



DEVELOPMENT **IMPACT REPORT** 2025



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List of Acronyms

BN	Billion	NDP	National Development Plan
BTVET	Business, Technical, Vocational Education, and Training	NDP IV	Fourth National Development Plan
CAPI	Computer-Assisted Personal Interviews	NGOs	Non-Governmental Organizations
CATI	Computer-Assisted Telephone Interviews	NPL	Non-Performing Loans
CIT	Corporate Income Tax	OHS	Occupational Health and Safety
COMESA	Common Market for Eastern and Southern Africa	PAYE	Pay As You Earn
DFI	Development Finance Institution	PWDs	Persons with Disability
EAC	East African Community	SSCI	Sustainability Standard Certification Initiatives
ECCD	Early Childhood Care and Development	SDGs	Sustainable Development Goals
EU	European Union	SMEs	Small and Medium Enterprises
FEE	Foreign Exchange Earned	SP	Special Program
FPCM	Fat and Protein Corrected Milk	TCO2e	Tons of Carbon dioxide Equivalent
GDP	Gross Domestic Product	ToC	Theory of Change
GHG	Green House Gas	UAE	United Arab Emirates
HCD	Human Capital Development	UDB	Uganda Development Bank
ISO	International Organisation for Standards	UDB	Uganda Development Bank Limited
Kgs	Kilograms	UGX	Uganda Shillings
M	Million	UIA	Uganda Investment Authority
MEL	Monitoring, Evaluation, and Learning	USAID	U.S. Agency for International Development
MS	Mainstream	UTB	Uganda Tourism Board
MT	Metric Tonnes	VAT	Value Added Tax

► Executive Summary

Achieving the Sustainable Development Goals (SDGs) requires multi-dimensional approaches and actors with integrated strategies involving government, the private sector, civil society, and academia, among others.

Uganda's Fourth National Development Plan (NDP IV-2025/2026-2029/30) seeks to drive socio-economic transformation through industrialization, export growth, and strengthening the private sector to move from a peasant to a modern economy. Uganda Development Bank Ltd (UDB) has a catalytic role of providing financial and non-financial solutions. Especially targeting the private sector.

The Bank conducts annually an impact assessment to establish the Bank's contribution towards achieving the Fourth National Development Plan's focus on socio-economic transformation.

The assessment used survey data from the 525 UDB-funded enterprises on the Bank's portfolio, which was analysed using quantitative and qualitative methods, to examine the socio-economic and environmental effects of UDB's funding.

The findings show that the funded enterprises created and maintained a total of 69,202 jobs, an addition of 13,649 as compared to 55,553 created and maintained in 2024. The assessment established that the enterprises generated UGX 6,261 Billion as gross revenue, posted net profit after tax of UGX 1,158 Billion, and generated Corporation Income Tax (CIT) and PAYE of UGX 387 Billion. Enterprises in primary agriculture reported an increase in yield by 4.2% while industrial capacity utilization increased from 63.8% to 65.10%.

For businesses supported in the education sector, a total of 7,600 learners were enrolled in the 24 learning institutions. This is a 36% increase as compared to 2024 enrollment of 5,561 learners by UDB-funded education institutions.

Meanwhile in health, the increased bed capacity, procurement of specialised medical equipment like X-rays, CT-scan, etc led to an increase in the number of patients served annually to 376,287, a 6% increase from 2024. For the tourism sector, the study established that the average room occupancy rate declined from 57% in 2024 to 52% in 2025 due to the disruptions in the operations of NGOs following the closure of USAID and reduced funding to many others yet they provided a market to the hotel and hospitality industry.

Background

Uganda's Fourth National Development Plan (NDP IV-2025/2026-2029/30) seeks to drive socio-economic transformation through industrialization, export growth, and strengthening the private sector to move from a peasant to a modern economy. NDP IV aims for higher household incomes and full monetization of the economy. Uganda Development Bank (UDB) plays a catalytic role of providing financial and non-financial solutions (Debt and Equity) especially to private sector-led initiatives.

The Bank's solutions focus on the enterprises with significant potential to create socio-economic transformation in form of job creation, output, profitability, tax contribution, forex earnings and other sector-specific indicators like productivity, production among others.

The Bank conducts an annual impact assessment to establish its contribution towards achieving the Fourth National Development Plan's focus on socio-economic transformation. This annual assessment covers the Bank's portfolio and elicits information on different socio-economic outcomes that are envisaged to be influenced by the Bank's interventions.



1.1: Objectives of the Assessment

The main objective is to examine whether the Bank's interventions enhance development impact created by the supported enterprises.

The specific objectives include.

1. To assess the socio-economic and environmental contributions of UDB-funded enterprises.
2. To examine whether the development impact created by the Bank is inclusive socially and spatially.
3. To document lessons learned and derive recommendations to improve the Bank's strategies.

Approach and Methods

2.1. Ex-post assessment Scope

The assessment used data elicited from all the projects on the Bank's portfolio. Specifically, data was collected from all the funded enterprises that had received funding for at least six months by the time of survey.

The timing threshold assumes that the borrowed money starts to create impact after about two quarters. UDB-funded enterprises which had paid off their facilities were excluded from study because they are less responsive.

Accordingly, data collection targeted 575

eligible funded enterprises out of which 525 enterprises were surveyed, translating into a response rate of 91%. In terms of UDB's project categorization, the assessment covered both Special Program and Mainstream enterprises, as well as equity enterprises and those supported using other solutions such as fintechs.

The assessment focused on Socio- Economic contributions of UDB's funded enterprises, including but not limited to root core, sectoral specific and environmental sustainability indicators.



Table 1: Enterprises interviewed per sector

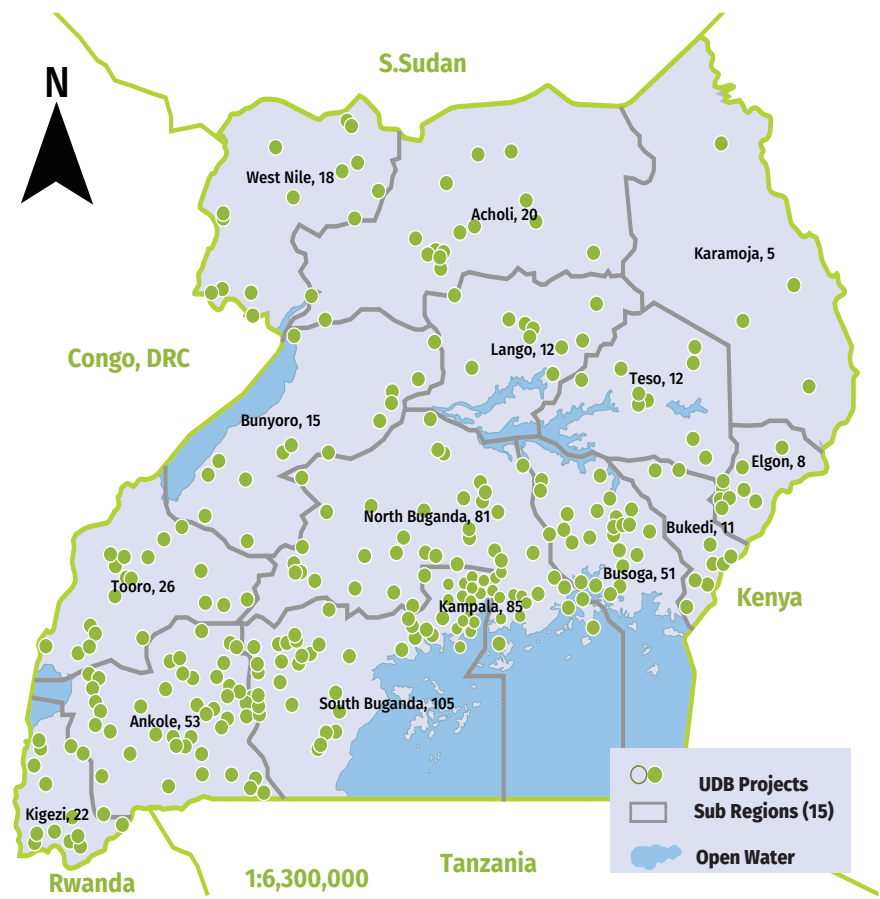
Sector/sub-sector	Target	Number of enterprises interviewed
Industry	184	166
Agro based industry	110	98
Extractive based industry	1	1
Knowledge intensive industry	1	1
Manufacturing	72	66
Infrastructure	24	20
Energy	4	3
Transport	15	13
Water and Sanitation	5	4
Primary Agriculture	173	164
Primary Agriculture	164	164
Services	182	168
Creatives Industry	2	2
Education	28	24
Health	32	29
Tourism and Hospitality	120	113
Others	12	7
Discontinued sub-sector (Real estate etc)	12	7
Grand Total	575	525
Response rate		91%

Data source: Ex-post assessment 2025

The 525 enterprises were distributed across the 15 sub-regions of Uganda with Central and Western regions having more enterprises interviewed, as compared to other sub-regions. The distribution follows the natural distribution of the enterprises in the Bank’s portfolio.

Figure 1: Geographical locations of the enterprises across the country.

UDB 2025 EXPOST : 525 Projects, 95 Districts



2.2. Data and Analysis methods

The study applied quantitative and qualitative methods to assess the social, economic and environmental effects of UDB's funding.

Data was collected from 525 UDB-funded enterprises using a mix of Computer-assisted Telephone Interviews (CATI) and Computer-assisted Personal Interviews (CAPI). CATI was mainly used for the Special Program enterprises (SME, youth and women owned businesses) while CAPI was used for Mainstream (relatively large) enterprises whose response rate would be low if reached by telephone.

2.3. Data Collection Methods and Tools

A structured questionnaire was designed and programmed using Survey Solution software and deployed on tablets.

In some cases, a soft copy of the questionnaire was emailed to the enterprises and data was captured accordingly. On-site observations and desk reviews of the collected data were undertaken to ensure quality.

2.4. Analytical Framework

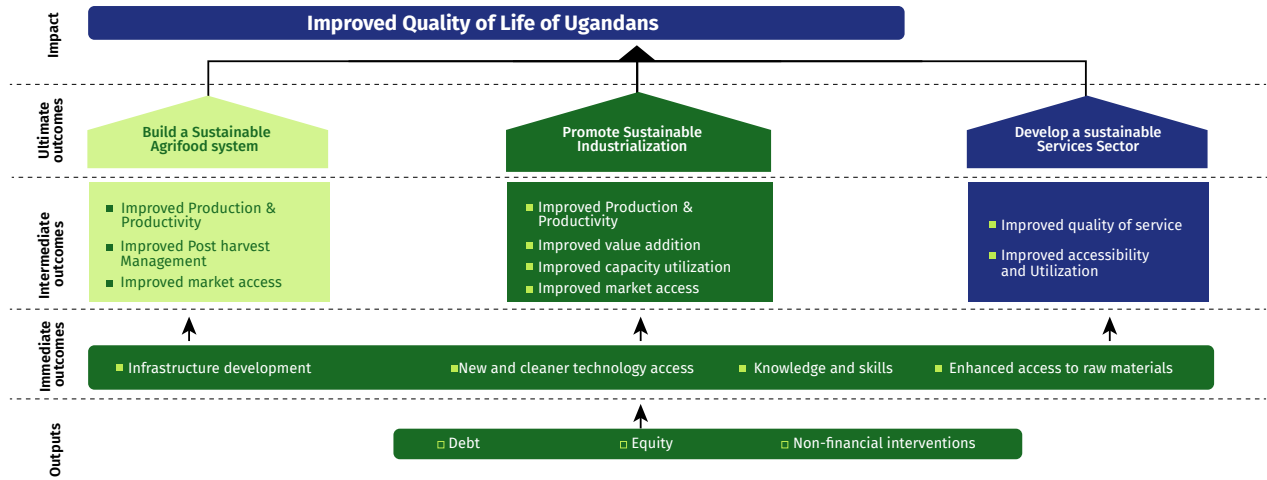
The assessment was guided by the Bank's 2025-2029 strategy and MEL framework, as articulated by the Bank's Theory of Change (ToC) which explains the pathways of achieving the Bank's overall goal of Improving the quality of life of Ugandans through the three High-Impact Goals (HIGs) that include;

- i. Build a Sustainable Agri-food System for Uganda.
- ii. Promote Sustainable Industrialisation in Uganda, and
- iii. Develop a Sustainable Services Sector.

In the context of UDB, the inputs refer to human resources and funding, among others, required to deliver required outputs. The Bank's outputs to private and public enterprises consist of; debt, equity, and non-financial interventions. It should be noted that the Bank's output is input to the private and public enterprises funded.

Generally, the Bank's output (debt, equity and non-financial interventions) is geared towards the development of infrastructure and facilitating access to new and cleaner production technology for private and public sectors.

Figure 2: Showing UDB's Theory of Change for 2025-2029 strategy



Source: UDB MEL framework 2025-2029

Findings of the Assessment

This section presents the findings of the 2025 development impact assessment categorized by three sub-themes of social impact, economic impact, as well as environmental impact. The section also presents the identified challenges and provides recommendations.

3.1 Beneficiaries reached

Uganda Development Bank (UDB) borrowers are enterprises and individuals that received financial support from the Bank. As of December 2025, the Bank's direct total beneficiaries reached 83,428 individuals as well as 886 enterprises. Additionally, 30,000 electricity and 27,307 water connections have been done so far. Overall, the Bank has financed 112,393 borrowers either directly as projects, or through other innovative financial solutions such as FinTech and farmer groups models.



Table 2: Showing categories and numbers of beneficiaries

Categories of Beneficiaries		Number of beneficiaries
Enterprises		
1	Total funded enterprises by UDB	886
	Still active	689
Groups and cooperatives		
2	i. Agricultural Cooperatives	95
	ii. UDB Agri-connect (Savings and Loan Associations and farmer group supported)	665
	Direct individual beneficiaries (a and b)	53,428
Other interventions		
	Electricity Program	30,000 connections
	Water	27,307 connections
Total Beneficiaries		112,392

Data source: Ex-post assessment 2025

3.2: Social Impact

The Bank’s overall goal is to improve the quality of life of Ugandans. UDB’s contribution to social development is measured through indicators of job creation, living standards, social protection, and inclusive prosperity measured in terms of the involvement of youth, women, and PWD among others.

3.2.1: Employment Creation and Maintenance

In 2025, the Bank-supported enterprises created and maintained a total of 69,202 jobs, an addition of 13,649 as compared to 55,553 created and maintained in 2024. Out of the additional 13,649 jobs, 4,311 were new positions created and filled following support from UDB in 2025. The 9,338 were jobs maintained by new enterprises funded by UDB in 2025.

Out of the 69,202 jobs created and maintained, 27,641 representing 39% were taken up by women, 28,605 and



Table 3: Jobs created and maintained by category

Job categories	Male	Female	Total
Permanent	18,561	10,044	28,605 (41%)
Temporary	23,000	17,597	40,597(59%)
Youth	30,746	19,475	50,221(73%)
PWDS	148	44	192(0.3%)
Overall Total	41,561	27,641 (39%)	69,202

Data source: Ex-post assessment 2025

50,221, representing 73%, of the jobs were taken by youth (less or equal to 35 years of age). There is an increasing number of women competing equally for previously male dominated jobs, this has significantly increased women’s percentage share of jobs created and maintained from 31% recorded in the Bank’s impact assessment of 2024.

The assessment revealed that 41% of the jobs were permanent jobs, which moved from 39% in 2024. The two (2) percentage point change is attributed to continuous advocacy efforts by the Bank for enterprises funded to formalize employment with favorable terms.

Furthermore, the efforts by the private sector in reducing youth unemployment were significant in the assessment with 73% of the total jobs created and maintained taken by youth.

3.2.2. Distribution of the jobs created and maintained by the UDB lending segment

The Bank segments its funding into Mainstream and Special Program. The Special Program was designed to meet the needs of Youth, Women and Small Medium Enterprises.

Table 4: Distribution of the jobs created and maintained by the UDB lending segment

Segment	Number of enterprises	Total Jobs	Permanent	Temporary
Mainstream	300	62,410 (90%)	25,958 (42%)	36,452 (58%)
Special Program	225	6,792 (10%)	2,647 (39%)	4,145 (61%)
Grand Total	525	69,202	28,605	40,597

Data source: Ex-post assessment 2025

The assessment revealed that out of the 69,202 jobs created and maintained, 6,792 were by enterprises under the Special Program with 39% of permanent jobs.

3.2.3. Sectoral distribution of Jobs created and maintained

The Bank's interventions largely target four major sectors of Industry, Infrastructure, Primary Agriculture and Services. However, previously the Bank supported some enterprises in real estate and other areas which are classified as others in this report. These enterprises under others have since been discontinued by the Bank.

Out of the 69,202 jobs created and maintained 44,281 (63.99%) were by enterprises in the Industry sector, followed by Services 9,099 (13.15%) and the least contribution of jobs was in the discontinued sector (others) with 1,195 (1.73%). Under Industry, the biggest contributing sub-sector was Agro-based industrialization with 30,226 jobs of the total 44,281 jobs. Further analysis indicates that 18,603 (42.01%) of jobs under Industry were permanent. The least permanent jobs were found to be in Infrastructure, this was associated with nature of their engagements, most enterprises under this sector had contract-based engagements, as such their staff are employed on temporary basis with very few on permanent basis.

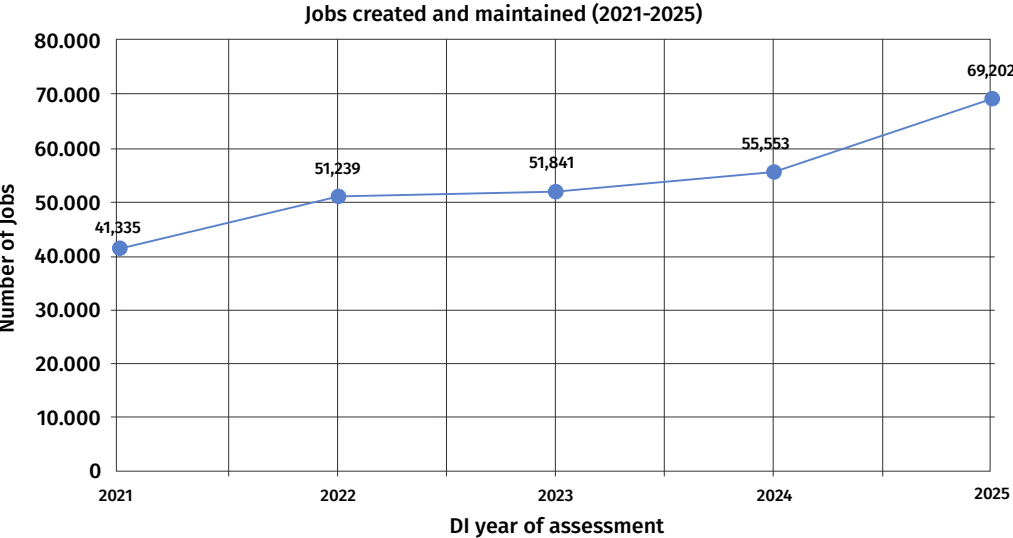
Table 5: Sectoral distribution of Jobs created and maintained

Sectors/Sub-sectors	No of enterprises	Total Jobs	Permanent	Temporary	Youth (<35 years)	PWDS
Industry	166	44,281 (63.99%)	18,603 (42.01%)	25,678	35,052 (79.16%)	129 (0.29%)
Agro based industry	98	30,226	14,392	15,834	29,638	99
Extractive based industry	1	5	5	0	-	0
Knowledge intensive industry	1	55	55	0	13	0
Manufacturing	66	13,996	4,151	9,845	5,402	30
Infrastructure	20	8029 (11.60%)	1610 (20.05%)	7,711	7,200 (89.67%)	7 (0.9%)
Energy	3	152	53	98	96	0
Transport	13	684	596	488	956	7
Water and Sanitation	4	7,194	960	7,125	6,148	0
Primary Agriculture	164	6,596 (9.53%)	2496 (37.84%)	4,101	3,520 (53.36%)	28 (0.42%)
Primary Agriculture	164	6,597	2,496	4,101	3,520	28
Services	168	9,099 (13.15%)	6945.9 (76.33%)	2,154	6,700 (73.13%)	28 (0.31%)
Creatives Industry	2	520	475	46	194	3
Education	24	1,455	1,217	239	673	5
Health	29	2,874	1,737	1,137	1,269	2
Tourism and Hospitality	113	4,251	3,518	733	4,565	18
Others	7	1,195 (1.73%)	241 (20.23%)	954	910 (76.13%)	0
Others	7	1,195	242	954	910	0
Grand Total	525	69,202	28,605 (41.00%)	40,597	53,382 (77.13%)	192

Data source: Ex-post assessment 2025

3.2.4. Trend of Jobs created and maintained for the past five years (2021-2025)

Figure 3: Showing trends of jobs created and maintained for the past five years



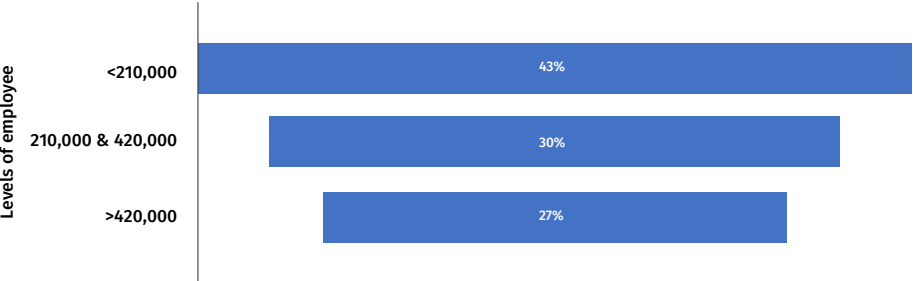
Data source: Ex-post assessment 2025

Over time, the Bank’s interventions have created and maintained 69,202 jobs, 27,867 of these jobs created and maintained since 2021, an annual average of 5,573 jobs created and maintained. Qualitative analysis shows that the increase in the number of jobs created and maintained is attributed to the increased number of enterprises supported by UDB on an annual basis and growth of enterprises profitability margins among others.

3.2.5. Earnings and benefits of employees of UDB-supported enterprises

UDB’s Theory of Change positions improving quality of live of Ugandans as an overall goal. This is designed to be achieved through different pathways. The Bank tracks annually the earnings of the employees of UDB-supported enterprises and related benefits. This enables the Bank to draw logical conclusions in its efforts to achieve the overall objectives.

Figure 4: Earnings of employees of UDB-supported enterprises



Data source: Ex-post assessment 2025

The assessment established that out of the 69,202 people employed, 29,757 (43%) earn less than UGX 210,000 as gross salary per month, 20,761 (30%) earn between UGX 210,000 and UGX 420,000 as median income and 18,685 (27%) earn above UGX 420,000. The threshold is set based on the poverty line of US\$1.90 per day (about UGX 210,000 per month) consumption expenditure (UBOS, 2025)

Other Employment Benefits

The assessment indicates that 82% of the enterprises provide at least two of the following benefits to their employees:

- Meals while on duty
- Medical
- Leave
- Accommodation, and
- Other benefits (Transport, airtime and Data bundles, paying school fees education among others)

It was established that 75% of the enterprises provide meals for their employees while on duty (all employees). 63% of the enterprises provide accommodation for 20% of their employees. This was mostly in the Industry and Services sector. While on medical, 17% of the enterprises provide medical support for 40% of their employees (mostly permanent employees) and 66% of the enterprises grant leave days to 36% of their staff (mostly permanent employees).

Social Protection

Social protection safeguards workers against health crises, unemployment, and old-age insecurity and the Bank encourages enterprises funded to enroll their employees for social protection.

The assessments considered the National Social Security Fund as a key social protection initiative and found out that 62% of the enterprises under assessment pay NSSF for their staff and have enrolled up to 41% of their staff, mostly the permanent employees. However, the Infrastructure sector had only 3% of their employees enrolled for NSSF. This was attributed to the nature of jobs offered (mostly temporary jobs).

Working spaces and conditions

The assessment focused on the level of compliance to Occupational Health and Safety (OHS) and risk preparedness of the enterprises. This included establishing how

hazard free the workplaces are, provision of protective gear (PPE), and frequency of conduct safety training, standard working hours, and employment age among others. It was established that 76% of the enterprises are compliant to OHS. The Bank's environmental and social conditions precedent to release of funds are improving levels of compliance of enterprises to OHS.

Average Working Hours

Daily average working hours is an essential element of social welfare. It creates structured compensation, consistent productivity, and work-life balance. The assessment found that 95% of the enterprises have standard working hours and they are known to the employees. The 5% who did not have standard working hours were mostly in Primary Agriculture and enterprises under the Special Programs that are mostly managed by family members.

Overall, the average standard working hours was 8 hours of the 24 hours.



3.2.6. Social Inclusion

Table 6: Different social inclusion aspects

Levels of inclusion	Women	Youth	Persons with Disabilities
Share holding	34% women shareholders owning 27% shares	28% Youth shareholders owning 11%	0.5% PWDs shareholders owning 0.2%
Board Representation	36% women on Board	18% Youth on Board	0.6% PWDs on Board
Senior Management Representation	34% in Senior Management	36% of Youth in Senior Management	0.6% of PWDs in Senior Management
Employment	39% of the Jobs were taken by Women	73% of the Jobs were taken by youth	0.3% (207 people) Jobs taken by PWDs

Data source: Ex-post assessment 2025

There are significant barriers, including limited access to finance, restrictive gender norms, and land tenure system that affect women initiatives or interest to set up enterprises.

In terms of shareholding, out of the 525 enterprises assessed, 34% of the shareholders were women with 27% shares, 28% shareholders were youth

with 11% shares, 0.5% of the shareholders were Persons with Disability with 0.2% shares. Apart from increasing the number of Women and Youth shareholders, the Bank has also seen an increasing number of enterprises with significant shareholding by Women and Youth.

An enterprise Board of Directors is crucial for managing risks, providing

strategic direction, ensuring legal compliance and overseeing executive performance to protect shareholder interests. The assessment established that in terms of Board representation, 36% were Women, 18% Youth and 0.6% Persons With Disabilities. The Bank's lending segment of the Special Programs are playing a significant role in motivating women to start bankable enterprises.

Senior Management teams are pivotal in closing gaps between strategic oversight (the Board) and daily execution, they drive the enterprise's vision, strategy, and culture. Their decisions and actions have a trickle-down effect that impacts every level of the organization, influencing employee morale, productivity, and retention. It was established that the 525 enterprises had 34% Women, 36% Youth and 0.6% Persons With Disability, involving Women and Youth in enterprise

ownership and governance helps to improve organizational performance, better risk management, and higher Environmental, Social, and Governance (ESG) standards.

3.2.7. Mode of Employee salary and Supplier payment

The assessment found that the majority (49%) of the enterprises still pay through cash, 40% through the Bank and 12% use mobile money thus overall, 51% of the employees are paid through a formal financial system. It is observed that enrolment into the formal financial system gives opportunity for earners to not only bridge inequality gaps but entry point for access to savings accounts, insurance, and credit products that might otherwise be unavailable.

3.3: Economic Impact

UDB's investment interest remains to generate significant economic impact by providing long-term capital and fostering sustainable growth through creation of gainful employment, growth in output value/turnover and profitability, tax contributions and growth in foreign earnings and savings.

3.3.1. Gross revenues (output) by UDB-supported enterprises in 2025

Gross output value or its proxy of revenue represents the total value of goods and services produced and it is a key driver of Gross Domestic Product (GDP) growth. It was established that overall, the enterprises generate UGX 6,261 Billion as gross revenue.

Nationally, Uganda's GDP is driven by mainly three sectors of Services, Agriculture, and Industry. This was evident during the UDB 2025 ex-post assessment with Industry sector contributing UGX 5,025 Billion (80.26%) of the total revenue (output value) generated by the enterprises under assessment, Agro-based Industrialization sub-sector had the largest value with UGX 30,046 Billion in revenue. Secondly, the service sector with UGX 744 Billion (11.89%) and the least revenue was found under the discontinued sub-sector (Real Estate) with UGX 26 Billion (0.41%).

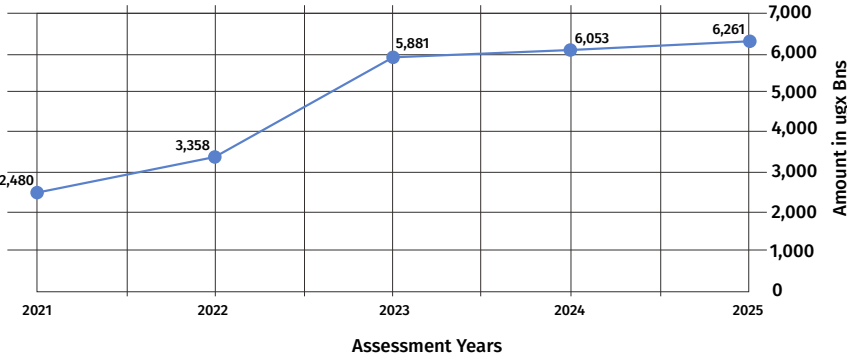
Table 7: Showing sectoral distribution of gross revenues generated by 525 enterprises assessed

Sector and sub-sector	Number of enterprises	Gross revenues (output)Ugx Bns (% composition)
Industry	166	5,025 (80.26%)
Agro based industry	98	3,046
Extractive based industry	1	0
Knowledge intensive industry	1	4
Manufacturing	66	1,975
Infrastructure	20	192 (3.06%)
Energy	3	73
Transport	13	112
Water and Sanitation	4	7
Primary Agriculture	164	274 (4.38%)
Primary Agriculture	164	274
Services	168	744 (11.89%)
Creatives Industry	2	45
Education	24	63
Health	29	210
Tourism and Hospitality	113	426
Others	7	26 (0.41%)
discontinued sector (Real estate)	7	26
Grand Total	525	6,261

Data source: Ex-post assessment 2025.

Trend of turnover for the last five years (2021-2025)

Figure 5: Showing Trend of turnover (2021-2025)



Data source: Ex-post assessment 2025.

Despite continuous growth in UDB's portfolio with significant impact in total turnover of the enterprises, other factors like; procurement of high-quality seeds/breeds for Primary Agriculture, procurement of efficient equipment for different sub-sectors and enterprises and access to working capital facility has significantly contributed to growth in turnover of the enterprises. Several enterprises assessed previously in 2025 from small scale to medium size enterprises in terms of turn over size. Some enterprises graduated from UDB's

lending segment of the Special Programs to Mainstream.

3.3.2: Profitability of enterprises

Profitable enterprises drive growth through increased tax revenue for public services. The assessment found that the 524 enterprises were largely reporting posting profits (net). There was one (1) enterprise with negative profitability. However, the 524 posted a net profit after tax of UGX 1.158 Trillion.

Table 8: Sectoral distribution of profitability by the 524 enterprises.

Sector and sub-sector	Number of enterprises	Profitability amount in Ugx Bns (Net profit)-(% composition)
Industry	166	930 (80%)
Agro based industry	98	564
Extractive based industry	1	0
Knowledge intensive industry	1	1
Manufacturing	66	365
Infrastructure	20	35 (3%)
Energy	3	13
Transport	13	21
Water and Sanitation	4	1
Primary Agriculture	164	51 (4%)
Primary Agriculture	164	51
Services	168	138 (12%)
Creatives Industry	2	8
Education	24	12
Health	29	39
Tourism and Hospitality	113	79
Others	7	5 (0.4%)
others	7	5
Grand Total	525	1,158

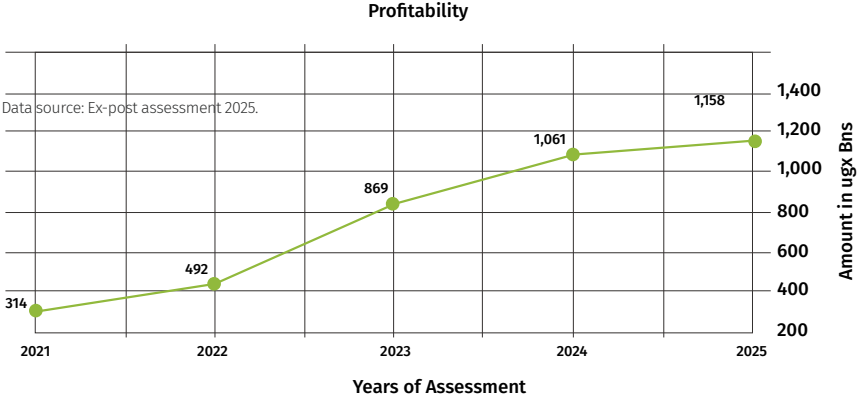
Data source: Ex-post assessment 2025

The industrial sector reported profitability of UGX 930 Billion (80%), followed by Services Sector 138 (12%), and others in that order. The sectoral profitability performance correlates with the revenue volumes generated as indicated in the previous table.

Trend of turnover for the last five years (2021-2025)

UDB’s financing has led to improved efficiency and profitability, and this has been reported significantly under Industry sector, reporting up to 18% profitability margins as compared to baseline of 12.5%. The growth in profitability has a high multiplier effect on other root core indicators like job creation, tax contribution and subsequently enterprises diversification.

Figure 6: Trend of profitability for UDB financed enterprises (2021-2025)



3.3.3: Tax contribution by the enterprises

Table 9: Sectoral distribution of tax contribution.

Sector/sub-sector	Number of enterprises	Tax contribution amount in Bn, UGX (% composition)
Industry	166	307 (79%)
Agro based industry	98	180
Extractive based industry	1	-
Knowledge intensive industry	1	-
Manufacturing	66	126
Infrastructure	20	11 (3%)
Energy	3	4
Transport	13	6
Water and Sanitation	4	-
Primary Agriculture	164	15 (4%)
Primary Agriculture	164	15
Services	168	53 (14%)
Creatives Industry	2	5
Education	24	4
Health	29	19
Tourism and Hospitality	113	25
Others	7	2 (0.5%)
Discontinued sub-sector (Real estate etc)	7	2
Grand Total	525	387

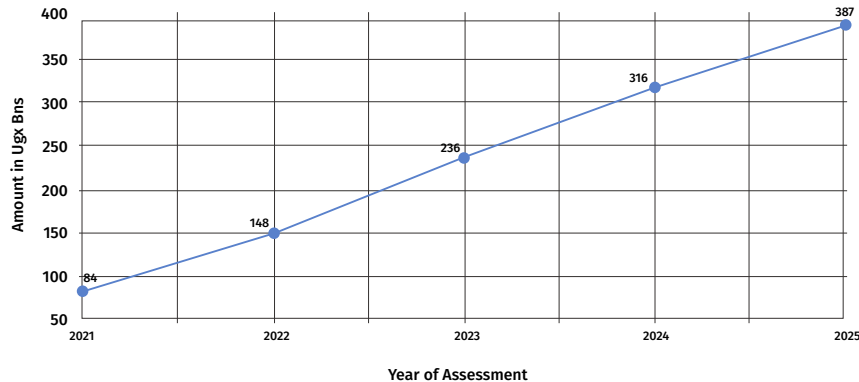
Data source: Ex-post assessment 2025.

The assessment focused mainly on Corporate Income Tax (CIT) and PAYE. It was established that in 2025 UGX 387 Billion was generated as tax contributions.

Industry contributed UGX 307 Billion (79%) to overall tax, followed by the Services sector with UGX 53 Billion (14%) and least was from other discontinued sub-sector (Real Estate etc) with UGX 2 Billion (0.5%).

Trend of tax contributions (2021-2025)

Figure 7: Trend of tax contributions (2021-2025)



Data source: Ex-post assessment 2025

The tax contribution growth is aligned to the growth in turn over and subsequently profitability, it is a linear growth across the years.

3.3.4. Foreign exchange earnings

The assessment established that in 2025, UGX 1,847 Billion equivalent was generated in foreign earnings. Foreign earnings generated by enterprises in Uganda are a critical driver of economic development.

3.3.5. Sectoral contribution of foreign exchange earnings



Sectoral contribution of foreign exchange earnings

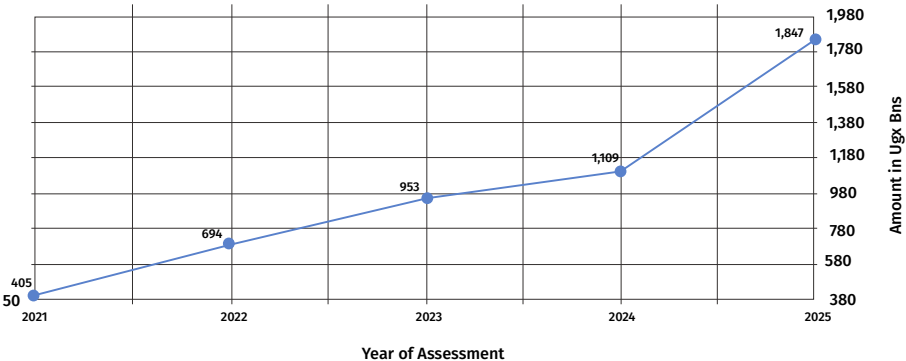
Table 10: Sectoral foreign exchange earnings

Sectors/sub-sectors	Number of enterprises	Forex earnings amount in UGX Bn (% composition)
Industry	166	1,482 (80%)
Agro based industry	98	899
Extractive based industry	1	0
Knowledge intensive industry	1	1
Manufacturing	66	583
Infrastructure	20	57 (3)
Energy	3	21
Transport	13	33
Water and Sanitation	4	2
Primary Agriculture	164	81 (4%)
Primary Agriculture	164	81
Services	168	220 (12%)
Creatives Industry	2	13
Education	24	19
Health	29	62
Tourism and Hospitality	113	126
Others	7	8 (0.4%)
Discontinued sub-sector (Real estate etc.)	7	8
Grand Total	525	1,847

Data source: Ex-post assessment 2025

Although foreign earnings by enterprises in Uganda are mostly driven by gold exports and tourism, the assessment revealed that the UDB enterprises in the Industrial sector generated UGX 1,482 Billion (80%) in foreign earnings, followed by UGX 220 Billion (12%) by the Services Sector.

Figure 8: Trend of forex generated by UDB supported enterprises (2021-2025)



Data source: Ex-post assessment 2025

In general, there has been a gradual growth in all indicators over the last five years. This growth is largely associated with growth in the Bank’s portfolio and growth in the enterprises supported. Enterprises’ growth has been driven by increased capacity utilization, land utilization and market access among others. Growth in the Services sector, especially tourism and increased continuous efforts in export promotion have led to significant change, especially between 2024 and 2025.



3.4. Sector Specific findings

UDB finances priority sectors such as Industry, Infrastructure, Primary Agriculture and Services to achieve its objective of improving the quality of life of Ugandans. The assessment covered sector-specific indicators. The key findings are presented in the subsequent sub-sections.

3.4.1: Primary Agriculture

UDB's funding to Primary Agriculture is to transform farming into a commercialized, efficient, and sustainable sector. Primary Agriculture is central in driving economic growth and reducing poverty. The Bank's interventions aim at supporting backward and forward linkages within the Agricultural value chain. Out of the 525 enterprises evaluated, 164 (31%) were in Primary Agriculture with 109 mainly in livestock and 55 in crop production.

3.4.1.1 Major crops and livestock funded

Table 11: Major crops and livestock funded

Main Crops grown		Funded by UDB	Main live stocks reared		Funded by UDB
Coffee	7 (13%)	Yes	Cattle	79 (73%)	Yes
Ground nuts	1(1%)	No	Goats	11 (10%)	Yes
Cassava	3(5%)	Yes	Fish	9 (8%)	Yes
Banana	1(2%)	No	Apiary	1 (2%)	Yes
Maize	16(29%)	Yes	Poultry	35 (33%)	Yes
Beans	7(13%)	No		109	
Tea	3(5%)	Yes			
Sugarcane	32(58%)	Yes			
Oil Palm	1(2%)	Yes			
Rice	3(5%)	No			

Data source: Ex-post assessment 2025

In 2025, of the 164 agricultural enterprises evaluated, 32 (58%) were in sugarcane farming (these were mostly funded through the Bank's Special Programs intervention), Maize was the second largest major crop grown with 16 (29%), the least major crop grown was oil palm with 1 (2%). There were other crops the enterprises participated in but not funded by the Bank.

These included Ground nuts, Banana and Beans.

Regarding livestock most of the enterprises were in animal husbandry, cattle and goats with 79 (73%) and 11 (10%) respectively. These were followed by poultry 35 (33%) and the least was apiary with 1 (2%).

3.4.1.2. Main activities financed by the Bank in Primary Agriculture

The Bank's Theory of Change demonstrates that Procurement of farm inputs, Agri-equipment, extending financing to land opening and Water for Production will lead to increased productivity and production in Primary Agriculture.

Despite Uganda's dwindling soil fertility, access to farm inputs remains a significant challenge which hinders productivity and limits the sector to subsistence farming.

Out of the 164 enterprises 80 (49%) were supported with farm inputs (insecticides/ herbicides, improved breed/seed and fertilizers).

Additionally, 43 (26%) of the enterprises were supported with land opening (bush clearing, paddocking, cultivation and farm fencing), 27 (16%) with procurement of Agri-equipment (trucks, irrigation, tractors milking machine, hatchery and cages) and 15 (9%) waters for production, and storage facilities.

Table 12: Main activities financed by the Bank in Primary Agriculture (n=164)

Main activities financed	No (%)
Procurement of farm inputs	80 (49%)
Insecticides/ herbicides	13
improved breed/seed	66
Fertilizers	1
Procurement of Agri-equipment	27 (16%)
Trucks	3
Irrigation	1
Tractors	12
Milking	8
Hatchery	0
Cages	3
Land opening	43 (26%)
Bush clearing	15
Paddocking	10
Cultivation	3
Farm fencing	15
Water for production	15 (9%)
Valley dams	11
Wells -	3
Borehole	1
Storage facilities	14 (9%)
Milk Coolants	8
Warehouse	5
Cold storage rooms	1

Data source: Ex-post assessment 2025

3.4.1.3. Land tenure Systems and Agri-land access

UDB has not yet prioritised procurement of land for agricultural enterprises as a key agricultural intervention. Although land remains of principal importance for primary agriculture, the Bank considers it an initial contribution by the respective enterprises.

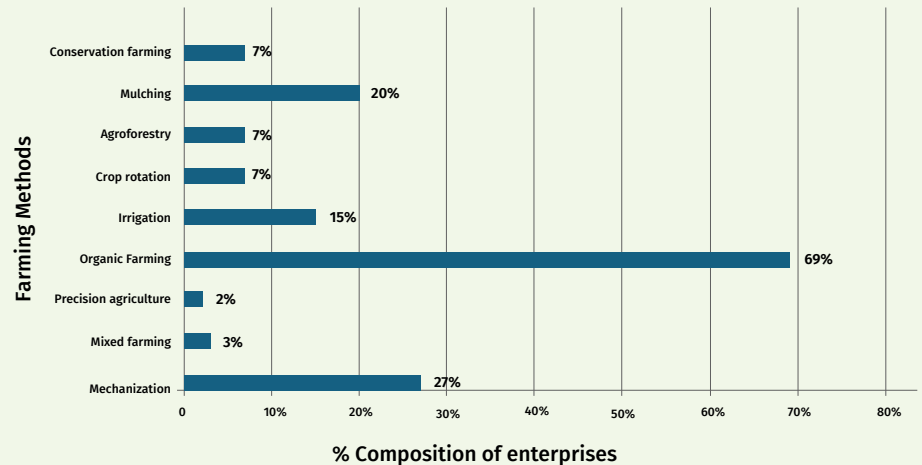
Uganda's land tenure system, governed by the 1995 Constitution and the 1998 Land Act, comprises four main systems: Customary, Mailo, Freehold, and Leasehold.

Out of the 164 enterprises in primary agriculture, 162 (99%) owned land tenure of; freehold (112), customary (39), private mailo (15), leasehold (6) and 4 under Kabaka's mailo, 3 (2%) of the enterprises hired their agricultural land 1 (1%) had lease tenure system.

3.4.1.4. Farming methods – Crop

Agricultural production efficiency is dictated by farming methods. Use of modern, mechanized approaches significantly increasing yields.

Figure 9: Farming methods – Crop of UDB supported enterprises



Data source: Ex-post assessment 2025

Overall, it was established that the majority, 69% of the enterprises in primary agriculture, were using organic farming methods. This is to enhance soil health, promote biodiversity, and minimize artificial chemical residues in food and the environment. Additionally, 27% use mechanization, which was significantly observed in oil palm enterprises. However, modern, technology-driven farming methods also, referred to as precision agriculture that use data (GPS, sensors, drones) to apply resources like water, fertilizer, and

pesticides, were practiced by 2% of the enterprises in agriculture. The low adoption of precision agriculture is associated with high initial capital requirements, lack of technical knowledge, and inadequate infrastructure.

3.4.1.5. Methods of Farming - Livestock

Under livestock, 54 (60%) of the enterprises were practicing mixed livestock farming. This method is aimed at maximizing efficiency and enhancing sustainability. Of the assessed enterprises, 39 (43%) were using Intensive livestock farming methods while 22 (24%) used semi-intensive livestock farming.

Under poultry, there were 35 enterprises and 25 (71%) were practicing deep litter, followed by cage farming 11 (31%) and 5 (14%) practicing free range systems. Under aquaculture, there were 9 enterprises with majority 7 (78%) practicing cage farming, a rapidly

growing, profitable aquaculture method, particularly in Lake Victoria, designed to address overfishing and meet high demand for fish. Five (5) representing 56% of the enterprises under aquaculture were using fishponds and 2 (22%) used other methods. In Apiary, there was only one (1) enterprise practicing modern bee farming (stackable boxes).

3.4.1.6. Production and Productivity

Agricultural production and productivity depend on several factors including farming methods, efficient resource management among others. The Bank's strategic interest in financing primary agriculture is to improve production and productivity. Whereas the enterprises were found to be involved in production of several crops, the assessment focused on the crops funded by the Bank.

Table 13: Showing production and productivity.

Crop	Quantity harvested in 2025	Average yield per acre (Kgs)		% change
		2024	2025	
Coffee	35,197 bags of 60Kgs	3.50Kg per tree	3.65Kg per tree	4.28%
Maize	120,024 (Tons)	1,899	1,910	0.6%
Sunflower	50,400 (tons)	900	975	8.3%
Tea	3,960 (Tons)	659	660	0.15%
Sugarcane	3,712 (Tons)	34,833	35100	0.8%
Oil Palm	Not reported	Not reported	Not reported	-

Data source: Ex-post assessment 2025



In 2025, Uganda’s coffee production was estimated at 9.3 million bags of 60kgs. The 7 enterprises financed by UDB contributed 35,197 bags of 60kgs with an average of 5,028 bags per enterprise. In terms of productivity, there was a significant 4.2% increase in yield of coffee per tree attributed to UDBs intervention of procuring improved seeds and irrigation systems. This has a significant impact on the enterprises’ revenue and profitability.



Maize production by the 16 enterprises assessed reached 120,024 tons in 2025 with a slight increase of 0.6% in productivity per acre. Most of the enterprises are using high-yielding hybrids and drought-tolerant varieties like DK777, Bazooka, Longe 5, Longe 10H among others. This does not only increase productivity but also builds farmers’ confidence in Primary Agriculture which remains vulnerable to natural climatic conditions.



Sunflower production is essential in reducing edible oil imports, and its production is regaining across the country especially in Northern and Eastern Uganda. It served the dual purpose of edible oil and animal feed. The two (2) enterprises UDB funded and assessed in 2025, have produced 50,400 (tons) with an 8.3% increase in productivity associated with farmers adopting climate-smart techniques for higher yields.



Despite Uganda's tea industry facing a severe crisis in 2025, with low prices causing significant distress among farmers, the three (3) enterprises in UDB's portfolio under this assessment indicate total production of 3,960 (Tons) with a slight increase of 0.15% in productivity.



The Bank's support to other crops like sugarcane were not directly for production but to support the value chain of market access. The 32 farmers have reported increased market access with the opportunity of price options. Meanwhile, the Bank's investment in Oil palm is under gestation with no harvests reported during the 2025 impact assessment.

Livestock Productivity

Table 14: Production and productivity of Livestock

Crop	Milk			Beef		
Livestock	Local	Cross	Exotic	Local	Cross	Exotic
Cattle	3	6	15	110	160	300
Goats	0.5	1.5	2.00	12	22	30
Fish	-	-	-	0.6	-	-
Apiary	-	-	-	20	-	-
Poultry	0.16 eggs per day	0.8 eggs per day	1	2.5Kg for broilers	-	-

Data source: Ex-post assessment 2025.



Animal husbandry

Analysis shows that in cattle, the local breed produces 3 liters of milk per day, cross breed 6 liters per day and exotic breed 15 liters per day. Furthermore, daily milk per goat was found to be at; 0.5 liters for local, 1.5 liters for cross breed and 2 liters for exotic breeds. Regarding meat productivity among goats, the average weight for local goats stood at 12kgs, cross breed at 22kgs and exotic breed at 26kgs. The assessment observed that for cattle, the majority of the breeds are indigenous Ankole long-horned cattle or Zebu, although there are interests to shift towards crossbreeding to improve milk and beef production.



It was established that on average, the one (1) enterprise assessed under beekeeping had a modern Top Bar (KTB) hive harvest with productivity of 10kgs per hive per harvest with two (2) major harvests per year. In 2025, the enterprise harvested 10.8Tons of honey.



The enterprises in fish farming were mostly rearing tilapia and catfish; it was established that average weight per fish at harvest was 0.6kgs. Whereas the enterprises acknowledge fish farming as a profitable venture, most noted the exorbitant prices of quality fish feed, which accounts for most expenses. Other challenges highlighted included shortage of quality fingerlings, weak extension services, and poor infrastructure.



In poultry, the average weight for broilers was found to be 2.5kgs and for layers with egg productivity of one egg in 24 hours. Most of the enterprises were involved in broilers and layers, although three (3) farmers had dual purposes and some enterprises reared local chicken for non-commercial purposes.

3.4.1.7. Post harvest handling

Post-Harvest Losses in Crop Production

The assessment found that improper drying, poor storage and inadequate transportation infrastructure are still affecting enterprises involved in primary agriculture in terms of post-harvest losses, the enterprises reported 0.5% reduction. This is a positive move from 0.3% reduction achieved in 2024.

Post-Harvest Losses in Livestock farming

Post-harvest losses reported in livestock were mostly occurring from milk and egg handling with percentage loss of up-to 7% for milk and 5% for eggs. The fully automated poultry enterprises are more efficient with minimal post-harvest losses reported at less than 3% as compared to the general 5% experienced by most farmers.

3.4.2. Industry

The industrial sector contributes greatly to GDP and employment. The Bank focuses on four sub- sectors of Industry, these include - Agro-based, extractive based industries, knowledge intensive industry and manufacturing.

UDB results framework identifies the industry sector as a key driver of; value addition, import substitution, export promotion and foreign exchange, government revenue/taxes, and employment generation. Out of the 166 industry enterprises assessed in 2025, 81 (49%) were supported with purchase of

equipment. Equipment mobilization remains a major challenge of Uganda's industrial sector as it takes more than 75% of the initial investment costs. Some industries are struggling to date with inefficient production equipment. Furthermore, 73 (44%) of the enterprises were supported with purchase of raw materials/working capital and 27 (16%) with construction of mostly machine house/storage facilities.



3.4.2.1. Raw Material and capital equipment Sourcing

The assessment found that the raw material sourcing for industrial use is diverse with agro-based industries, sourcing up to 90% of its raw material locally, extractive based industries sourcing up to 75% locally, knowledge intensive industry importing up to 95% of their raw materials and manufacturing importing up to 85% of raw materials (the % import increases in production of steel and pharmaceuticals).

In terms of production equipment, 98% is imported. Although enterprises under the Special Programs are reporting increased local production of machinery for cottage factories.

3.4.2.2. Installed capacity and Utilization

Table 15: Average Installed capacity per day and utilization

Sub-sector	Installed capacity (tons)		Utilization (%)	
	2024	2025	2024	2025
Agro based industry	4,947	5,370	63.3	64.41
Extractive based industry	0	500	0	32
Knowledge intensive industry	0	900	0	35
Manufacturing	55,848	61,059	63.8	65.1

Data source: Ex-post assessment 2025

UDB’s commitment to promote sustainable industrialization is on track as per the 2025 impact assessment findings which indicate growth in total installed industrial production capacity from all sub-sectors (see table 13 above). Agro- industrialization showed growth from 4,947 tons in 2024 to 5,370 tons in 2025 capacity utilization from 63.01% in 2024 to 64.41% in 2025, manufacturing from 55,848 tons to 61,059 tons per day with increased capacity utilization from 63.8% to 65.10%. The increased capacity

utilization signifies efficiency, cost effectiveness and growth in output value.

3.4.2.3. Technology transfer

Promoting sustainable Industrialization cannot be achieved without technological transfer. The 2025 ex-post assessment explored the different modes of technological transfers. Findings indicate that 55% of the enterprises in the industry sector offer technology transfer, 45% specialized skills are

impacted with 24% cleaner production technology adopted. The process of transferring knowledge, manufacturing methods, and technologies from industry to individuals bridges the global industrial revolution gap.

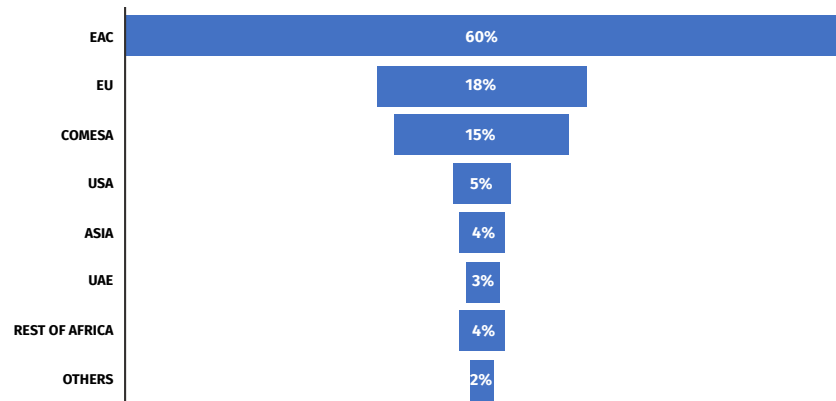
3.4.2.4. Industry sector export revenue and the Major Export Destination

The 2025 ex-post assessment shows that UDB’s strategic initiatives of

increasing exports through diversifying production, increasing value addition, are yielding positive results. In 2025, the 166 enterprises in the industry sector generated foreign earnings equivalent to UGX 1,482 Billion.

Uganda’s industrial exports growth is driven mainly by value addition in agro-processing, minerals, and manufacturing.

Figure 10: Farming methods – Crop of UDB supported enterprises



Data source: Ex-post assessment 2025

The analysis revealed that up to 15% of the industrial output of the 166 enterprises served the export market with major export destinations of 60% to the East African Community particularly DRC and South Sudan, followed by the EU at 18%, especially for coffee.

3.4.3. Sustainable Services Sector

The Services sector is one of the key sectors driving Uganda’s GDP growth, creating gainful employment and foreign earnings. The Bank categorizes the services sector into four key sub-sectors of; human capital development (health and education), creative industry and tourism and hospitality.

3.4.3.1. Human capital development

3.4.3.1.1. Education

The Bank strategically supports the education sub-sector with the aim of improving the quality of the country’s workforce through business, technical, and vocational training. Whereas education has several impact indicators, UDB strategically focuses on improving access and quality of learning.

In UDB’s 2025 impact assessment, 24 enterprises under education were assessed. Out of the 24 enterprises, 8 (33%) were Business, Technical and Vocational Education and Training (BTJET), followed by Higher Institution of learning at 6 (25%) and primary and secondary at 5 (21% each) which are mainly located in the underserved districts.

The Bank funded three major activities in the education sub-sector. These include 15 enterprises with construction of mainly learning spaces, dormitories and others like science laboratories, 8 with school equipment like science laboratories and 2 were supported with working capital.

Key outcomes

Enrolment



A total of 7,600 learners were enrolled in the 24 learning institutions. This is a 36% increase as compared to 2024 enrollment of 5,561 learners by UDB funded education institutions. Out of the 7,600 learners enrolled in 2025, 87 learners were People With Disabilities. The learning spaces were constructed with inclusive characteristics like ramp, customized sanitary facilities to create a more conducive environment for special need learners.



A total of seven (7) learning spaces with 28 learning rooms, three (3) science laboratories and one (1) hall of residence were constructed in 2025. The increased enrolment was attributed to improved learning enablers like science laboratories, expansion of facilities and expansion of learning space capacity among others.



Despite other jobs created and maintained, the assessment revealed that 359 teachers were employed directly because of UDB intervention.

3.3.3.1.2. Health Services

Funding to private health service providers is crucial to Uganda’s health system. In the 2025 UDB impact assessment, the health sub-sector had 29 enterprises. Of these, 17 were Health centers, 11 were hospitals and 1 was a pharmacy. The Bank’s support was mainly for construction at 16 (55%), asset financing at 12 (41%), and health consumables at 2 (7%).

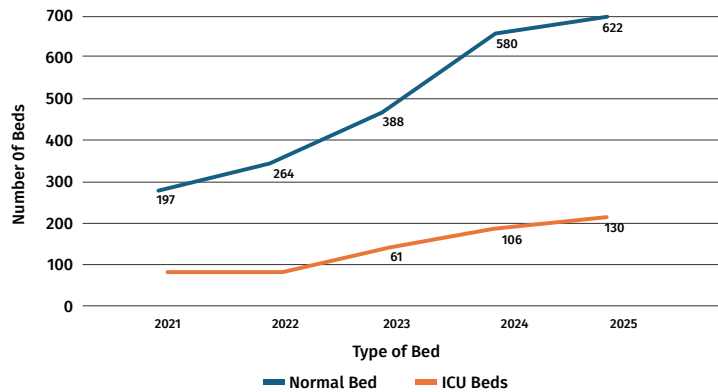
Key Health outcomes

Since 2021, UDB continues to extend funding to strengthen Uganda’s

health care system, focusing on improved access and quality of services offered by the private sector. The Bank’s funding under asset financing significantly led to continued increase in the number of hospital beds (both ordinary and ICU beds).

As of December 2025, total hospital beds reached 622. In 2020 during Covid-19, the demand for ICU beds grew significantly. Since then, the Bank has funded 130 ICU beds with 24 beds added in 2025.

Table 16: Trends in Hospital Beds added from 2021-2025

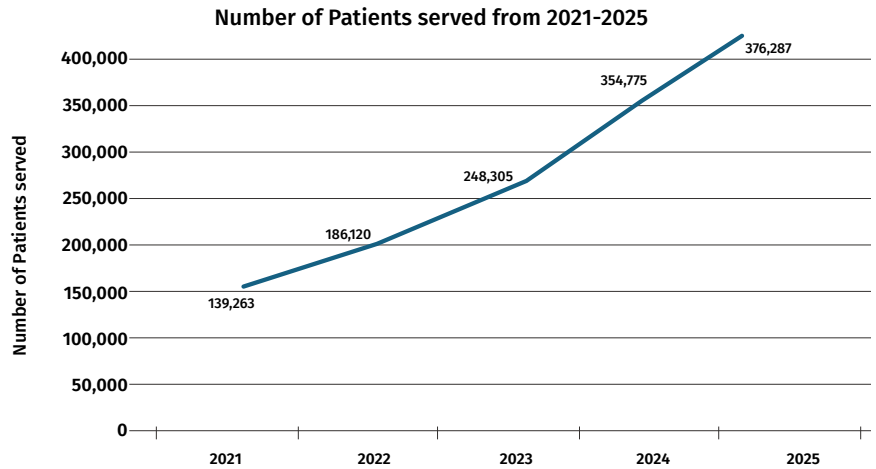


Data source: Ex-post assessment 2025

The increased bed capacity, procurement of other medical equipment like X-rays, CT-scan, automated haematology analysers for cell counts (CBC), chemistry analysers for metabolic panels, and centrifuges for plasma separation among others has led to increased inflow of patients in the UDB-funded facilities. Overall, 376,287 patients were served in 2025, a 6% increase from 2024.

Out of the 376,287 patients served, 6,531 were foreigners with 1,231 direct referrals from foreign hospitals. Meanwhile, 5,771 nationals were referred.

Table 17: Number of patients served



Data source: Ex-post assessment 2025

Promotion of Health tourism

Uganda experiences outbound medical tourism with many citizens seeking specialized healthcare abroad. However, as the health systems and facilities improve, the country is steadily developing the health sector tourism, positioning the country as an emerging East African hub for affordable, specialized care. The assessment found that the health services most commonly sought by foreigners in Uganda include fertility treatments, orthopedic care, and advanced diagnostic services. In 2025, UGX62 Billion was generated from health tourism.

Table 18: Major Services offered by UBL funded enterprises in 2025(n=29)

Services	% share
Cardiology and Cardiovascular Surgery	24%
Obstetrics and Gynecology	45%
Diabetology and Endocrinology	24%
Psychiatry and Mental Health	31%
Oncology (Cancer Care)	17%
Ear, Nose, and Throat (ENT)	34%
Urology and Renal Science	21%
Orthopedics	28%
Internal Medicine	38%

Data source: Ex-post assessment 2025

Obstetrics and Gynecology (45%) stood out as common and major health services offered by most UDB-funded enterprises in 2025. This was followed by Internal Medicine while the least common was Oncology (Cancer Care).

3.3.3.2. Tourism and Hospitality Development

Uganda boasts of 10 national parks and 12 game reserves, with prime activities including gorilla trekking in Bwindi/Mgahinga, chimpanzee tracking, birding, and adventures on the River Nile. The Tourism and Hospitality sector is Uganda’s top foreign exchange earner contributing significantly to the country’s Gross Domestic Product (GDP).

In 2025, out of the 525 enterprises assessed, 113 were under Tourism and Hospitality. Of these, 92 were hotels, 21 were tour operators, whereas the Bank supports cultural/heritage sites, there was no enterprise assessed under the same.

The Bank’s financial support to the Tourism and Hospitality sub-sector was mainly for working capital (54 enterprises), construction (52 enterprises) and asset financing (13 enterprises).

Key tourism and hospitality outcomes

Table 19: Hotel rooms and room occupancy rates

Indicator	Year		% change
	2024	2025	
Rooms	3,140	3,361	7%
Occupancy Rates	57	52	-9%

Overall, the 92 enterprises categorized as hotels had 3,361 rooms, an average of 36 rooms per enterprise, representing a 7% growth from 3,140 rooms in 2024. This analysis established that the average room occupancy rate declined from 57% in 2024 to 52% in 2025.

This was significant in tourism facilities whose clientele base relied more on Non-Governmental Organizations (NGOs). In recent years, the NGO sector in Uganda has experienced a significant retrenchment, with the number of registered organizations dropping from over 14,000 in 2019 to approximately 5,021 by August 2023, largely driven by government regulation and funding shifts. Several key international donors, development partners, and funding mechanisms like U.S-Agency for International Development (USAID), have exited or significantly reduced their operations in Uganda.



Hotel star rating

Hotel rating helps to standardize accommodation quality to improve competitiveness, ensure safety, and build trust among tourists or travellers. In 2025, the assessment established that **39% of the hotels** had a hotel rating by Uganda Tourism Board.



Foreign earnings

The Tourism sector is one of Uganda's key sub-sectors in driving foreign earnings. The 2025 assessment revealed that the **113 enterprises** generated **UGX 126 Billion** equivalent in foreign earnings.



In terms of sourcing hotel consumables, **88% were from the local market, 13% from the enterprises' own farm and 6% was imported**. The four and five star hotels, due to continental food demand, are driven to import certain food items like seafood, toiletries (dental/shaving kits), high-quality bed linen, towels, slippers, and guest-room paper products.



In terms of origin of tourists, the USA took a lead with **28%** followed by the European Union (EU), (mostly from Belgium **16 %**), Germany and UK at **14%** each.

3.3.3. Infrastructure Development

Uganda's infrastructure sector focuses on transport, energy, and ICT to boost regional competitiveness and private sector growth.

Uganda Development Bank (UDB) considers the infrastructure sector as a key enabler of socioeconomic development. In 2025, 20 enterprises were assessed under infrastructure.

The Bank's strategy outlines transport as a key infrastructural enabler in driving efficient domestic and international trade, reducing the cost of trade, improving market access

and growth of industrialization and access to essential services like healthcare and education, ultimately connecting people to opportunities. UDB's impact assessment shows the Bank is on track to achieving desired outcomes of its interventions in transport. In 2025, there were 13 enterprises in energy assessed and the Bank's inventions supported the opening of **138.5 Km of new roads**. These roads were mostly in the oil areas of Hoima and Bulisa, **53 Km** of road were upgraded to tarmac and **28 Km** of roads were repaired and maintained, while **5** bridges were constructed.





Reliable energy access increases productivity, fosters technological innovation, and enables essential services, making it a critical, non-negotiable factor in overcoming poverty and improving quality of life. Out of the three (3) enterprises assessed in 2025 two were in generation, although they were yet to commence actual power generation, while one (1) enterprise was in distribution with 102 Kms of power lines constructed.



Under water and sanitation, in 2025, four (4) enterprises were assessed in 2025, and the findings show significant contribution to water for production with 11 boreholes constructed mainly in the Eastern and Northern Uganda regions. The boreholes were constructed for dual purposes of domestic and agricultural production.

3.5. Environmental Sustainability

3.5.1. Environmental Compliance

Environmental compliance is a core pillar of the UDB's financing framework. All projects submitted for financing are systematically screened to ensure that proposed interventions pose minimal or no significant environmental impact. Where potential impacts are identified, customers are required to demonstrate appropriate and proportionate mitigation measures. The Bank's Environment and Social Safeguards teams conduct ex-ante due-diligence assessments prior to financing and, following disbursement, they carry out routine surveillance audits to ensure continued compliance throughout project implementation.

A comparison of environmental compliance across the Bank's portfolio from 2023 to 2025 shows a generally stable but slightly declining trend in formal certification and specialized oversight. This pattern is largely associated with the Bank's expanding support to smaller-scale enterprises, which typically face fewer regulatory requirements and have more limited institutional capacity for compliance.

Between 2023 and 2025, NEMA certification among UDB-supported enterprises declined modestly from 72% to 70%. Compliance remained strongest in the manufacturing sector and within the services sector, particularly Tourism and Hospitality, followed by infrastructure and agro-processing. Most infrastructure projects either held valid NEMA certification or had submitted Environmental and Social Impact Assessments for regulatory review. In contrast, Primary Agriculture continued to record the lowest compliance levels. Certification rates remain closely linked to enterprise size and sectoral formality, indicating that compliance is largely driven by regulatory obligation rather than voluntary environmental commitment. A similar pattern is observed in annual environmental audit compliance.

Projects supported under the Special Programs consistently exhibit lower certification and audit rates due to

smaller scale, lower inherent environmental risk, and regulatory exemptions. However, progress is evident, with the number of certified Special Programs projects increasing from nine (9) in 2023 to twelve (12) in 2025. Taken together, the findings suggest the presence of a compliance ceiling under current approaches, highlighting the need for stronger lifecycle enforcement and targeted support to manage environmental risk as the portfolio continues to expand.

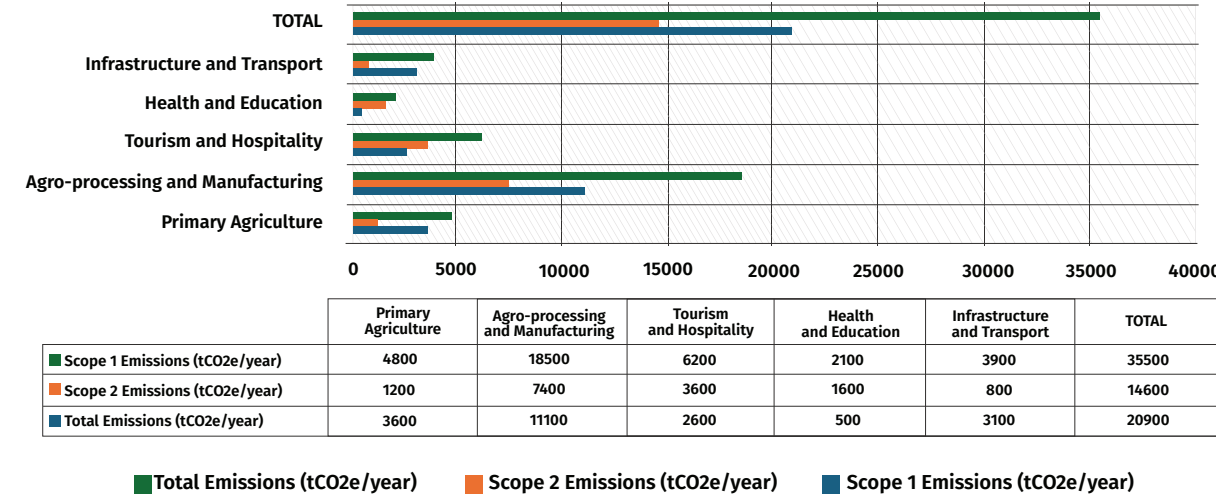
3.5.2. Potential GHG Emissions Generated

The GHG emissions were estimated to quantify the potential annual operational emissions supported by the financed enterprises, using an ex-post, portfolio-level approach aligned with the GHG Protocol. The analysis focused on Scope 1 and Scope 2 emissions, which are the minimum required for credible climate reporting and represent emissions enterprises can directly influence. Scope 1 emissions include direct fuel combustion from diesel, petrol, LPG, and biomass used on-site or in enterprise-controlled assets, while Scope 2 emissions cover indirect emissions from purchased grid electricity. These scopes were prioritised because they are the most material, observable, and consistently estimable across enterprises, unlike Scope 3 emissions, which require detailed supply-chain data that were not available.

Due to inconsistent reporting of energy quantities in the dataset, enterprises were grouped into five sectors, and a sector-based estimation approach was applied using typical energy-use profiles. Emissions were calculated by applying IPCC-aligned emission factors: 0.12 kg CO₂e/kWh for electricity, 2.68 kg CO₂e/litre for diesel, 2.31

kg CO₂e/litre for petrol, 1.51 kg CO₂e/kg for LPG, and 1.80 kg CO₂e/kg for non-renewable biomass. Sectoral Scope 1 and Scope 2 emissions were aggregated to produce a conservative portfolio-level estimate of approximately 35,500 tCO₂e per year as detailed in the following figure.

Figure 11: Showing GHG Emissions Generated



Data source: Ex-post assessment 2025

3.5.3. GHG emissions avoided

Avoided GHG emissions were estimated to capture the climate benefits enabled by enterprise practices that prevent emissions compared to a credible baseline, while removals represent the net extraction of CO₂ from the atmosphere, mainly through tree planting and forestry. Avoided emissions arise where enterprises adopted cleaner solutions such as solar energy, reduced

diesel generator use, biomass-residue utilization, and improved organic-waste management rather than continuing fossil-fuel-intensive or unmanaged practices. Removals were estimated separately to clearly distinguish emission prevention from carbon sequestration. Due to incomplete quantitative energy data, a conservative sector-based approach was applied using standard IPCC-aligned emission factors. The findings are presented in the table below:

Table 20: Showing GHG emissions avoided

Sector	Sources of Avoided Emissions	Avoided Emissions (tCO ₂ e/year)	Sources of Removals	Removals (tCO ₂ e/year)	Total Avoided / Removed (tCO ₂ e/year)
Primary Agriculture	Solar irrigation and pumping; Reduced diesel use; Manure and crop residue reuse; Biomass substitution	3200	Commercial tree planting; Agroforestry	4500	7700
Agro-processing and Manufacturing	Solar PV; Reduced diesel generators; Use of bagasse and husks; Process efficiency	5100	Limited on-site tree planting	1200	6300
Tourism and Hospitality	Solar PV for lighting and water heating; Reduced diesel generators; LPG substitution	2300	Landscaping and small-scale tree planting	400	2700
Health and Education	Solar PV systems; Energy-efficient lighting and equipment	1100	Institutional tree planting	100	1200
Infrastructure and Transport	Solar installations; Reduced diesel for stationary equipment; Fuel efficiency improvements	1600	Roadside and facility tree planting	300	1900
Total		13,300		6,500	19800

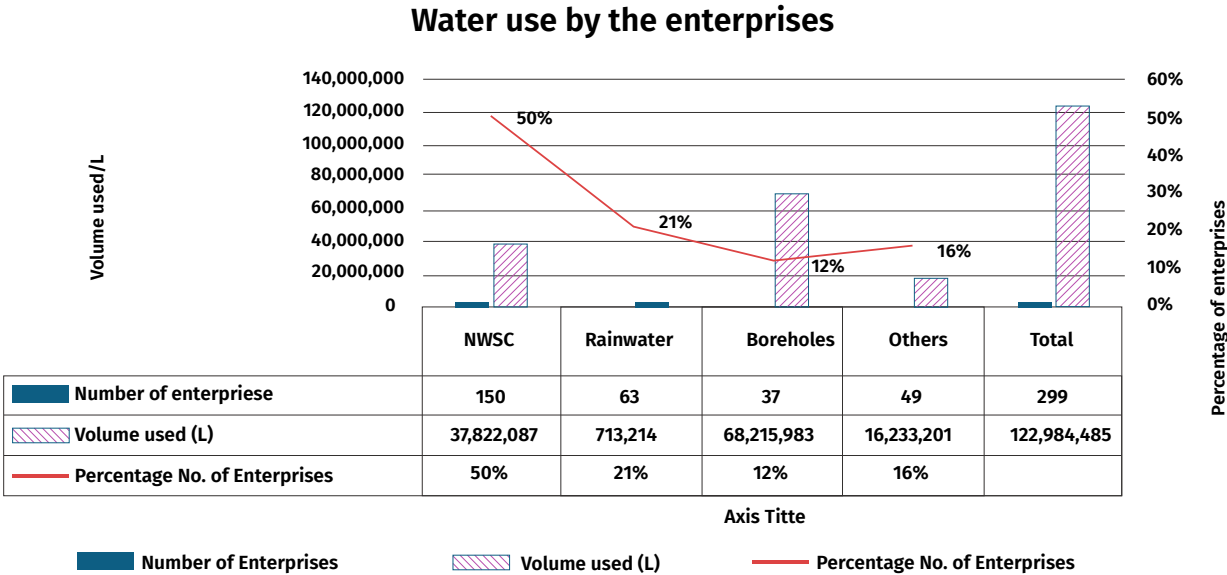
Data source: Ex-post assessment 2025

The findings show that UDB-supported enterprises contribute to emissions through productive activity while simultaneously delivering substantial climate benefits by avoiding and removing emissions, resulting in a significantly lower net climate impact. With avoided and removed emissions offsetting a large share of emissions generated, the results demonstrate that Uganda’s development objectives industrialization, agricultural transformation, and service expansion can be achieved without locking in high emissions. For UDB operations, the results justify integrating climate considerations more deeply into lending decisions, project appraisal, and monitoring, as strategic financing choices can measurably reduce national emissions intensity while supporting inclusive economic transformation.

3.5.4. Source of Water for production

Water is a critical driver of socio-economic development, and access to reliable water sources is a key indicator of development outcomes. Among the enterprises assessed, water supply by the National Water and Sewerage Corporation (NWSC) was the most prevalent followed by private rainwater harvesting. Enterprises also reported using water from valley dams, open water bodies, water ferrying, springs and spring wells. While most enterprises report using water supplied by NWSC, this source ranks only second in terms of total water consumed. Findings from the 2025 ex-post assessment show that 55% of the total water used by reporting enterprises was drawn from boreholes, indicating a strong reliance on privately developed groundwater sources. This pattern suggests that higher water-consuming enterprises deliberately invest in private water infrastructure to ensure reliability, reduce operational costs, and mitigate risks associated with supply interruptions. In doing so, these enterprises also ease pressure on public water supply systems, particularly in high-demand urban and industrial areas.

Figure 12: Showing Source of Water for production



Data source: Ex-post assessment 2025

Sectoral analysis reveals notable disparities in water consumption. Manufacturing enterprises account for 32.84% of the total water volume used, making them the largest consumers, followed by agro-based industries (28%), primary agriculture (15%), and real estate (10%). Further analysis indicates that many enterprises rely

on multiple water sources, with unmetered and free sources often serving as the primary supply where available. This underscores that economic considerations, particularly cost minimisation, are a major determinant of water source selection, especially for enterprises with high and continuous water requirements.

These findings carry important implications for national development and the Bank. At the national level, growing dependence on groundwater highlights both the resilience strategies of enterprises and emerging risks related to groundwater sustainability, regulation, and climate variability. For the Bank, the results underscore the need to strategically finance water-efficient technologies, recycling and reuse systems, sustainable groundwater management, and climate-resilient water infrastructure, particularly in water-intensive sectors such as manufacturing and agro-processing. By integrating water security into project appraisal and green finance frameworks, the Bank can reduce systemic risks, support industrial productivity, safeguard public water systems, and contribute meaningfully to Uganda's long-term climate resilience and sustainable development objectives.

3.5.5. Climate Action

The Bank considers climate action a core pillar of Uganda's sustainable socio-economic transformation, shaped by the country's vulnerability to climate shocks and national development priorities. Climate change is recognised both as a systemic risk to key productive sectors and as an opportunity to drive green growth, resilience, and productivity. Accordingly, climate considerations are fully integrated into UDB's strategy, safeguards, investment decisions, rather than treated as standalone interventions.

In operational terms, climate risk is embedded in project appraisal to ensure early identification and mitigation measures that safeguard project sustainability. In 2025, 33.77% of Bank-supported projects were exposed to some form of climate risk, with the Central Uganda recording the highest exposure at 45.31%, followed by the Western Uganda (31.25%), Eastern Uganda (20.31%), and Northern Uganda (3.13%) regions.

This distribution largely reflects the concentration of Bank-supported projects in the Central Region and underscores the importance of targeted climate-resilient investments and risk management to support sustainable national development.

3.5.6. Climate action initiatives (adaptation and mitigation)

Data from the 2025 ex-post assessment revealed that about 30% of the projects supported by the Bank undertook deliberate climate actions. The climate actions deployed by the Bank's clients included use of efficient machinery, waste reuse/recycling, wastewater treatment, and tree growing. Use of more efficient machinery was the most adopted climate action measure being adopted by 62.96% of the enterprises, waste recycling and reuse at 12.96%, tree growing and wastewater treatment initiatives at 8% and 5% respectively.

3.5.7. Energy Use Efficiency

The Bank advocates for the adoption of renewable energy in the funded projects to contribute to the net zero transition as per the Paris Agreement. However, it recognizes an optimum energy mix considering factors like access to renewable energy and availability of technology. There has been a 14% increase in the adoption of hydropower from 62% in 2024 to 76% in 2025, making hydropower the primary source of energy. Solar usage also grew from 23% to 29%, indicating increased transition towards renewable energy sources.

The assessment confirms that energy-efficient technologies and cleaner production systems

are the most widely adopted climate-mitigation measures across the Bank’s portfolio, reflecting strong demand for investments that reduce emissions while improving productivity and cost efficiency. Although about 36% of projects use fossil fuels such as diesel, petrol, or LPG, these are mainly supplementary or backup sources for generators, heavy machinery, and transport, with

relatively low consumption volumes compared to renewable electricity. These findings support Uganda’s transition to a cleaner energy system while maintaining energy security and validate UDB’s balanced development-finance approach that promotes renewable energy alongside a pragmatic transition pathway.

Table 21: Energy Use Efficiency

Sub-sectors	Hydropower (%)	Solar (%)	Biogas (%)	Biomass (%)	Diesel (%)	LPG (%)	Petrol (%)
Agro based industry	91	17	1	13	41	4	10
Creatives Industry	100	50	0	0	100	0	0
Real Estate	100	0	0	0	67	0	67
Education	95	32	0	26	5	0	11
Energy	50	0	0	0	100	0	0
Extractive based industry	100	0	0	0	0	0	0
Health	95	25	0	0	50	5	10
Knowledge intensive industry	100	0	0	0	100	0	0
Manufacturing	100	8	0	3	36	5	8
Primary Agriculture	45	55	1	4	27	1	7
Tourism and Hospitality	89	20	3	11	43	36	11
Transport	57	29	0	0	57	0	14
Water and Sanitation	100	0	0	0	50	0	0
Overall Adoption	76	29	1	8	36	10	9

Data source: Ex-post assessment 2025

3.5.8. Waste Management

3.5.8.1. Type of Waste

The composition of waste generated across the portfolio further underscores both risks and opportunities. Organic waste accounts for approximately one-third (1/3) of total waste generated, followed by general solid waste (about 30%), hazardous waste (around 18%), and wastewater (approximately 17%). While many enterprises prioritise waste reduction, reuse, and recycling, disposal practices remain uneven, particularly among smaller and rural enterprises where open dumping, burning, or untreated discharge persists. These gaps not only undermine mitigation potential but also pose risks to public health, soil and water quality, and ecosystem integrity, especially in agriculture-dependent communities.

3.5.8.2. Waste disposal strategies

Waste management has a direct and significant link to climate change through the generation of greenhouse gases, particularly methane from organic waste and emissions from poor disposal practices. Findings from the 2025 ex-post assessment indicate encouraging progress, with over 80% of surveyed enterprises reporting deliberate efforts to manage their waste. The manufacturing sector demonstrated the most structured waste management systems, reflecting higher levels of formalisation, regulatory oversight, and access to licensed

waste handlers. This is followed by the tourism and hospitality sector, where waste segregation and contracted disposal services are more common. In contrast, primary agriculture and agro-based SMEs face persistent challenges, largely due to limited access to waste management infrastructure, licensed handlers, and affordable treatment options.

Table 22: Showing Waste disposal strategies

Type of Waste	No. of Enterprises	Volume	Unit of Measure	Major disposal strategy
Metal	15	20605	Kilogrammes	Scrap metal trading for recycling
Plastic and Polyethene	108	621120	Kilogrammes	- Open burning - Collection by authorities - Sold for recycling
Glass	8	2756	Kilogrammes	- Collected by authorities - Dumping
Oil	22	635254	Litres	- Sold for reuse/recycle - Dumping
Wastewater	126	193331974	Litres	- Soak pit - Treat and release
Biodegradable and wood	176	1150878	Kilogrammes	Various
Paper and Cardboards	39	23557	Kilogrammes	- Burning - Energy recovery
Hazardous waste	31	26245	Kilogrammes	- Burning - Collected by licensed waste handlers
Other	36	33373845	Kilogrammes	- Composted for manure - Reused for feedstock

Data source: Ex-post assessment 2025

From a national development perspective, these findings highlight waste management as a critical lever for promoting sustainable industrialisation, strengthening climate mitigation efforts, and foster inclusive economic growth by accelerating the transition to a circular, resource-efficient, and climate-resilient economy. promoting sustainable industrialisation, strengthening climate mitigation efforts, and fostering inclusive economic growth by accelerating the transition to a green, circular, resource-efficient, and climate-resilient economy. For the Bank, the results point to substantial financing opportunities in waste-to-energy solutions, composting, recycling, material recovery

facilities, and waste logistics systems, particularly tailored to SMEs and agro-based enterprises. Strategic investment in this space would reduce emissions, improve environmental compliance, lower operational risks for enterprises, and stimulate green value chains.

By deploying funds in waste management initiatives, the Bank is playing a catalytic role in delivering Uganda’s Green Growth Development Strategy, advancing the country’s Nationally Determined Contributions (NDCs) under the Paris Agreement, and supporting the objectives of Vision 2040 and the National Development Plans.



3.5.9. Greening Opportunities

Overall, the 2025 ex-post assessment highlights several high-potential green opportunities within the Bank's supported portfolio, reflecting a clear shift toward environmentally sustainable and climate-resilient investments. Renewable energy solutions, particularly solar and hybrid systems, continue to gain traction, with over 140 enterprises already utilising solar and/or multiple renewable sources. In parallel, the adoption of energy-efficient industrial equipment and cleaner production technologies remains the most widespread climate-mitigation approach, demonstrating strong demand for investments that reduce emissions while lowering production costs.

The assessment further points to growing opportunities in climate-smart agriculture, driven by increased uptake of solar energy, rainwater harvesting, and efficient irrigation technologies among agricultural enterprises. These practices enhance resilience to climate variability,

improve productivity, and support sustainable use of water and land resources. Together, they position the Bank to scale investments that strengthen food security while addressing climate risks.

Significant green opportunities also emerge in the transition to renewable energy and the circular economy. One Bank-supported enterprise reported a solar capacity of 1,288,472 kW, while another operates a 100% percent bio-energy co-generation line, producing ethanol suitable for blending with petrol under national energy-blending programs. At the SME level, several enterprises have adopted solar-powered boreholes and solar lighting, highlighting the viability of decentralised clean-energy solutions. In the circular economy space, bank-supported projects are converting waste into value through bottle-to-bottle PET recycling plants, production of several tonnes of organic fertiliser annually from chicken droppings, use of coffee husks as fertiliser, and transformation of biodegradable

waste into biofuel, demonstrating that waste can be a viable economic input.

Areas of particularly strong potential for the Bank include agro-forestry and sustainable forestry, such as Hass avocado and coffee, alongside commercial tree planting for species including Eucalyptus, Pine, and Terminalia. In 2025, Uganda's industrial timber demand is estimated at 350,000–400,000 m³ per year, valued at UGX 385–UGX 440 billion, against a legal supply of only 200,000–230,000 m³ worth UGX 220–UGX 250 billion, resulting in an annual

deficit of 120,000–170,000 m³ valued at UGX 135–UGX 185 billion. Closing this gap through plantations could sequester 170,000–300,000 tCO₂ annually, reaching 3.4–6.4 million tCO₂ over a full rotation. Finally, eco-tourism offers a high-value green opportunity, contributing approximately USD 1 billion annually to Uganda's economy. By strategically leveraging these opportunities, the Bank is well positioned to expand its green financing footprint and ensure climate-resilient, environmentally sustainable growth.



LESSONS LEARNED

The ex-post report provides key insights about the performance of the bank's funded businesses as well as their socio-economic impact. The key lessons learned include the following.

Structural transformation yields different impacts for different sectors.

The employment, growth, and export effect of the financing industry (agro-processing and manufacturing) is way higher than that created by financing primary agriculture. However, while supporting primary agriculture may not result in significant jobs at production level, it creates sustainable supply of raw materials for agro processing. Therefore, the effect of financing primary agriculture is not only measured by what the sub-sector generates but by the multiplier effects it generates across different nodes of the agro-value chain.

Post harvest losses present a challenge to farmers.

The post-harvest management is still poor among farmers for both crop and livestock products and as a result there is food waste and losses to farmers. The Bank finances storage construction and machinery

for primary value addition but a lot more needs to be done.

Industrial level Capacity utilization is still low.

While the Bank's supported manufacturers utilize more than 60% of their installed capacity and are hence above the national average of about 45%, there is a room for optimization. Low-capacity utilization can be explained by several factors including limited supply of raw materials, low working capital, inefficient processing machinery, and limited market, among others. The Bank's financial interventions which address several of these constraints, thus, go a long way in improving capacity utilization.

The tourism sector is highly susceptible to shocks and hence the performance fluctuates over time.

Since COVID-19, the tourism sector has faced a number of shocks including the geo-political tension (Russia-Ukraine war), the limited

funding of NGOs due to reduced funding, among others. As a result, occupancy rate has declined year to year. The Bank rolled out a direct intervention to aid the recovery of the tourism sector which cushioned businesses from closure. The Bank needs to craft related interventions to ensure sustained operations during this period of geo-political induced shocks.

East African Community (EAC) dominates as an export destination for exports from UDB financed businesses.

The Bank needs to design specific trade finance instruments in form of guarantees and partial guarantees as well as other transactional instruments such as letters of credit targeting regional trade to enhance export performance.

Environmental compliance remains concentrated at approval rather than sustained during project implementation.

Tourism and hospitality, manufacturing and education recorded the highest NEMA certification levels. Primary agriculture shows the lowest

compliance, reflecting fragmentation, small-scale operations, and limited enforcement. There is a need to intensify emphasis on environmental compliance beyond conditions precedent for loan approval and disbursements.







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