other stakeholders. In July 2026, ISER and CESR launched the five policy briefs on public debt and economic and social rights in Uganda, bringing together representatives from the Ministry of Finance, Planning and Economic Development (MoFPED), Members of Parliament, civil society, academia and other stakeholders. The launch created an opportunity to move the discussion beyond conventional measures of debt sustainability and examine the implications of Uganda's borrowing and budgetary decisions for the financing of essential public services.

4. Key takeaways

One of the most important lessons from Uganda is that a rising budget line does not mean rising public investment. Inflation, population growth and changing needs quietly erode the real value of spending. Deflating allocations and calculating per-capita figures was essential to exposing this hidden retrogression, as the fixed SAGE transfer shows most clearly.

The experience also showed that debt analysis becomes far more powerful when connected to rights. Asking what debt management means for the State's human rights obligations, rather than only whether debt is sustainable, makes fiscal policy relevant to people's lives and turns budgets into sites of accountability. Being open about the limits of the evidence strengthened its credibility: the climate figures are indicative, because the relevant programme covers more than climate change, and the social protection analysis covers only one sub-programme.

Finally, the case revealed that the burden of fiscal choices is not evenly shared. Women, girls, older persons and persons with disabilities bear the harshest consequences. This reinforces the need for gender-responsive budgeting that ensures those already marginalized are not pushed further into precarity.

5. Next steps

ISER plans to deepen its engagement with MoFPED, Parliament and other stakeholders to protect rights-critical spending from debt pressures and to push for greater debt transparency and better loan absorption. ISER will also continue to advocate for progressive domestic resource mobilization and rights-based, gender-responsive budgeting.

ISER will leverage annual budget advocacy, appearances before parliamentary committees, community engagements, and collaboration with civil society coalitions to sustain advocacy and policy dialogue, amplify the voices of affected communities, and advance reforms that prioritise funding for essential public services.

Notes

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