

**EXECUTIVE
BOARD
MEETING**

EBS/21/54
Supplement 1
Correction 1

June 23, 2021

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Uganda—Request for a Three-Year Arrangement Under the Extended Credit Facility—Debt Sustainability Analysis**

Board Action: The attached corrections to EBS/21/54, Sup. 1 (6/15/21) have been provided by the staff:

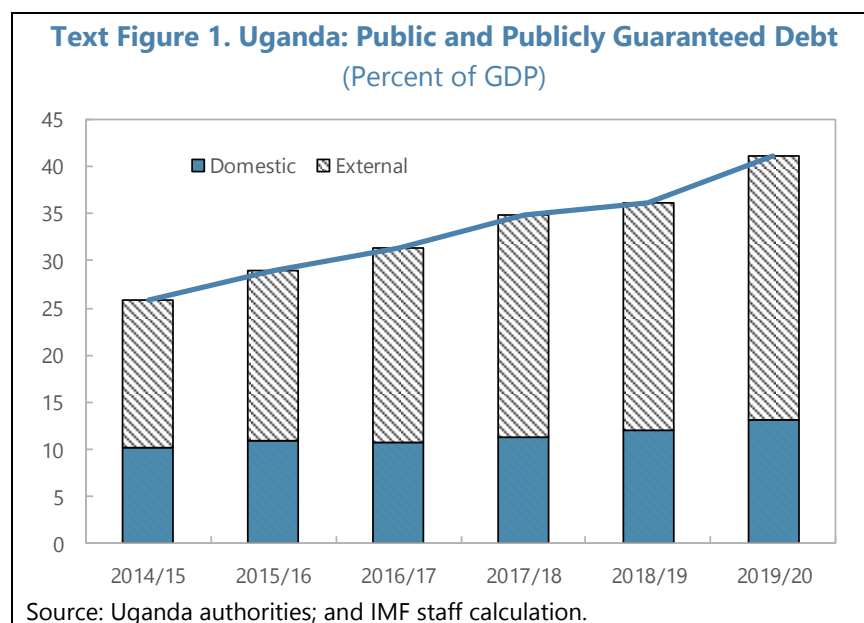
Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

Page 3

Questions: Mr. Mati, AFR (ext. 37797)
Mr. Bannister, AFR (ext. 35975)
Mr. Csonto, AFR (ext. 34432)

BACKGROUND AND RECENT DEVELOPMENTS

2. **Public debt has been increasing, reaching ~~40.8~~ 41.1 percent of GDP at the end of FY2019/20** (Text Figure 1). The increase of almost six percentage points in FY2019/20 was primarily driven by external borrowing, with two-thirds of outstanding public debt owed to external creditors (US\$10.7 billion or ~~28.6~~ 28.8 percent of GDP) on a residency basis. Domestic debt amounts to about US\$4.6 billion (12.3 percent of GDP). In present value terms, total public sector debt amounted to ~~33.2~~ 33.6 percent of GDP at the end of FY2019/20.



3. **While most of the existing stock of external public debt is on concessional terms, the semi-concessional component has been on the rise in recent years.** Highly concessional loans from the IMF, the International Development Association (IDA) and the African Development Fund (ADF) account for half of the external debt portfolio, which drives the difference between the nominal value of public debt and its present value (Text Table 2). Other concessional creditors include the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Development in Africa (BADEA), the Organization of the Petroleum Exporting Countries (OPEC) fund, and some bilateral Paris and non-Paris club creditors. The share of semi-concessional and non-concessional debt has been increasing in recent years. The increase in semi-concessional loans has been driven by official loans from the Export-Import Bank of China, reaching 22 percent of external public debt outstanding at the end of FY2019/20. In response to COVID-19, Uganda also resorted to commercial loans that constitute 7 percent of external public debt, mostly owed to the Trade Development Bank, the Standard Bank of South Africa, and Standard Chartered. Finally, local-currency government securities held by offshore investors amounted to close to 3 percent of external public debt.