WORLD RANK: **143** | REGIONAL RANK: **34**

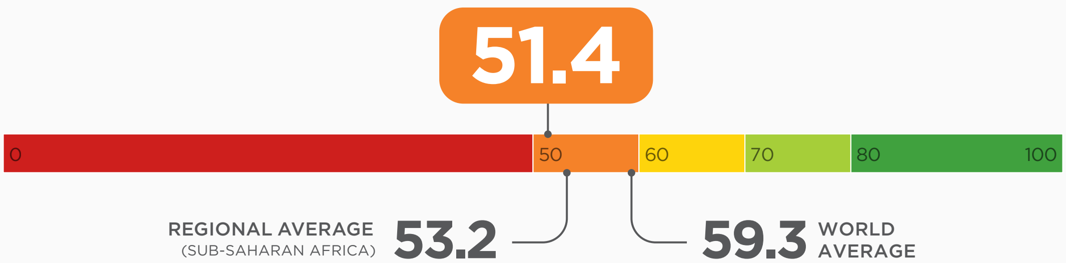
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

UGANDA

Uganda's economic freedom score is 51.4, making it the 143rd freest economy in the 2023 *Index*. Its score is 2.8 points lower than last year. Uganda is ranked 34th out of 47 countries in the Sub-Saharan Africa region, and its overall score is below the world average.

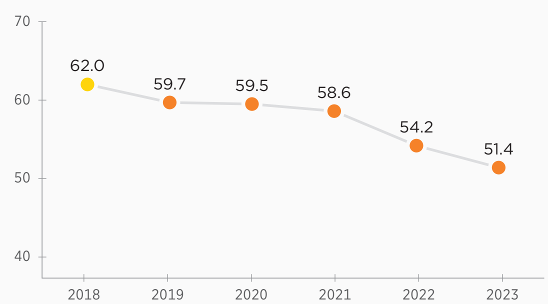
Despite some progress, institutional shortcomings continue to undermine prospects for dynamic long-term economic expansion. Uganda has attempted to update various commercial laws to reduce administrative delays and the cost of conducting business, but the overall regulatory framework remains poor. An inefficient judicial system and pervasive corruption continue to erode the effectiveness of government.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): –11.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
47.1 million

GDP (PPP):
$116.2 billion
5.1% growth in 2021
5-year compound annual growth 4.7%
$2,736 per capita

UNEMPLOYMENT:
10.1%

INFLATION (CPI):
2.2%

FDI INFLOW:
$1.1 billion

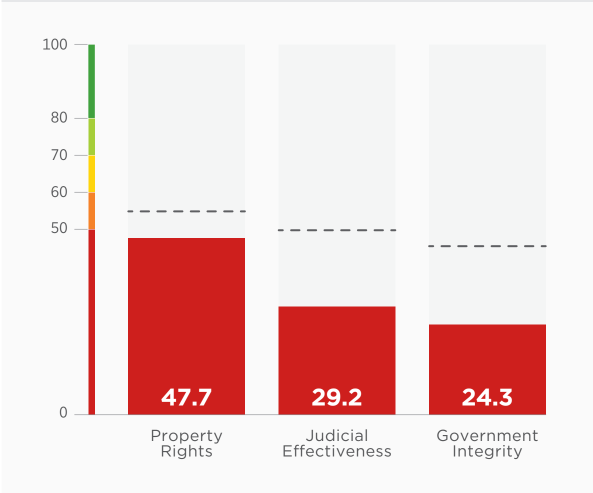
PUBLIC DEBT:
51.8% of GDP

2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The mix of ethnic groups in the former British colony of Uganda complicated governance after independence in 1962. President Yoweri Museveni and his National Resistance Movement have been in power since 1986. In 2021, Museveni won a sixth five-year term in elections that were tainted by government intimidation and the arrest of the principal opposition leader. A Congo-based terrorist group's November 2021 suicide bombings in Uganda's capital city prompted a military incursion into the Democratic Republic of the Congo. Uganda's significant natural wealth includes gold, oil, and rich agricultural lands from which more than two-thirds of the workforce derives employment.

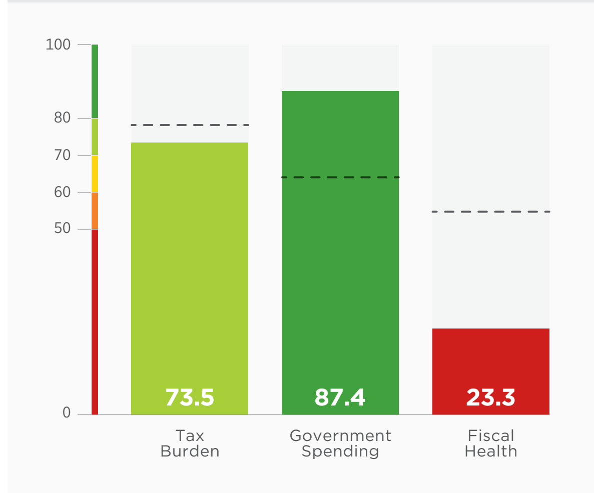
12 ECONOMIC FREEDOMS | UGANDA

RULE OF LAW



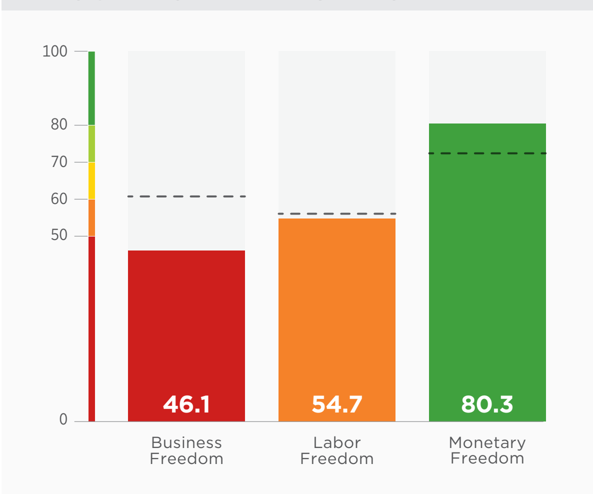
The overall rule of law is weak in Uganda. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

GOVERNMENT SIZE



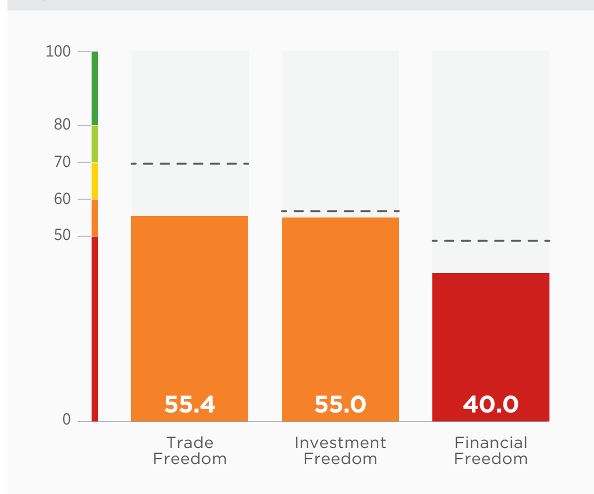
The top individual and corporate tax rates are, respectively, 40 percent and 30 percent. The tax burden equals 12.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 20.5 percent and –6.7 percent of GDP. Public debt equals 51.8 percent of GDP.

REGULATORY EFFICIENCY



The overall regulatory framework remains poor. There is no minimum capital requirement, but establishing a business is time-consuming, and licensing requirements are costly. Labor regulations are relatively flexible, but a well-functioning labor market is not fully developed. Monetary stability is weak.

OPEN MARKETS



The trade-weighted average tariff rate is 14.8 percent, and nontariff barriers further constrain trade freedom. The investment regime is complex and nontransparent, although foreign investment is allowed in most sectors. The financial system is dominated by banking and not fully developed.