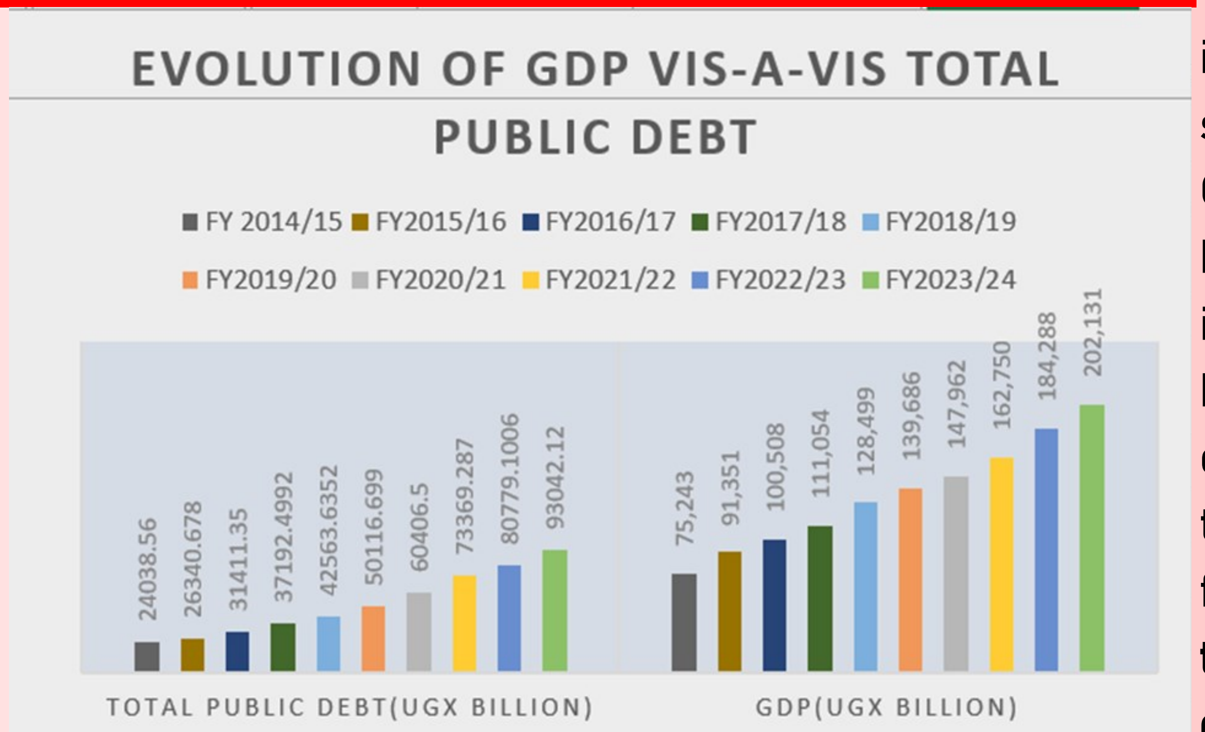
Weekly Edition Vol: 439 05th—12th July

EVOLUTION OF UGANDAS PUBLIC DEBT

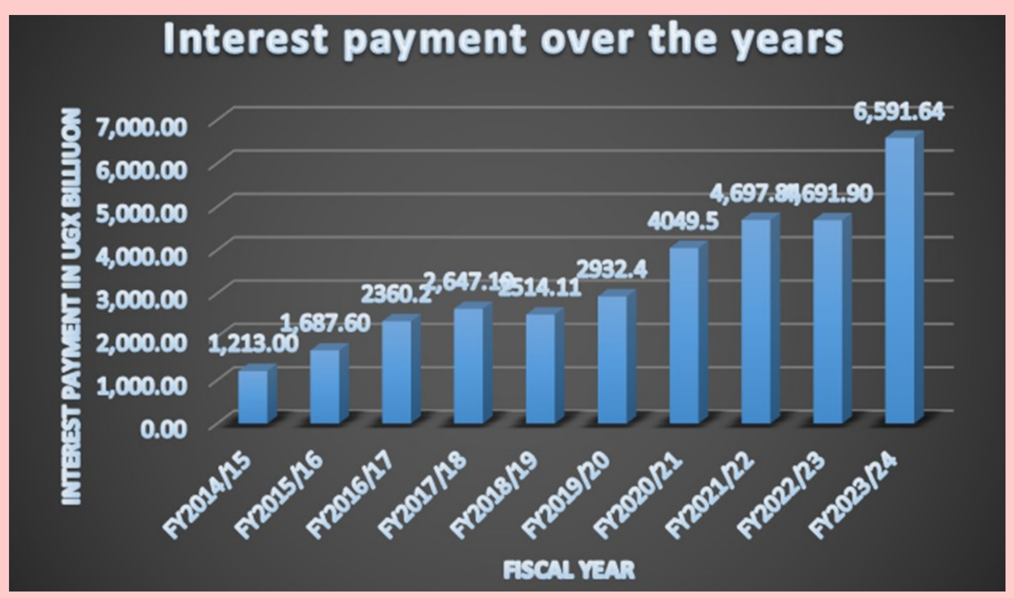
INTRODUCTION



For the past ten years, Uganda's debt and GDP has been accelerating on average of 18% and 11% respectively. Despite the fascinating GDP rise, Uganda's debt growth has more than doubled the growth in GDP for the last ten years.(GDP has increased at 170% while Public debt at 411%). Some of the implications for the above have been surfacing and these include; 1) **High tax rates. 2)Credit rating downgrades**

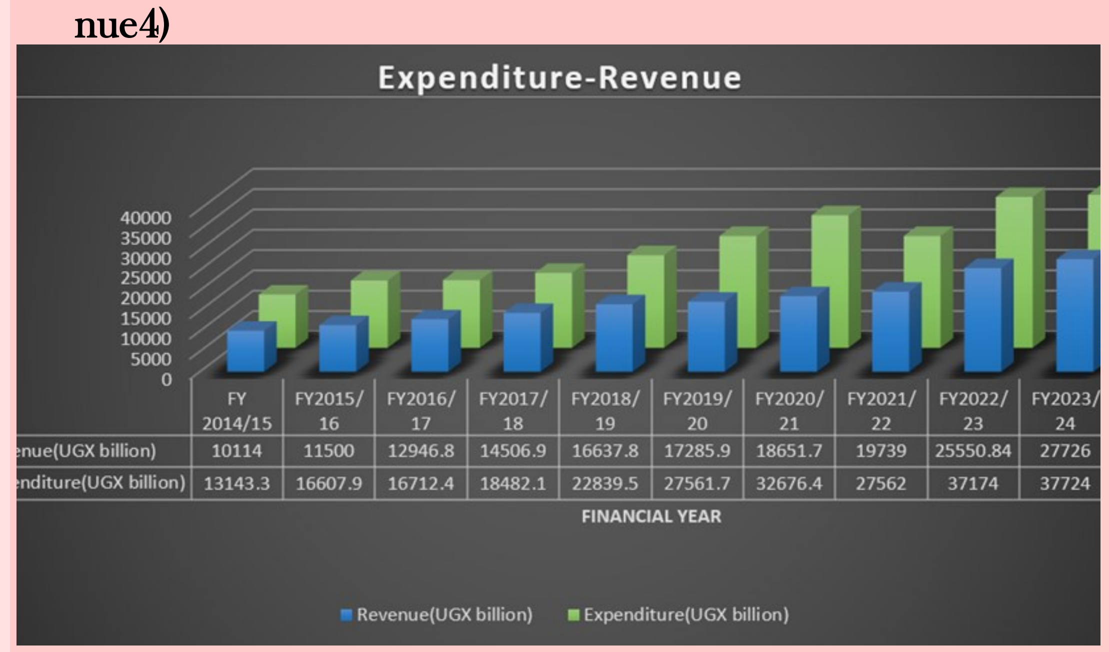
3) Increase in debt to debt to GDP ratio

4) High interest payment

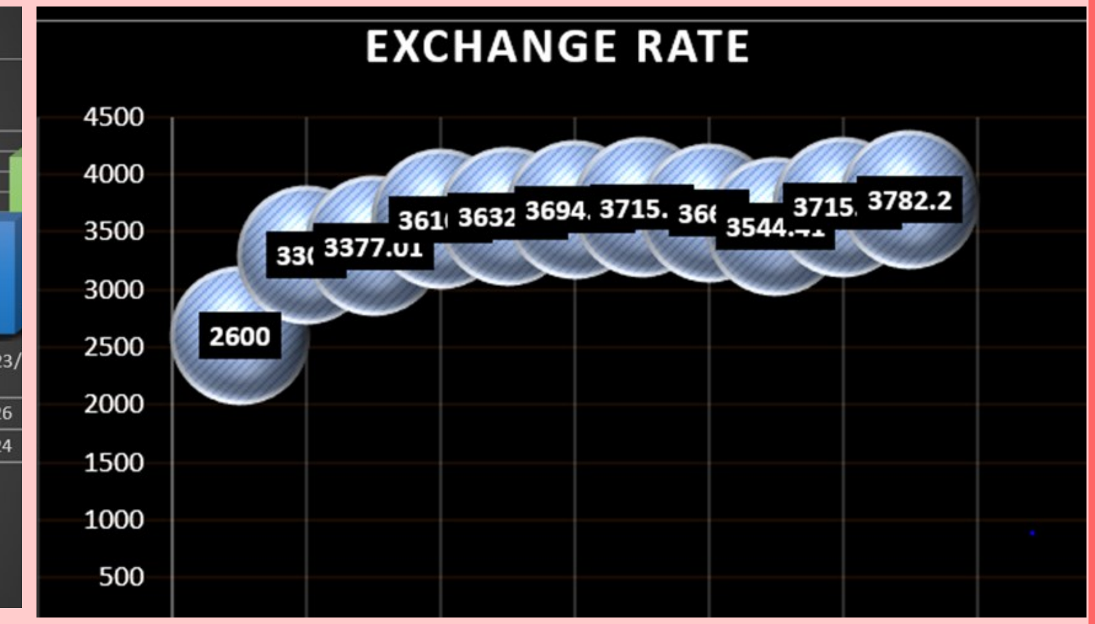


Macro drivers of public debt accumulation

1. Increase in recurrent expenditure without matching revenue4)

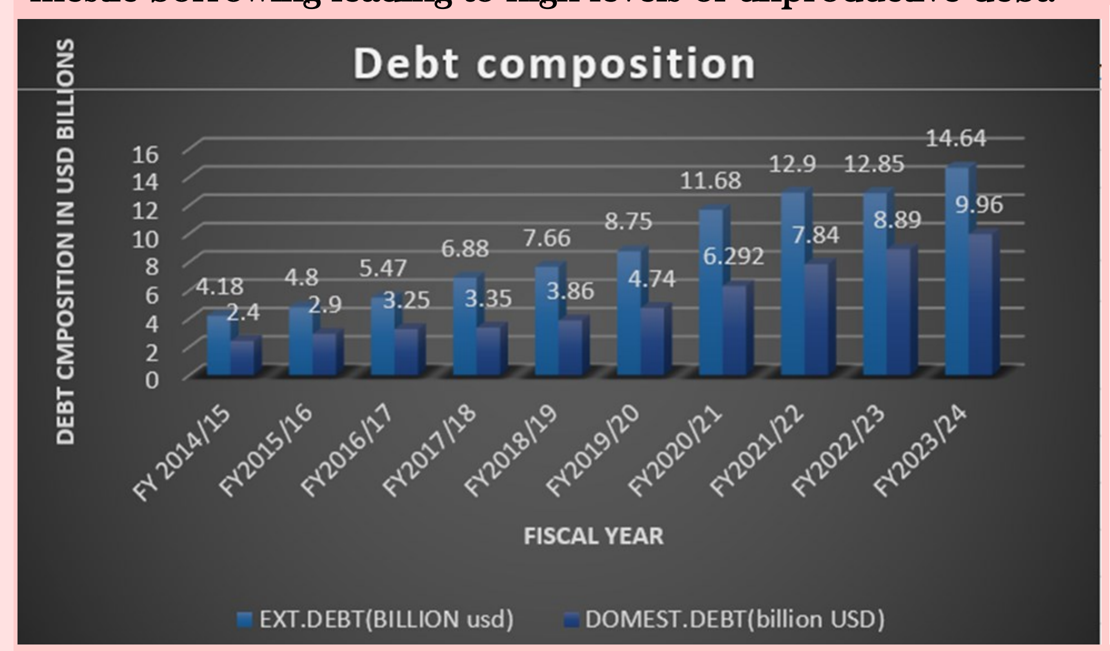


2. Foreign exchange instability



Note: FY2013/14 to FY2023/24

3. Increased dependency on non-concessional loans and domestic borrowing leading to high levels of unproductive debt.



External Debt composition

Creditor Category	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Multilateral Creditors	87.4	85.5	76.6	70.8	67.8	64.5	61.9	62.5	61.7	61.8
o/w IDA	58.3	55.8	48.9	45.2	42.2	40.1	34.6	35.3	34.5	31.9
Bilateral Creditors	12.6	14.5	23.4	26.6	31.5	33.7	30.9	28.6	27.9	24.6
Non Paris Club	10.4	12.3	20.4	22.8	25.1	27.5	23.6	21.6	21.4	20.2
o/w China	7.7	9.6	17.8	20.3	24.2	26.5	22.6	20.9	20.7	18.1
Paris Club	2.2	2.2	3	3.8	6.5	6.2	7.3	7	6.5	4.4
o/w Japan	1.3	1.7	2.4	3	4	2.5	3	2.3	1.9	1.5
Commercial Banks				2.6	0.7	1.8	7.2	8.9	10.4	13.6

Source: Ministry of Finance, Planning and Economic Development

Composition of domestic debt in the total public debt has continued to increase from 35percent in Fy2019/2020 to 40% in FY2023/24 while composition of external debt reduced from 65% to 60% in the same period.

UDN IN MEDIA

https://www.youtube.com/watch?v=Ck22o04QA3c

https://www.youtube.com/watch?v=IJdx8qYu9uA

UDNs Research Associate discussing the budget FY 2024/25 on UBC Tv

UDNs Research Associate Ms. Penninah Nayiga Discussing the the budget FY 2024/25 on NBS TV

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Please visit/ talk to us at; Uganda Debt Nework ,
P.O. Box 21509, Kampala -Uganda,
Plot 153/155 Ntinda—Nakawa Road , Tel +256-414-533840/543974
Website: www.udn.or.ug

EDITORIAL TEAM:
Gilbert Musinguzi- gmusinguzi@udn.or.ug ; Ishimimaana Jenice- communications@udn.or.ug