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UGANDA'S PUBLIC DEBT PREDICAMENT:

IMPLICATIONS AND POLICY OPTIONS FOR EFFECTIVE DEBT FINANCING FOR DEVELOPMENT

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ACRONYMS

BoU	Bank of Uganda
CRA	Credit Rating Agency
EAMU	East African Union Monetary Union
DC	Development Committee
DRM	Domestic Resource Mobilization
DRMS	Domestic Resource Mobilization Strategy
DSSI	Debt Service Suspension Initiative
G20 CF	Common Framework for Debt Treatments beyond the DSSI
HIPC	Highly Indebted Poor Countries
IDA	International Development Association
LGs	Local Governments
MDAs	Ministries Departments and Agencies
MDRI	Multilateral Debt Relief Initiative
MoFPED	Ministry of Finance Planning and Economic Development
NDP	National Development Plan
NEC	Committee on National Economy
PDMF	Public Debt Management Framework
PIMS	Public Investment Management System
PIP	Public Investment Plan
PV	Present Value
T bill	Treasury Bill
T Bond	Treasury Bond
UGX/SHS	Uganda Shillings
US$/USD	United States Dollar

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GLOSSARY OF TERMS

Term	Details
Average time to Maturity	Measurement of the weighted time to maturity of all the principal payments in the portfolio.
Average time to Refixing (ATR)	The ATR represents the average time it takes for principal payments to be subject to a new interest rate. A shorter ATR indicates that the debt portfolio, on average, faces new interest rates more frequently, making it more exposed to re-fixing shocks
Bilateral Creditor	In the context of external debt, these are official agencies that make loans on behalf of one government to another government or to public and publicly guaranteed borrowers in another country. These include governments and their agencies, autonomous public bodies, or official export credit agencies.
Borrower (debtor)	An organization or entity defined as such in the loan contract, which is usually responsible for servicing the debt
Commitment Charge (fee)	A charge or fee made for holding funds committed by the creditor but not yet drawn by the borrower.
Concessional Loans	These are extended on terms substantially more generous than market loans. Concessionality is achieved either through interest rates below those available on the market or by longer grace periods, or a combination of these. Concessional loans typically have long grace periods. The grant element is at least 35 percent
Credit	An amount for which there is a specific obligation of repayment.
Creditor	The organization or entity that provides money or resources to whom payment is owed under the terms of a loan agreement. It's an entity with a financial claim on another entity
Commitment fee	A fee charged on undisbursed debt held by the creditor
Debt Default	Failure to meet a debt obligation payment, either principal or interest.
Debt Disbursed and outstanding	The amount that has been transferred to the borrower from a loan commitment but has not yet been repaid or forgiven.
Debt Refinancing	The replacement of an existing debt instrument or instruments, including any arrears, with a new debt instrument or instruments. This usually comes at a higher cost

Term	Details
Debt Service	Refers to payments in respect of both principal and interest. Actual debt service is the set of payments actually made to satisfy a debt obligation, including principal, interest, and any late payment fees. Scheduled debt service is the set of payments, including principal and interest, which is required to be made through the life of the debt.
Debt Service Suspension Initiative	The DSSI was a fiscal measure that allowed low-income countries (LICs) to suspend their debt payments in 2020 and was later extended to December 2021. The DSSI enabled LICs to use freed-up resources (debt service) to increase social, health, or economic spending in response to the crisis[xxvii]
Debt-Service (-to-Exports) Ratio	The ratio of debt service (interest and principal payments due) during a year, expressed as a percentage of exports (typically of goods and services) for that year. This ratio is considered to be a key indicator of an economy's debt burden.
Disbursed Loans	The amount that has been transferred to the borrower from a loan but has not yet been repaid or forgiven.
External Debt	At any given time, the outstanding amount of the actual current, and not contingent, liabilities that require payment(s) of interest and/or principal by the debtor at some point(s) in the future, and that are owed to non-residents by residents of an economy.
Fixed Interest Rate	A rate of interest that is defined in absolute terms at the time of the loan agreement.
G20 Common Framework on debt Treatment beyond the DSSI	A unique mechanism that envisages providing low-income countries (LICs) with orderly and coordinated debt restructurings, with broad creditors' participation
Grace Period	The grace period for principal is the period from the date of signature of the loan or the issue of the financial instrument to the first repayment of principal.
Grant Element	The measure of concessionality of a loan, calculated as the difference between the face value of the loan and the sum of the discounted future debt service payments to be made by the borrower, expressed as a percentage of the face value of the loan
HPIC Initiative	A program designed by the World Bank, the International Monetary Fund (IMF), and other multilateral, bilateral, and commercial creditors in 1996 to ensure that the poorest countries in the world are not overwhelmed by unmanageable or unsustainable debt burdens. It reduces the debt of eligible countries meeting strict criteria.

Term	Details
Interest	This is a form of investment income that is receivable by the owner of financial assets for putting such assets and other resources at the disposal of another institutional unit.
The interest rate risk	This pertains to the Government's expenses in servicing its floating debt, whether new or existing, which can be influenced by potential fluctuations in both domestic and foreign interest rates. The average time to re-fixing (ATR), debt re-fixing in 1 year (percentage of total), and fixed rate are the commonly considered indicators for evaluating interest rate risk.
International Monetary Fund (IMF)	Following the Bretton Woods Accords and established in 1945, the IMF is a cooperative intergovernmental monetary and financial institution with 187 member countries. Its main purpose is to promote international monetary cooperation to facilitate the growth of international trade and economic activity more generally. The IMF provides financial resources to enable its members to correct payments imbalances without resorting to trade and payments restrictions.
Loan	A financial instrument that is created when a creditor lends funds directly to a debtor and receives a non-negotiable document as evidence of the asset.
Multilateral Debt Relief Initiative (MDRI)	Adopted by the IMF in late 2005, the initiative puts into action a debt relief proposal initially advanced by the G-8 in June 2005, which called for the cancellation of 100 percent of the claims of three multilateral institutions. These include the IMF, the International Development Association (IDA) of the World Bank, and the African Development Fund (AfDF) on countries that have reached, or will eventually reach, the completion points under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative)
Net Present Value (NPV) of Debt	The nominal amount outstanding minus the sum of all future debt-service obligations (interest and principal) on existing debt discounted at an interest rate different from the contracted rate.
Nominal Value	The amount that at any moment in time the debtor owes to the creditor; this value is typically established by reference to the terms of a contract between the debtor and creditor. The nominal value of a debt instrument is the value of the debt at creation, and any subsequent economic flows, such as transactions (e.g., repayment of principal), valuation changes
Paris Club Paris Club	An informal group of creditor governments that has met regularly in Paris since 1956 to provide debt treatment to countries experiencing payment difficulties; the French treasury provides the secretariat. Creditors reschedule a debtor country's public debts as part of the international support provided to an economy that is experiencing debt-servicing difficulties.

Term	Details
Present Value (PV)	The present value (PV) is the discounted sum of all future debt service at a given rate of interest. If the rate of interest is the contractual rate of the debt, by construction, the present value equals the nominal value, whereas if the rate of interest is the market interest rate, then the present value equals the market value of the debt
Principal	The provision of economic value by the creditor, or the creation of debt liabilities through other means, establishes a principal liability for the debtor, which, until extinguished, may change in value over time. For debt instruments alone, for the use of the principal, interest can, and usually does, accrue on the principal amount, increasing its value.
Private Creditors	These are neither governments nor public sector agencies. They include; private financial institutions, and manufacturers, exporters and other suppliers of goods that have a financial claim.
Public Debt	The debt obligation of the public sector.
Undisbursed	Funds committed by the creditor but not yet drawn by the borrower.
Fiscal consolidation/ Austerity Measures	Austerity measures refer to policies implemented by governments to increase domestic resource mobilisation, reduce budget deficits and sovereign debt. In the implementation of fiscal consolidation, austerity measures can be expenditure- or revenue-based. They take the form of cuts to the public expenditure while increasing the taxes.
Fiscal Deficit	A condition where the government expenditure exceeds its revenue in a given year. It is an indication of the total borrowings needed by the government to plug the budget.
Rollover/ refinancing risk Rollover risk	This pertains to the uncertainty surrounding the possibility that debt might need to be refinanced at a significantly elevated interest rate or, in some cases, may not be refinanced at all. Key indicators used to gauge rollover risk encompass average time to maturity (ATM) and the redemption profile.

Disclaimer: All data and statistics presented in this paper were obtained from official sources, including Debt Statistical Bulletins; Reports on Public Debt, Grants, Guarantees, and Other Financial Liabilities issued by the Ministry of Finance, Planning and Economic Development (MoFPED); and Annual Statistical Abstracts published by the Bank of Uganda, unless otherwise specified. Where necessary, conversions from Uganda Shillings (UGX) to United States Dollars (USD) were made using the applicable end-period exchange rate.

1. INTRODUCTION

Over the years, Uganda has increasingly relied on debt financing to invest in critical sectors of the economy, including transport, energy, and oil and gas, inter alia. While these investments have contributed to strengthening economic resilience, the country has not realized commensurate returns on investment. This shortfall is largely attributable to weaknesses in public investment management, corruption, and unfavorable loan terms, inter alia. Consequently, Uganda's public debt has expanded significantly over the past decade, raising concerns about the country's debt sustainability and overall fiscal stability.

This paper discusses the evolution of Uganda's public debt, consequences of the increasing public debt burden in the era of dwindling concessional finance, high interest rates and emerging poly crisis. It highlights the drivers and implications of increasing external debt burden and inefficiencies of past and present debt restructuring mechanisms. The paper provides recommendations on leveraging public debt financing for economic growth.

2. BACKGROUND

2.1. The evolution of Uganda's public debt portfolio

In the 1980s, Uganda, like many Sub-Saharan countries, experienced a heavy debt burden as the economy was adversely affected by spillover effects of civil war, declining coffee export revenues due to falling international prices, and low domestic revenue mobilization, inter alia. Despite the prevailing assumption that poor countries faced only short-term cash-flow constraints that could be addressed through policy reforms, Structural Adjustment Programs did not yield the expected outcomes. Instead, these reforms increased reliance on external borrowing, resulting in a higher debt burden and thereby creating an urgent need for debt relief.

By FY 1996/97, Uganda's total debt amounted to US$ 3.461 billion[1] and the country became the first beneficiary of the Highly Indebted Poor Countries (HIPC) Initiative. This resulted in approximately US$ 2 billion in debt service relief from the original and enhanced HIPC initiatives[2]. In 2006, under the Multilateral Debt Relief Initiative (MDRI)[3] Uganda received 100 percent debt cancellation from multilateral institutions like the International Monetary Fund. This led to a 66.7 percent reduction in the external debt stock, from US$4.5 billion at the end of June 2005 to US$1.5 billion.

Despite this milestone, Uganda's external debt took an upward trajectory, with an average growth rate of 15.46 percent per annum between FY 2007/08 to FY 2018/19. The surge in debt levels in the 2010s was due to the increased external borrowing to finance ambitious infrastructure projects, especially in roads, energy (Karuma and Isimba hydro power projects worth USD 2.1 billion) and oil exploration.

On the other hand, domestic debt followed a rising trend, increasing steadily over the years except in FY 2008/09 and FY 2009/10. During those two fiscal years, the Central Bank scaled back its issuance of Government securities as part of easing the monetary policy to stimulate aggregate demand in response to the global financial and economic crisis.

The general rise in domestic debt following the crisis can be partly attributed to the declining availability of external financing, particularly concessional loans and the high interest rates prevailing in international markets. The widened fiscal deficit during the COVID19 pandemic in FY 2019/20 and FY 2020/21 and beyond was also predominantly financed through domestic and external borrowing.

Additionally, the World Bank's decision to suspend approval of new financing to Uganda between August 2023 and June 2025 compelled the government to depend heavily on domestic and external borrowing, for budget support and infrastructural projects, respectively (See table 1).

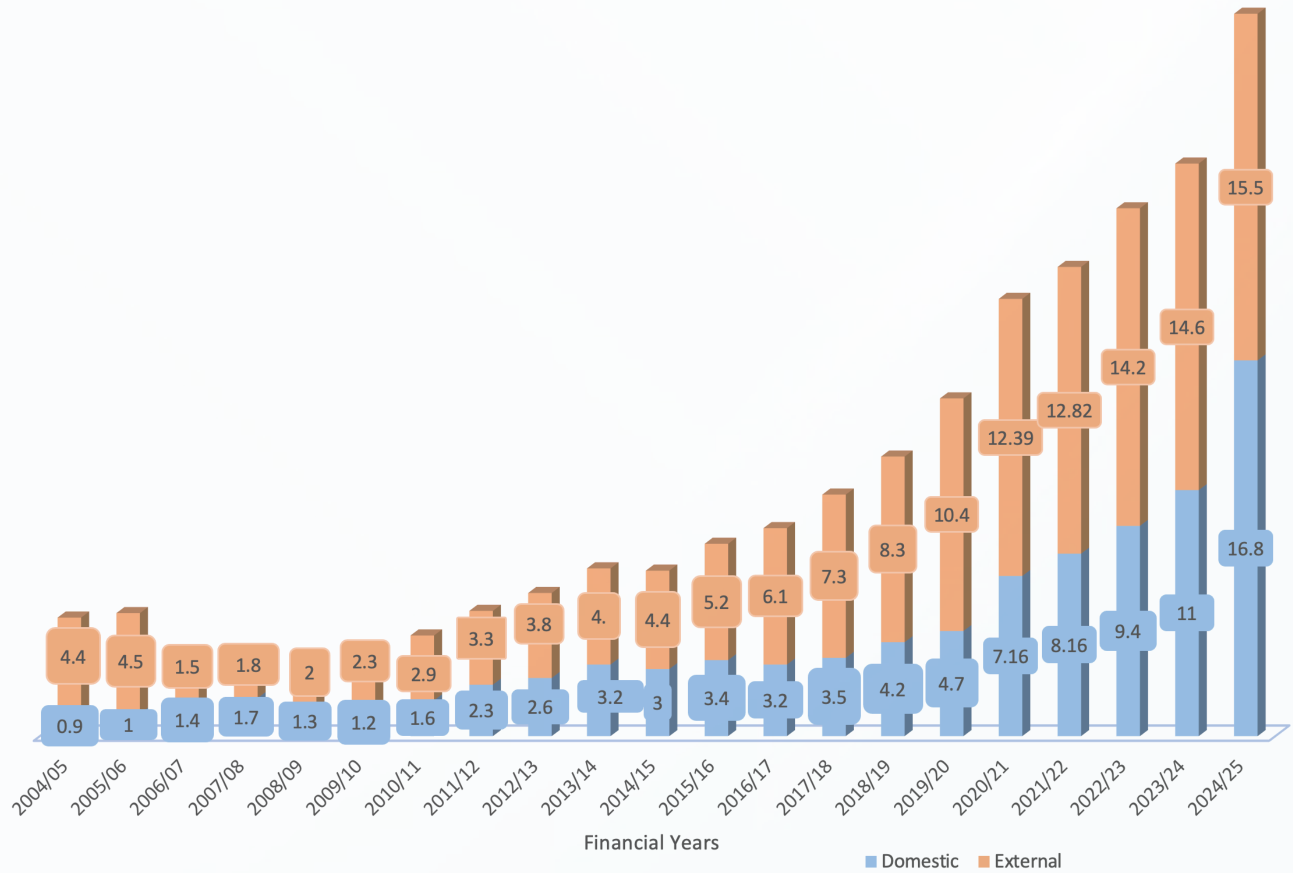


Figure 1: Evolution of Uganda's debt over the years (billion US$)

2.2. Composition of Uganda's debt

Uganda's debt stock comprises external and domestic debt. Despite being largely comprised of external debt accounting for more than 60 percent between FY 2015/16 and FY 2022/23, public debt composition has evolved. In FY 2024/25, domestic debt accounted for approximately 52 percent of total public debt stock (see Figure 2 below), due to increased domestic borrowing during and post COVID-19 pandemic. As such, growth in public debt has largely been driven by increased domestic debt accumulation. For instance, in FY 2024/25, domestic debt increased from US$ 11 billion to US$ 16.8 billion, representing a 52.73 percent increase, up from 17.02 percent in FY 2023/24 (see figure 2 below). Declining concessional finance from key multilateral institutions like the World Bank further accounts for increased reliance on commercial credit from the domestic market, especially for budget support.

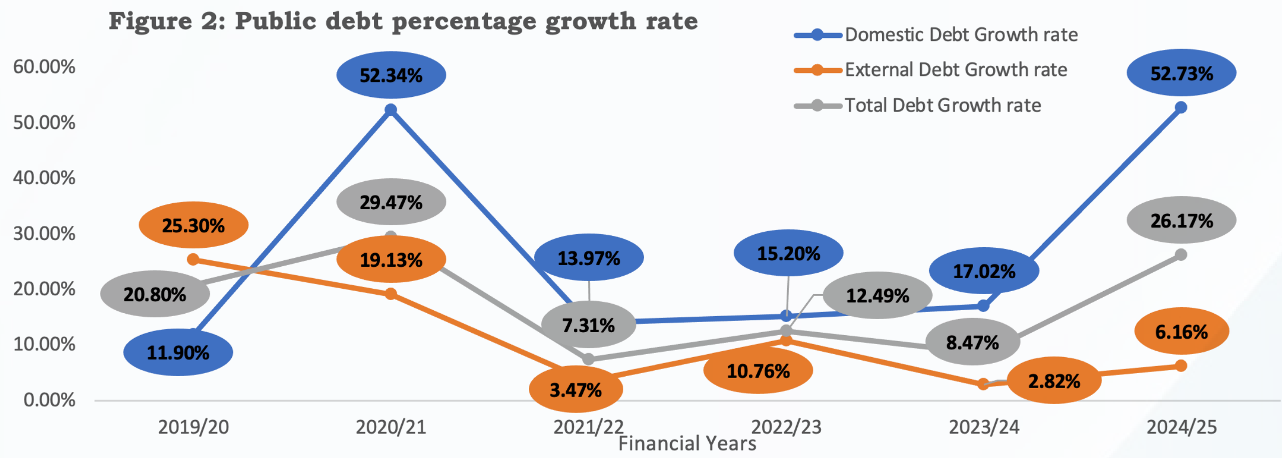


Figure 2: Public debt percentage growth rate

2.1.1. External Debt

Uganda has continued to rely on External debt to finance economic and social infrastructure projects, which are key enablers of development as highlighted in various development plans and strategies.

Uganda's total external debt exposure amounted to US$ 18.94 billion in FY 2024/25, which reflects a 4 percent increase from US$ 18.21 billion in FY 2023/24. Over the same period, the total debt disbursed and outstanding increased by 6.51 percent to US$ 15.54 billion from US$ 14.59 billion (see figure 3), while undisbursed debt decreased by 6.08 percent, reflecting improved public investment management

While the percentage share of undisbursed debt in the total external debt portfolio has decreased from 51 percent in FY 2014/15, to 18 percent in FY 2024/25, uganda has continued to pay high commitment fees on undisbursed debt.

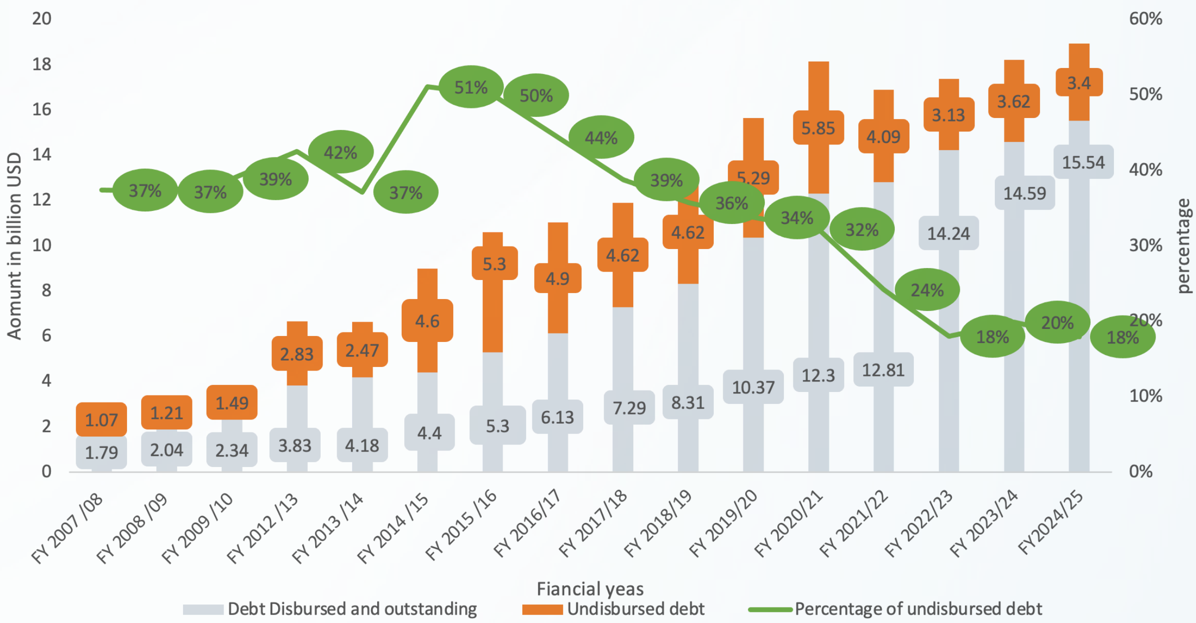


Figure 3: External debt exposure

2.2.2.1 External debt by creditor composition

Despite being largely owed to multilateral creditors (66 percent in FY 2024/25), the percentage composition of external debt owed to other financial institutions like private banks has increased from 2.63 percent in FY 2016/17 to 11 percent in FY 2024/25 (see figure 4). Moreover, the percentage share of external debt owed to bilateral creditors has increased from 0.13 percent in FY 2005/06 to 23 percent in FY 2024/25 (see figure 4 below). This implies that increasingly, Uganda has continued to rely on commercial and bilateral credit, which is largely associated with unfavourable terms, like low grant element of less than 35 percent, high interest rates, which are at times variable in nature, and short grace period. The changing composition of Uganda's creditors, towards bilateral and commercial creditors, poses uncertainty about the possibility of the country restructuring its debt in the event of a default.

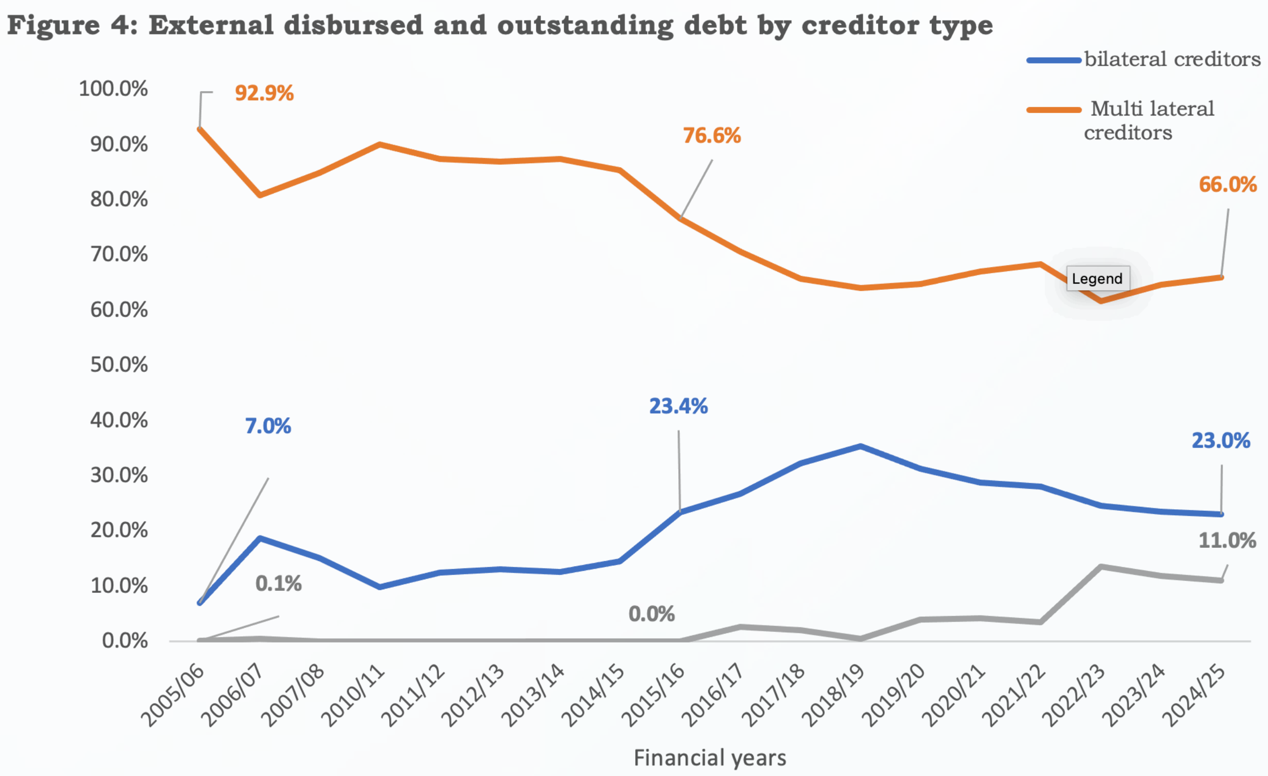


Figure 4: external disbursed and outstanding debt by creditor type

2.2.2.2 External debt by concessionality type.

Over the last decade, the share of external debt acquired at concessional terms has decreased by 18 percentage points from 74 percent in FY 2016/17 to 56 percent in FY 2024/25. In contrast, the percentage share of commercial and semi-concessional debt has taken an upward trajectory in-creasing, from 11 percent and 15 percent to 24.45 percent and 19.55 percent over the same period, respectively (see figure 5 below).

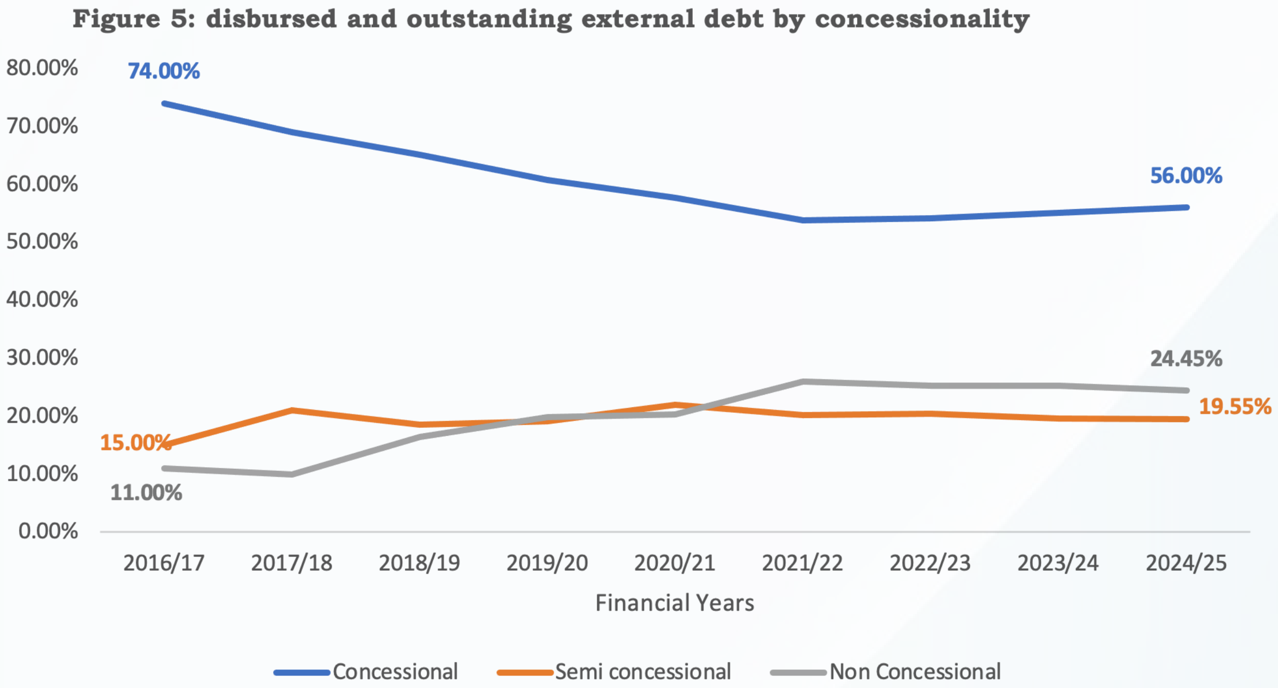


Figure 5: disbursed and outstanding external debt by concessionally

Increased accumulation of semi-concessional and non-concessional debt is largely driven by the quest for large volumes of finance for capital-intensive infrastructural projects in the transport, energy, and minerals sectors.

2.2.2.3 External debt by variable interest type

By the FY 2014/15, Uganda's external debt was contracted under fixed interest terms. However, this trend has deteriorated over time, with fixed-rate debt now comprising 66 percent of the total, while variable-rate debt has risen to 19 percent by FY 2024/25 (see figure 6). This has exacerbated the uncertainty on the exact total debt service amount owed by the Government to its respective creditors in a given period of time.

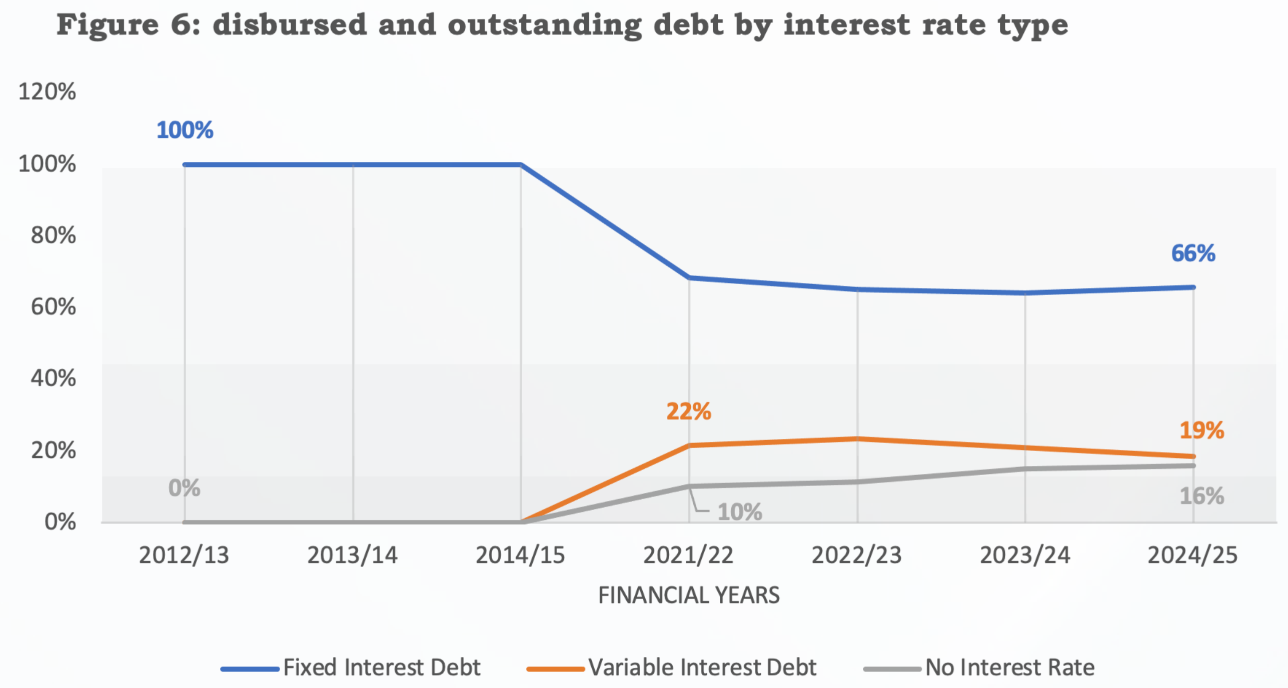


Figure 6: disbursed and outstanding debt by interest rate type

2.2.2.3 Domestic debt

During and post COVID 19 pandemic era, total public debt accumulation has been largely driven by increased reliance on domestic borrowing to finance the deficit. Domestic debt grew at more than 13 percent per annum between FY 2020/21 and FY 2024/25. Moreover, in FY 2024/25, domestic debt increased from US$ 11 billion to US$ 16.8 billion, representing a 52.73 percent increase, up from 17.02 percent in FY 2023/24 (see figure 2 above).

In FY 2024/25, 52 percent of the total public debt was acquired from the Domestic market (see figure 1), though this stock excludes domestic arrears and pension liabilities accrued across the Government. Securitization of such liabilities would worsen the Country's risk of debt distress from moderate to high.

2.2.2.2 Domestic debt instruments

Domestic debt is comprised of T bills and T bonds. Since FY 2019/20, the share of T bills in the total domestic debt portfolio has been decreasing from 26 percent to 13 percent in FY 2024/25 due to deliberate Government effort to issue long term debt. The total domestic debt stock at cost increased from UGX 40,633 billion in June 2024 to UGX 60,338 billion in June 2025. This represents a 49 percent increase, up from 18 percent recorded between June 2023 and June 2024. This is as a result of the persistent deficit, which is largely financed through domestic borrowing and repayment of the 7.7 trillion debts to the Central Bank in that period.

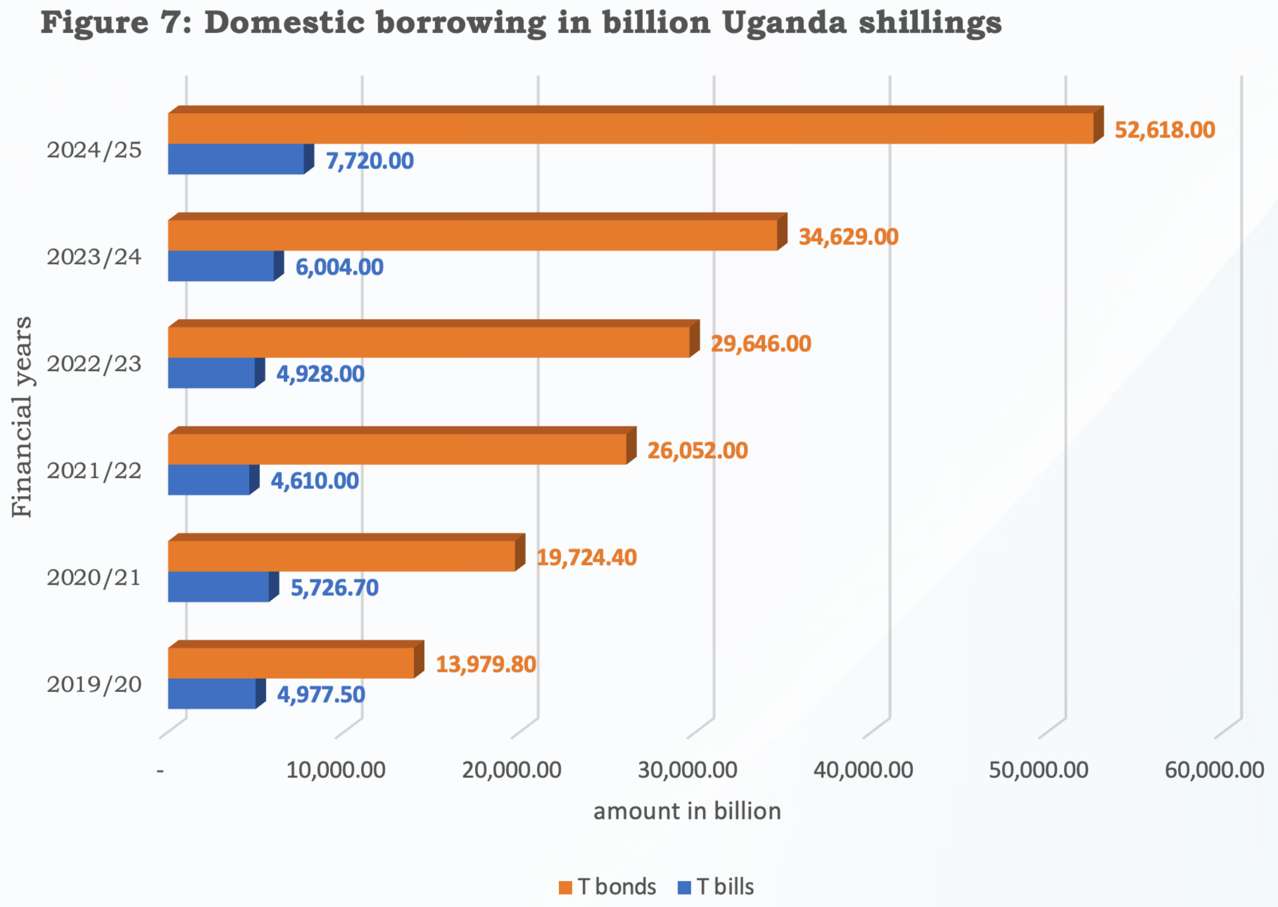


Figure 7: Domestic borrowing in billion Uganda shillings

2.2.2.3 Domestic Arrears

Despite the existence of the commitment control system procedures and the Strategy to Clear and Prevent Domestic Arrears (2021), accounting officers continued to commit the Government to an extent of absence of funds. This led to the accumulation of Domestic Arrears averaging at 16 percent per annum between FY 2018/18 - FY 2022/23. Furthermore, domestic arrears grew by 34.4 percent from shs 8.049 trillion in 2022 to shs 10.818 trillion in 2023 representing, 20.6 percent of the revised FY 2022/23 budget. Auditor General further highlighted that these further increased by more than 30 percent to shs. 13.814 trillion by the end of FY 2023/2024 and new payables accrued stood at shs. 6.639 trillion compared to only shs. 3.679 trillion paid during the year. This indicates that the rate at which the Government contracts domestic arrears is much higher than the rate of payment, leading to continued accumulation of domestic arrears. This may be attributed to failure to enforce the budget commitment control guidelines and exposes government to litigation risks[4].

Delayed clearance of arrears Cripples the operations of the private sector as they face liquidity constraints to run day-to-day operations in their businesses including clearance of short-term bank loans. Furthermore, arrear accumulation undermines trust in the Government and the effectiveness of fiscal policy since over-reliance on domestic arrears to finance Government spending leads to a reduction in the fiscal multiplier[5].

3. DRIVERS OF INCREASING PUBLIC DEBT EXPOSURE

Post Debt relief under the HIPC and MDRI, the increase in public debt stock was largely driven by borrowing to invest in key infrastructure projects in the various sectors including, energy, transport, Education, health to facilitate economic growth. However, desired dividends from debt-funded projects have not been realised as explained below.

3.1 Weak public investment management

Public Investment Management involves the process of project identification, design, selection and preparation, implementation, completion, maintenance and evaluation of public investments[6]. Public Investment is critical in fostering economic growth as a result of efficient allocation of resources, successful implementation of projects and maintenance of assets. While Uganda has undertaken significant public investment in various sectors over the past decade, expected levels of growth have not been realised low returns on public investments, averaging USD 0.80 per US dollar invested[7]. This underperformance is largely attributed to weak public investment management. As such, Uganda embarked on reforms to strengthen its Public Investment Management System to improve efficiency, and attainment of the desired level of growth.

Uganda's PIM system is aligned to the World Bank's standard for PIM systems framework, which is a formal system of public investment management that allows for the transformation of investment ideas in investment projects and, afterwards, into "investment decisions". The system envisages an approach of project lifecycle with eight must-have functions (see figure 8) to systematically filter and stop bad, uneconomic projects from taking up resources that would otherwise be invested in beneficial, economic projects.

Eight Must-Have Functions of a PIMS

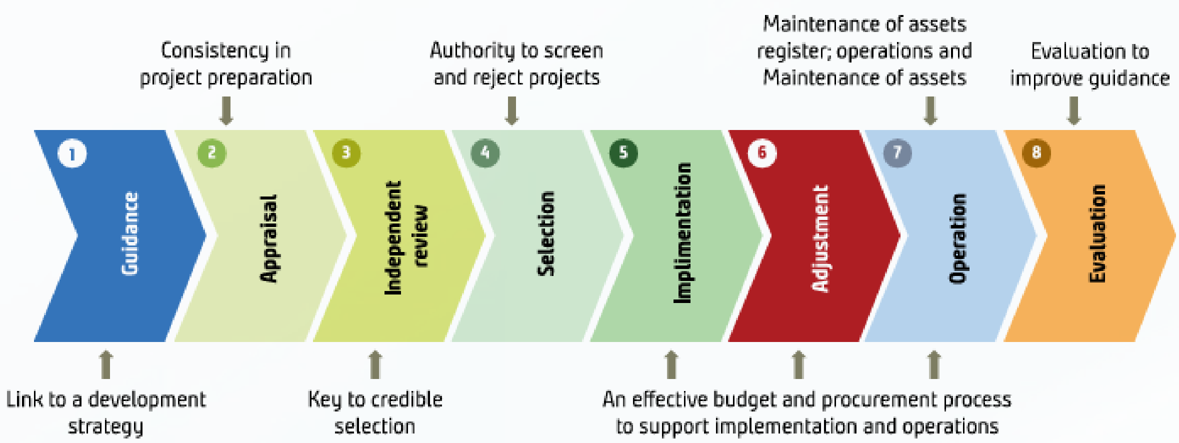


Figure 8: Eight Must Have Functions of a PIMS

Source: World Bank

Despite significant reforms that have administratively improved the pre-investment stages of its public investment management, the efficiency and effectiveness of public investments is marred by several gaps at various stages of the project lifecycle. Persistent failure to attain desired dividends from these investments limits the ability to leverage public debt financing towards a self-reliant economy. The 19th edition of the Uganda Economic Update on Fiscal Sustainability through deeper reforms to Public Investment Management, by the World Bank highlighted various weaknesses at each stage of the PIMS system as summarised below;

At the Strategic investment guidance, project development, and preliminary screening stage, project preparation lacks necessary and sufficient sector or program-specific manuals and methodologies that incorporate new concepts like green economy, resilient infrastructure, and climate change. Furthermore, there is limited emphasis on program policies and plans as well as their costed objectives that guide investment decisions.

Despite significant reforms towards conformity with several aspects of international best practice in terms of project preparation, the actual quality of the project appraisal stage falls short of these requirements due to differential application and capacity gaps. The PIM process is lengthy and, cumbersome and costly at the formal appraisal stage, despite the size and risk of the project. As such several projects have continued to make it to the PIP without undergoing feasibility analysis, cost-effective analysis, inter alia. For instance, the Auditor General's review of the Public Investment Plan for the year ended 30th June 2021, revealed that out of a sample of 371 projects, 245 projects (66 percent) with total Project values of UGX.643,434 billion did not have feasibility studies undertaken. Furthermore, MoFPED's performance report of externally financed projects covering April to November 2024 highlighted that 55 out of 66 were behind schedule. This has resulted in cost and time overruns on projects due to high commitment fees, shortened life span of projects due to poor operation and maintenance of created physical assets, inter alia[8].

At the independent review of the appraisal process stage, the gatekeeping role of the development committee is not fully utilised. For instance, over 37 percent, 9 percent and 6 percent of new projects in the PIP completed the DC process in FY 2019/20, FY 2020/21 and FY 2021/22, respectively. This highlights that some projects proceeded to the PIPs of the respective years without clearance of the DC.

The project selection and budgeting stage is marred by fiscal rigidity that excludes any evaluation of the fit between current spending patterns and stated policy goals. This is a result of the drip-financing of ongoing legacy projects and the use of past allocations to guide budgets for projects thus creating inefficiency in multiyear budgeting.

The stage of project implementation of public investments in Uganda remains the biggest weakness in Uganda's PIM system. Externally funded projects face delays in completion, with some having taken twice as much time as originally planned. This is due to lack of counterpart funding, lack of right of way, protracted negotiations have resulted in low absorption of loan funds thus cost overrun resulting from high commitment fees on loans. While loan absorption has greatly improved with the share of undisbursed debt declining over the years from 51 percent in FY 2014/15 to 18 percent in FY 2024/25, the stock of commitment fees has been increasing over the years. Commitment fees paid on undisbursed funds increased by about 191 percent from US$ 1.75 million in FY 2007/08 to US$ 4.69 million in FY 2013/14. This trend was reversed, as the stock of commitment fees decreased by 61.8 percent to US$ 1.8 million in December 2015[9]. Since then, it is very hard to track the exact stock of commitment fees paid out on undisbursed debt due to lack of disaggregated data on loan fees (including service charge, management, and commitment) in public debt reports by MoFPED. However, the OAG report for FY 2022/23 highlighted that Uganda paid shs. 112.018 billion (US$ 30.55 million) as commitment charges in FY 2022/23 indicating a 44 percent increase from shs. 77.524 billion (US$ 20.64 million) in FY 2021/22[10]. The persistent PIM challenges not only underscore the complexity of reforming the PIM framework but also largely account for the delay in the achievement of middle-income status (world bank, 2022).

Furthermore, the lengthy procurement process is characterised by delays in the preparation of bidding documents; delays in environmental and social safeguard studies; contractors' non-performance through not resourcing programs and poor workmanship account for the persistent time overruns on projects.

At the monitoring and adjustment stage, keen focus is placed on monitoring and, to a lesser extent, the aspect of evaluation and analysis. According to the World Bank there is no evidence on large projects being significantly re-designed, scaled down, or cancelled. However, while appearing before Parliament's Budget Committee to officially present the 2022/2023 national budget framework paper, MoFPED reported that the Government decided to renegotiate or cancel nonperforming contracts to create funds for good projects in subsequent years. This followed an assessment on 17 projects worth Shs 4.276 trillion, of which Shs 2.665 trillion had remained undisbursed[11]. Furthermore, the procedure for the reassessment of project implementation is not specified, and there is no systematic review by the MoFPED of whether a project has undergone major adjustments, and the criteria for allowing a project's continued justification if there are material changes to project costs, schedule, or expected benefits.

The project operation stage is short of specific requirements to guide completion review and ex-post evaluation of public investment projects. As such, some assets are handed over to the operating entity but stay idle due to non-existent legal frameworks, mismatch in complementary investments, and over-optimistic demand forecasts for the project assets. Due to Poor maintenance of assets, Uganda continues to experience a high cost of asset loss. For instance, in 2024, Uganda's total cost of assets was valued at UGX 37.4 trillion, while the quality of roads had reduced to UGX 10.5 trillion. This implies that the country registered approximately UGX 26.9 trillion in asset loss[12].

At the basic completion reviews and ex-post evaluation stage, there are no specific requirements in place to guide completion review and ex-post evaluation of public investment projects, with few projects, predominantly externally funded, on which essential ex-post project reviews are made.

Persistent challenges at various stages of Uganda's PIMS cycle account for low returns on debt-funded projects, undermining the Government's efforts to leverage debt financing to attain various ambitions envisaged in the National Development Plan and the ten-fold growth strategy.

3.2 Weak Parliamentary Oversight in the Public Debt Management Process

While Section 36(b) of the PFM Act (2015) gives powers to Parliament to scrutinise and approve loan requests by resolution except where it is issued for monetary policy management, loan requests are increasingly submitted a few days (less than a week) before their expiry. This deprives MPs of adequate time to consult the public and scrutinise the loan requests before approval. For instance, Parliament had less than 7 working days to scrutinise and make an informed decision on approval of the proposal to borrow up to USD 99.56 million from the International Fund for Agricultural Development (IFAD) to finance the proposed resilient livestock value chain (RELIV) project in September 2025[13]. The terms of the proposed IFAD loan were approved in September 2024 and were cleared by the Rt. Hon. Prime Minister for presentation to Cabinet on 1st August 2024, only to be presented to parliament for scrutiny a year later. Moreover, in February 2025, Members of Parliament queried MoFPED for tabling the loan request for UMEME Buyout, hardly a week before the expiry of the lease agreement between the government and the power distributor on 1st March 2025. The government risked being charged with penalties of 10 percent of the amount in the first 30 to 45 days, 15 percent of the amount in the 46 to 90 days, and 20 percent of the amount in the 91 days for failure to pay UMEME by 31st March, 2025.

Parliament approved the US$ 190.998 million loan, from Stanbic Bank for UMEME buyout at commercial terms with a grant element of -11 percent at variable terms based on the 6 months Euro Interbank Offered Rate (Euribor)[1]. The present discounted value of the loan amounted to US$ 213.37 million, higher than the nominal value of the loan US$ 190.988 million. This implied that the total future payment of the loan was costlier than the proposed amount to be borrowed in present terms[14].

Furthermore, there is a decreasing autonomy of Parliament to monitor the implementation of some loan-funded projects, which further explains the weak public investment management, especially at the project implementation stage. For instance, on 26th February 2024, Members of Parliament led by the Leader of Opposition in Parliament were denied access to the Lubowa Hospital project site on which the Government had issued promissory notes worth UGX 700 billion by March 2025[15].

Moreover, non-adherence to public debt best practices in terms of timely reporting, functionality of debt governance systems, exacerbates the debt burden due to exposure to expensive credit and low returns on investment due to weak oversight.

3.3 Increased reliance on non-concessional loans for budget support

While the PDMF (2023) restricts non-concessional loans financing to projects that are in line with the economic growth strategy of implementing investments that have a higher growth multiplier impact, the Government has acquired such financing to solve short-term liquidity challenges (see Table 1).

Persistent divergence from the 2023 Public Debt Management Framework principles on non-concessional borrowing increases the risk that investments will not yield the expected returns, jeopardizing both the ability to service debt and economic growth.

1 The Euribor rates are based on the average interest rates at which a large panel of European banks borrow funds from one another, https://www.euribor-rates.eu/en/

Furthermore, Interest rates on semi and non-concessional loans acquired by low-income Countries like Uganda are very high, estimated between 4 percent and 10 percent, compared to 2.8 percent in the USA[2]. As such, semi and non-concessional finance have resulted in principal repayments exceeding new disbursements; for instance, a principal repayment of US$ 0.24 billion was made on commercial loans during FY 2024/25, surpassing the US$ 0.12 billion disbursed in the same period.

Table 1: Non-concessional loans utilised for budget support

Loan Id	Purpose	Date Signed	Last Payment	Debt Type	Interest Rate	Interest Rate Type	Outstanding Including Arrears (UGX Tn) 30.06.2022
20910000	Prog. Support	02.06.2020	02.06.2027	Commercial Banks	4.47	Euribor	1.2
20909000	Prog. Support	24.03.2020	25.03.2027	Commercial Banks	4.45	Euribor	1.1
20931000	Prog. Support	13.09.2021	13.09.2031	Commercial Banks	5.5	Euribor	0.8
20931000	Prog. Support	13.09.2021	13.09.2031	Commercial Banks	5.72	Libor 6 Months Deposit	0.6
20923000	Prog. Support	08.06.2021	11.06.2028	Commercial Banks	4.75	Euribor	0.8
						Total	**4.5**

Source OAG consolidated audit findings for FY 2022/23

3.4 Opaqueness in the debt management process

Despite Uganda's strong legal framework for debt reporting, compliance with reporting timelines is frequently lacking. Reports are often delayed by three months or more beyond the legally mandated deadlines. For example, Section 42(2) of the Public Finance Management Act (2015) requires the Minister to submit to Parliament a comprehensive report on public debt, guarantees, and other financial liabilities for the previous financial year by April 1st. However, in 2025, this report was only tabled in September. Such delays undermine the report's intended purpose of informing Members of Parliament about the country's debt status in time to guide borrowing decisions for the upcoming fiscal year. Moreover, the delayed release of debt data and the declining level of detail in some debt statistics have weakened citizens' ability to engage meaningfully in demanding accountability. Since FY 2020/21, several reports on public debt and debt financing exclude breakdowns of fees related to debt servicing. This lack of disaggregation makes it challenging for the public to assess how specific costs like commitment fees from unabsorbed loans impact government spending priorities.

3.5 Increasing cost of debt

The cost of debt of Uganda's debt increased over the years, with interest payments rising from 2.3 percent of GDP in June 2019 to 4.4 percent of GDP in June 2025, largely due to the persistent increase in the domestic interest payments burden. For instance, in the later year, domestic interest payments accounted for 3.8 percent of GDP, compared to external interest costs that accounted

2 A world of debt by UNCTAD, 2025

for 0.6 percent of GDP.

The weighted average interest rate on total debt increased from 5.6 percent to 8.6 percent over the same period, reflecting the rising share and high cost of borrowing largely from the domestic market.

3.6 High refinancing risk

Average Time to Maturity measures the refinancing risk, and it refers to the measurement of the weighted time to maturity of all the principal payments in the portfolio. Decreasing average to maturity profile reflects an increasing risk of rollover debt at redemption.

The average maturity period of Uganda's public debt portfolio declined from 10.7 years in June 2019 to 8.5 years by June 2025, which is way below the target range of 12.2 to 12.3 years envisaged in the PDMF (2023). This reflects a shorter weighted average maturity for all principal payments, increasing the likelihood that maturing obligations will need to be rolled over[3] at a significantly elevated interest rate, particularly if the government lacks the cash to settle principal payments at maturity.

3.7 Increasing Interest rate risk

While a significant share of Uganda's public debt contracted at fixed interest rate terms (90.7 percent) in June 2025, the Country is challenged with a growing interest rate risk[16]. This is due to increased debt acquisition at variable terms from commercial lenders. The average time to refixing has deteriorated by 2.1 years from 10.3 years in June 2019 to 8.2 years in June 2025. This implies the debt portfolio, on average, faces new interest rates more frequently, making it more exposed to re-fixing shocks

3.8 Exchange rate risk

Despite declining exposure to foreign exchange risk, Uganda is exposed to high external liquidity pressure.

Foreign exchange fluctuations pose a foreign exchange risk to Countries whose debt is held in foreign currencies. Over the years, foreign currency debt (external) dominated Uganda's public debt portfolio, but at a declining rate (see figure 2). As of June 2025, less than half (48.1 percent) of the total public debt was in foreign currency. Despite declining exposure to foreign exchange risk, the cost of debt is elevated by higher yields on short-term external debt. As a percentage of reserves, short-term external debt has increased fourfold within five fiscal years from 6.5 percent in June 2020 to 26.3 percent in June 2025. This reflects high external liquidity pressure, especially in the event of declining reserves and currency depreciation.

3 Borrowing from another creditor to par existing debt or renegotiate existing debt with the current creditor at new terms usually higher interest rate.

4. IMPLICATIONS OF INCREASING PUBLIC DEBT BURDEN

4.1 High debt servicing burden

4.1.1 High external Debt servicing burden

Uganda has experienced an increase in both principal and interest payments over the period FY 2019/20 to FY 2024/25, except for a few scenarios as shown in figure 9 below. Debt servicing for commercial budget support loans increased to the extent that principal repayments of US$ 0.24 billion exceeded new disbursements of US$ 0.12 billion of commercial payments in FY 2024/25. This could translate into crowding out other budgetary spending due to reduced fiscal space.

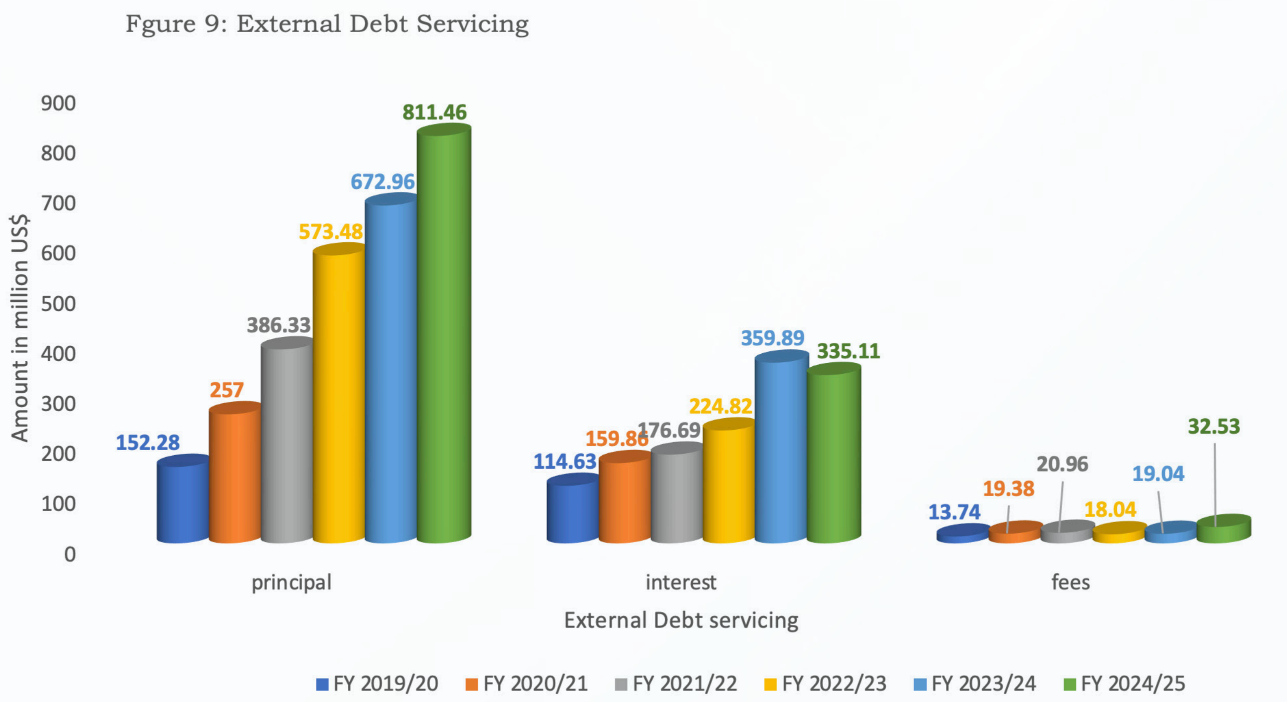


Figure 9: External Debt Servicing

The proportion of government revenue allocated to external debt servicing has risen, from 5.68 percent in FY 2019/20 to 13.2 percent in FY 2024/25. Moreover, by June 2025, external debt servicing constituted over 10.8 percent of total government expenditure, up from 3.69 percent in FY 2019/20 (Figure 10). In contrast, the composition of government expenditure on agriculture/ agro-industrialisations has stagnated, at 3.4 percent and 3.5 percent respectively over the same period. The program grapples with challenges like low functionality of processing facilities, limited access to extension services, and low market penetration, inter alia. This reflects the extent to which debt servicing continues to crowd out other budgetary spending that are key drivers towards attainment of envisaged growth as highlighted in various plans like the National Development Plan.

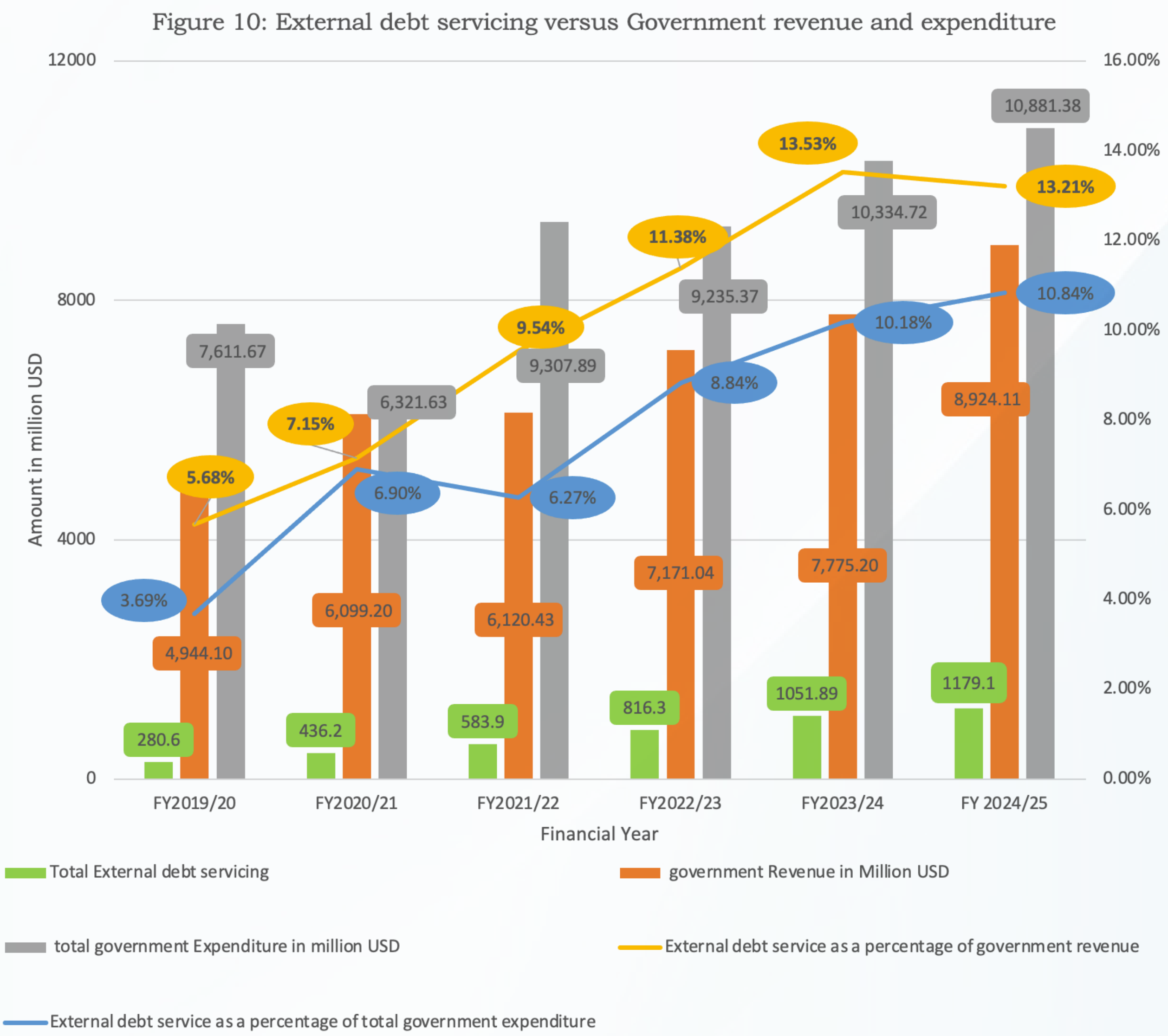


Figure 10: External debt servicing versus Government revenue and expenditure

Source: Author's compilation from data generated debt statistical bulletins by MoFPED

Disclaimer: To convert Government revenue and expenditure to US dollars from Uganda shillings, the end-period exchange rate was used

4.1.2 High Domestic debt servicing

Domestic debt servicing is comprised of redemption, coupon and discount payments (see figure 11). Domestic debt servicing has been increasing at an average of 11.9 percent between FY 2022/21 and FY 2023/24. Domestic debt servicing accounted for 25 percent of domestic revenue in FY 2024, crowding out other key Budgetary spending, which explains the persistent deficit. As such, the Government is entrapped in a vicious cycle of debt to finance the fiscal deficit.

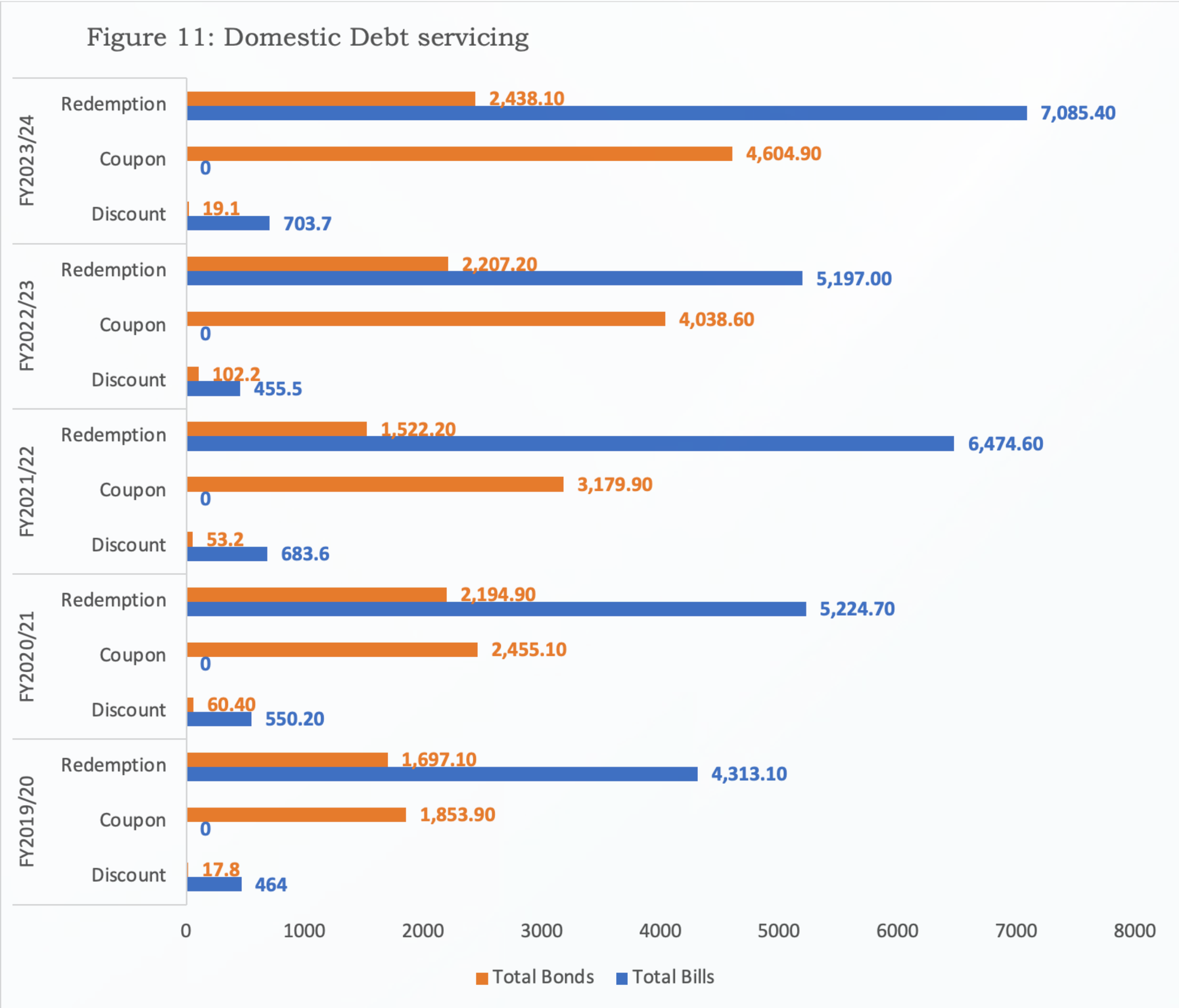


Figure 11: Domestic Debt servicing

4.2 Subdued growth

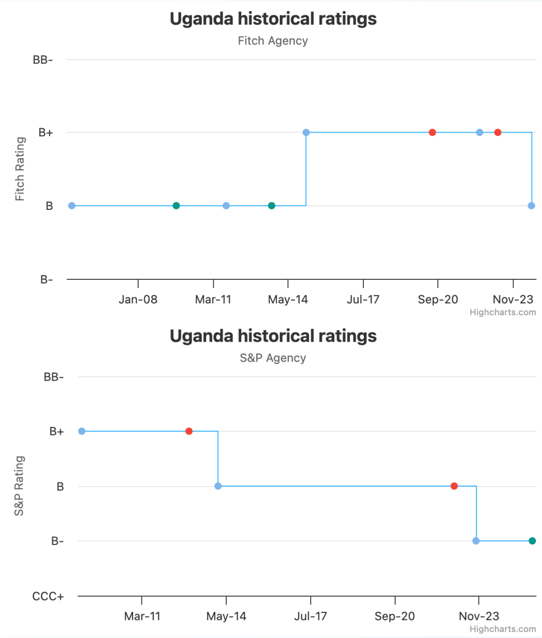
While public debt has provided an opportunity for financing development, debt-funded infrastructure has not translated into desired growth outcomes. The country is challenged with low levels of domestic resource mobilization, and a persistent fiscal deficit, which is largely financed through borrowing. As such, a quarter of the country's domestic revenues (39.8 percent) was spent on debt servicing in FY 2024/25, thus crowding out other budgetary expenditures, like on agro-industrialization, that are crucial in attaining growth.

4.3 Credit rating downgrades

Between 2008 and 2024, Uganda has been rated under the speculative grade (see figure 12), implying that Uganda (borrower Country) has a high to a very high risk of defaulting. Uganda's credit rating downgrade over the period is largely attributed to diminishing debt affordability and increasing constrained financing options. The country has persistently relied on expensive non-concessional financing especially from the domestic and external markets. Furthermore, political instability, high levels of corruption, inter alia also account for the low credit rating for Uganda. This not only results into limited market access but also low Foreign Direct Investment flows to Uganda.

Uganda's Credit rating over the years

Grade	Description	S&P	Moody's	Fitch	DBRS
Investment Grade	Prime	AAA	Aaa	AAA	AAA
	High Medium Grade	AA+ AA AA–	Aa1 Aa2 Aa3	AA+ AA AA–	AA(high) AA AA(low)
	Upper Medium Grade	A+ A A–	A1 A2 A3	A+ A A–	A(high) A A(low)
	Lower Medium Grade	BBB+ BBB BBB–	Baa1 Baa2 Baa3	BBB+ BBB BBB–	BBB(high) BBB BBB(low)
Speculative Grade	Speculative	BB+ BB BB–	Ba1 Ba2 Ba3	BB+ BB BB–	BB(high) BB BB(low)
	Highly Speculative	B+ B B–	B1 B2 B3	B+ B B–	B(high) B B(low)
	Substantial Risk	CCC+ CCC CCC–	Caa1 Caa2 Caa3	CCC+ CCC CCC–	CCC(high) CCC CCC(low)
	Extremely Speculative	CC C	Ca C	CC C	CC C
	In Default	RD SD D•NR	/ / D•NR	RD SD D•NR	RD SD D•NR



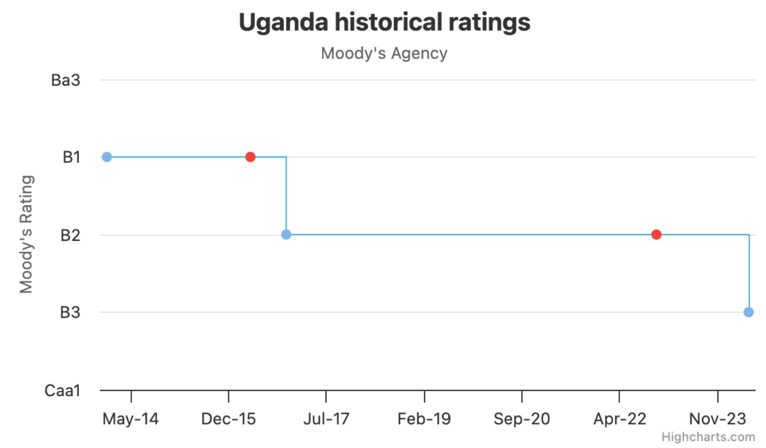


Figure 12: Uganda's Credit rating over the years

Source: https://www.worldgovernmentbonds.com/credit-rating/uganda/#google_vignette

5. DEBT RESTRUCTURING MECHANISMS

Debt restructuring includes rollovers and write-offs, based on negotiations between the debtor and creditors, and facilitated by the introduction of automatic rollover and clauses in debt contracts. The process involves a combination of voluntary and statutory mechanisms and necessitates arbitration if the debtor and creditors fail to reach agreement[17]. Borrowers usually face litigation in case they fail to reach consensus with creditors.

5.1 Highly Indebted Poor Countries Initiative and the Multilateral debt-relief initiative

The HIPC initiative was designed by the World Bank, the International Monetary Fund (IMF) and other multilateral, bilateral and commercial creditors in 1996 to ensure that the poorest countries in the world are not overwhelmed by unmanageable or unsustainable debt burdens. The Initiative led to debt reduction for Countries that met a strict criteria.

By May 2024, 37 countries of which 31 of them in Africa had debt-relief for which they were eligible through the HIPC Initiative and the MDRI. But challenges remain to ensure that debt burdens do not return to unsustainable levels.

Despite benefiting from the HIPC initiative, Uganda's risk of external and overall public debt distress is moderate, with limited space to absorb shocks. The Present Value of external debt-to-exports, the external debt service-to-revenues ratio, and the external debt service-to-exports ratios are close enough to their respective thresholds that a median shock would lead to a breach.

The growing debt crisis is partially attributed to inefficiencies of the HIPC and MDRI debt relief programs that were conditioned on the implementation of key economic reforms under the Structural Adjustment Programs, like liberalisation of capital account, privatisation, open markets inter alia. While the World Bank noted that these programs were successful thus reducing poverty and inducing growth, several empirical studies highlight that SAPs have had a negligible effect on growth in Africa, thus, failing to equate to structural transformation[18]. Uganda had to acquire more debt to finance its development agenda, in an era of high interest rates, high premium fees, and dwindling concessional finance

While Uganda received significant amounts of debt relief from the HIPC initiative, the Country faced litigation from commercial and some bilateral creditors who did not participate in the initiative. By 2005, HIPC countries raised concerns of no receipt of all the promised relief from certain Paris Club creditors and non–Paris Club creditors since the initiation of the Initiative in 1996. The former had committed only 43 percent of their total share of relief, leaving a US$ 2 billion shortfall which, largely affected Countries like the Democratic Republic of Congo, Tanzania, inter alia[19]. While only 2.3 percent of the total debt relief was owed to commercial creditors, majority had not committed their share by 2005, yet most HIPC countries were already in arrears to these creditors before the Initiative. Furthermore, 20 heavily indebted poor countries were targeted with 46 litigating creditors, with total litigated debts in the range of 13 percent to 15 percent of GDP. This left some of the poorest countries, like Sierra Leone and Uganda, facing lawsuit payments of as much as 35 per cent of debt service in one year[20]. By the end of 2007, Uganda experienced litigation from six commercial creditors that did not participate in the HIPC Initiative, claiming US$ 36 million, (see figure 13) which was approximately double of the US$ 18.4 million original claim (see table 2). This increase is largely due to the amount of penalty charges accrued from arrears on loans during the HIPC initiative negotiation period.

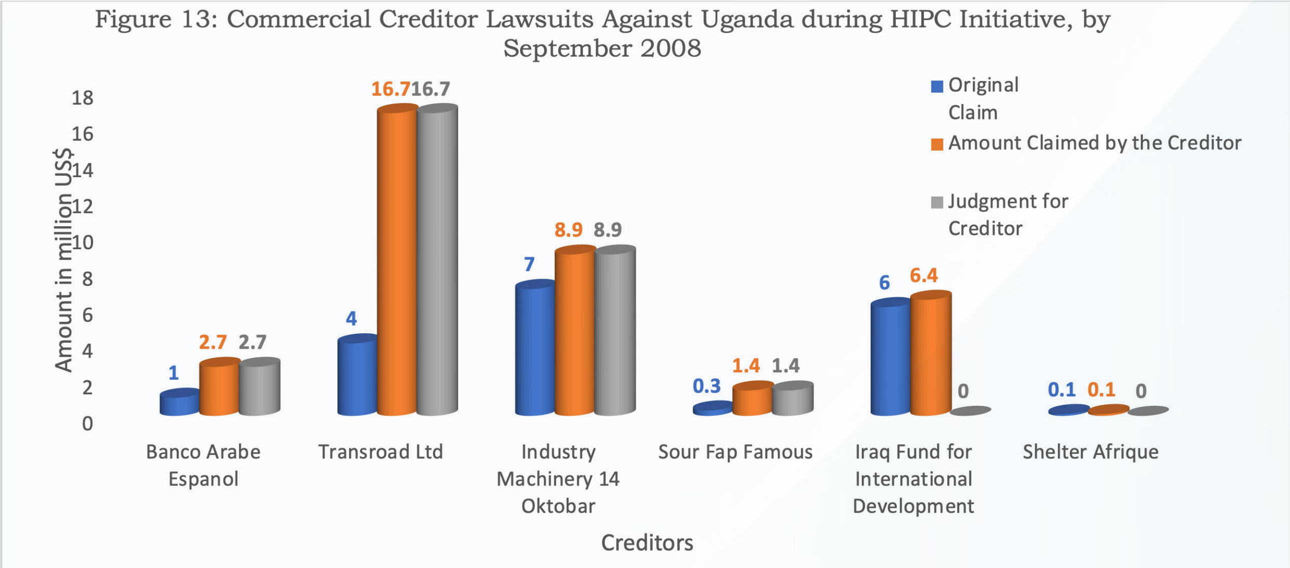


Figure 13: Commercial Creditor Lawsuits Against Uganda during HIPC Initiative, by September 2008

of which USD 30 million had already been granted as court awards[21] (see table 2 below).

Commercial Creditor Lawsuits Against Uganda during HIPC Initiative, by September 2008 (In millions of U.S. dollar)

Creditor	Domicile of the creditor	Court Location	status of legal Action	Original Claim	Amount Claimed by the Creditor	Judgment for Creditor
Banco Arabe Espanol	Spain	Uganda	Judgement awarded	1	2.7	2.7
Transroad Ltd	UK	Uganda	Judgement awarded	4	16.7	16.7
Industry Machinery 14 Oktobar	Former Yugoslavia	Uganda	Judgement awarded	7	8.9	8.9
Sour Fap Famous	Former Yugoslavia	Uganda	Judgement awarded	0.3	1.4	1.4
Iraq Fund for International Development	Iraq	Uganda	In court	6	6.4	0
Shelter Afrique	Kenya	Uganda	Out of court settlement	0.1	0.1	0
Total				**18.4**	**36.2**	**29.7**

Table 2: Commercial Creditor Lawsuits Against Uganda during HIPC Initiative

Uganda's debt trends clearly reflect an increasing debt burden, and its risk of distress could worsen from moderate to high in the event of a median shock. This creates a risk of relying on debt treatment measures like the G20 common framework adopted by other HIPCs like Zambia.

Despite significant relief measures brought on by the HIPC, about 60 percent of low-income countries were at high risk or already in debt distress at the end of 2021, compared to 30 percent in 2015[22]. This clearly flags out the inefficiency of debt relief packages to address and resolve existing loopholes in the global debt architecture, thus, failing to achieve structural transformation with debt financing.

5.2 The Debt Service Suspension Initiative (DSSI) package.

With advice from the IMF and the World Bank, the G20 established a time-bound Debt Service Suspension Initiative (DSSI) to 73 eligible[23] low and lower middle- income countries to solve short-term liquidity challenges during the pandemic. While the initiative suspended over $12.9 billion in debt-service payments owed to the Paris Club and others like China[24], private creditors did not participate. Some of the 48 Countries that participated in the initiative still faced a high debt servicing burden, with Zambia and Chad being on the verge of default, respectively, before the expiry of the initiative.

While, a Paris club press release[25] and a World bank brief on the DSSI[26] dated 28 January 2021 and 10th March, 2022 respectively indicate that Uganda had benefited from the initiative with a potential saving of US$ 605.8 million (1.7 percent of GDP) between January and December, 2021, DSSI Data Tables by the world Bank[27] show no debt service deferrals in terms of principal and interest in that period. This could indicate non-participation by Uganda, as DSSI data for other eligible Countries like Zambia and Tanzania indicate that the Countries deferred US$ 670. 69 million and US$ 165.5 million, respectively, in principal and interest payments over the DSSI period. Low creditor participation was attributed to fears of credit rating downgrade, high borrowing costs, inter alia.

5.3 The G20 Common Framework for Debt Treatments beyond the DSSI

This is commonly known as the G20 Common Framework (CF) and was operationalised in November 2020 after expiry of the DSSI. The G20 and the Paris Club, with the support of the International Monetary Fund (IMF) the G20 Common Framework, which is a unique mechanism envisaged to provide low-income countries (LICs) with orderly and coordinated debt restructurings.

Shortfalls of the G20 Common Framework

Difficulties in having all creditors participate in the framework; despite an ambitious target towards broad participation of creditors, it became very problematic for the CF initiators and defaulting Countries to have private creditors on board[28]. For example, Ethiopia's meeting with the bondholder committee in October 2025 failed to reach a consensus, as the committee criticized the lack of transparency in the process, citing that they were not granted access to the terms extended to bilateral creditors such as China. This undermines the CF's core principle on comparability of treatment.

Limited coverage in terms of highly indebtedness and insolvency; the Common framework excluded lower-middle-income countries, which were initially eligible for the DSSI, and those whose debt-sustainability analyses show distress and insolvency.

Low creditor participation; since its inception, only four Countries (Chad, Ethiopia, Zambia, and Ghana) have applied for debt treatment due to the cost of being declared default. Countries are largely worried about a credit rating downgrade, which often results in high borrowing costs in the short and long run and loss of market access. For instance, Ethiopia and Ghana chose to issue double-digit interest rate bonds rather than declare default, to defend their market reputation[29].

Failure to solve short-term liquidity challenges of participating Countries; Under the Framework, creditors insist on debt reprofiling rather than cancellation and require countries to continue servicing obligations throughout negotiations, thereby intensifying repayment pressures and exacerbating poverty.

Overall, the protracted relief disbursement periods and limited creditor participation plagued not only the DSSI and G20 Common Framework but also the HIPC Initiative. The HIPC program nonetheless proved more effective, largely because multilateral and official bilateral creditors who held a significant share of HIPC countries' debt were willing to participate.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusion

Public debt has played a critical role in financing infrastructure development in Uganda, thereby supporting economic resilience in the face of both domestic and external shocks. However, Uganda's public debt trajectory remains a source of concern. Historical trends indicate that public debt tends to increase sharply during periods of economic stress. Debt sustainability indicators suggest that even a median shock could elevate the risk of debt distress or, in extreme cases, default. This underscores the need for proactive debt management and, where necessary, the consideration of debt restructuring mechanisms such as the G20 Common Framework. Nevertheless, experience from participating Highly Indebted Poor Countries (HIPCs), including Zambia, demonstrates that existing debt workout mechanisms have not fully resolved underlying debt vulnerabilities nor delivered sustained debt sustainability. This highlights the importance of complementary domestic reforms aimed at improving investment efficiency, fiscal discipline, and structural transformation.

6.2 Recommendations

To Government of Uganda and Parliament

- The Ministry of Finance, Planning and Economic Development (MoFPED) should strengthen Public Investment Management (PIM) by enhancing coordination among all stakeholders to ensure effective implementation of the National Public Investment Management Policy (November 2024). This should include targeted capacity building for Ministries, Departments, and Agencies (MDAs) in project identification, preparation, appraisal, and selection; reinforcement of the gatekeeping role of the Development Committee at MoFPED to ensure that only well-prepared and viable projects enter the Public Investment Plan (PIP); and the introduction of performance-based contracts with enforceable penalties for contractors responsible for project delays or substandard outputs. In addition, MoFPED should institutionalize mandatory project completion reviews and cost–benefit audits for debt-financed projects, and establish a national asset maintenance framework to minimize depreciation and loss of public assets. These measures would enhance the efficiency of public investments and improve growth outcomes.

- MoFPED should adhere strictly to the principles and guidelines outlined in the Public Debt Management Framework (2023) to ensure effective and efficient utilization of external borrowing in support of long-term economic growth. In particular, the acquisition of non-concessional debt should be limited to high-impact projects with a positive economic net present value (ENPV) and an internal rate of return exceeding 12 percent. This approach would help Uganda avoid a vicious cycle of debt accumulation, reduce exposure to debt traps, and minimize reliance on debt restructuring arrangements that do not support structural transformation.

- The Government should reduce reliance on risky and volatile financing sources, such as commercial borrowing, by strengthening Domestic Revenue Mobilization (DRM). This requires fast-tracking the finalization and effective implementation of the Domestic Revenue Mobilization Strategy (DRMS) for FY 2025/26–FY 2029/30, with the objective of achieving the 25 percent tax-to-GDP ratio stipulated in the East African Monetary Union (EAMU) Protocol. DRM efforts should be complemented by reductions in non-essential government expenditure through effective implementation of the rationalization of agencies and the expenditure reform agenda. Furthermore, the Government should explore alternative and lower-cost financing instruments, such as crowd financing, as envisaged in the Public Investment Financing Strategy (February 2022)[30], and benchmark with regional peers, including Ethiopia, that have adopted such approaches.

- MoFPED, in collaboration with the Bank of Uganda, should enhance public debt transparency by ensuring the timely publication of comprehensive and disaggregated debt data in line with International Development Association (IDA) debt transparency reporting practices. This should be supported by greater public disclosure of loan contracts and strengthened public awareness of feedback and grievance-reporting mechanisms through which citizens can report mismanagement of public funds in real time. Improved transparency would foster accountability and enhance citizen participation in public debt management.

- The Government should support the establishment of the proposed Africa Credit Rating Agency to complement existing international rating agencies. Such an institution would provide sovereign credit assessments that better reflect the structural and developmental realities of African economies.

- Parliament should strengthen oversight of public debt and public investment by enhancing capacity building for Members of Parliament on their roles across the PIM cycle and the public debt management process. This would ensure that loan approvals are limited to well-prepared and economically viable projects, in line with the Public Finance Management Act, the National Public Investment Management Policy (2024), the Standard Operating Procedures for externally financed government projects, and the Public Debt Management Framework (2023). Enhanced oversight should be accompanied by regular monitoring of ongoing projects to ensure alignment with approved plans and budgets. In addition, Parliament should consider amending Section 21(2) of the Public Finance Management Act (2015), as amended, to introduce clear penalties and sanctions for accounting officers who repeatedly commit government resources without the availability of funds.

To International Financial Institutions (IFIs)

- The International Monetary Fund (IMF) and the World Bank should guide major creditor groupings, including the G20 and the Paris Club, in the design of more effective debt workout mechanisms that are characterized by fewer conditionalities and a stronger focus on addressing underlying debt vulnerabilities in countries experiencing or at risk of default. Such mechanisms should aim to support long-term fiscal sustainability and structural transformation rather than short-term liquidity relief alone.

- Furthermore, the IMF and World Bank should provide clearer and more targeted guidance on debt management and risk mitigation strategies for low-income countries. In particular, greater clarity is needed on how the lending practices and spending priorities of major contributors to IDA resources influence debt dynamics and fiscal risks in beneficiary countries such as Uganda.

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