DEBT SUSTAINABILITY ANALYSIS REPORT FY2023/24

DECEMBER 2024

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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Preface

Government's macroeconomic strategy aims at achieving high economic growth rates underpinned by a stable macroeconomic environment. In this regard, Government, annually undertakes debt sustainability analysis, to inform policy decisions regarding borrowing, spending, and revenue collection to ensure economic stability and economic growth, while maintaining fiscal and debt sustainability.

The annual Debt Sustainability Analysis assesses the financing landscape to determine the sustainability of existing debt, factoring in Uganda's economic indicators, fiscal policies, and global trends. The report offers an overview of Uganda's current public debt, including historical trends, key drivers, potential risks, challenges, and projections for debt-related metrics in the medium term.

The FY 2023/24 DSA report finds that while Uganda's public debt is sustainable in the medium to long term, it faces a moderate risk of debt distress. This outlook is contingent on the implementation of sound fiscal policies, the commencement of oil production in the medium term, and the effective management of oil revenues to reduce borrowing needs.

Public debt as a share of GDP is projected to rise in FY2024/25 and peak in FY2025/26 but gradually decline thereafter, primarily driven by improved revenue performance, including the ongoing implementation of the Domestic Revenue Mobilization Strategy (DRMS) and the realization of oil revenues.

A significant challenge in debt management remains the high debt service burden, due to high external and domestic interest rates. Moving forward, the Government aims to reduce domestic debt to ease the debt service burden on the budget and minimize the crowding out of the private sector from the domestic money market. On the external side, the focus will continue to be on concessional loans, which offer lower interest rates and longer repayment periods, thereby alleviating the debt service burden. Additionally, the Government will persist in its fiscal consolidation efforts to control the budget deficit and reduce borrowing needs.

I thank the team that prepared this report, led by the Macroeconomic Policy Department in the Ministry of Finance and comprising of representatives from the Directorate of Debt and Cash Policy, the Accountant General's Office, the Bank of Uganda, and the Parliament Budgetary Office.

The findings and recommendations of the report will inform Uganda's debt management strategy, contribute to policy decision making and ensure fiscal and debt sustainability.

Ramathan Ggoobi
PERMANENT SECRETARY / SECRETARY TO THE TREASURY

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List of Acronyms

ATM	Average Time to Maturity
ATR	Average Time to Re-fixing
CFR	Charter for Fiscal Responsibility
COVID-19	Corona Virus Disease-2019
CPIA	Country Policy and Institutional Assessment
CI	Composite Indicator
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EAC	East African Community
EAMU	East African Community Monetary Union
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
IDA	International Development Association
IMF	International Monetary Fund
LICs	Low Income Countries
SOFR	Secured Overnight Financing Rate
MEPD	Macroeconomic Policy Department.
NDP	National Development Plan
PDMF	Public Debt Management Framework
PPG	Public and Publicly Guaranteed
PV	Present Value
UGX	Uganda Shillings
USD	United States Dollar
WAIR	Weighted Average Interest Rate
WEO	World Economic Outlook

Executive Summary

Uganda’s total public debt increased from USD 23.66 billion (UGX 86,779.87 billion) in FY2022/23 to USD 25.59 billion (UGX 94,869.5) in FY2023/34. The country’s external debt rose from USD 14.24 billion (UGX 52,206.07 billion) to USD 14.63 billion (UGX 54,236.13 billion) between June 2023 and June 2024, while domestic debt grew from USD 9.43 billion (UGX 34,573.80 billion) to USD 10.96 billion (UGX 40,633.37 billion) over the same period. As a percentage of GDP, public debt continued a downward trend slightly decreasing from 47.4[1] percent in June 2023 to 46.8 percent in June 2024. Notwithstanding, when measured in present value terms the stock of public debt amounted to 40.4 percent of GDP, up from 36.7 percent the previous financial year largely explained by the significant increase in domestic debt which bears no concessionality.

Over the medium term, Uganda's debt-to-GDP ratio is expected to rise to 52.7 percent by June 2025 and to a peak of 53.0 percent in FY2025/26 before starting to gradually decline. The present value of debt is also expected to increase to a peak of 46.8 percent of GDP in FY2025/26 just below the 50% stipulated under the East Africa Monetary Union (EAMU) convergence criteria.

The Debt Sustainability Analysis (DSA) indicates that Uganda's public debt is sustainable in the medium to long term, supported by factors such as expected robust GDP growth, the onset of oil production contributing to domestic revenue and a decrease in the borrowing need.

However, there is moderate risk of debt distress, mainly due to slow export growth and a rising debt service burden, which amounted to 31.5 percent of revenue as of June 2024. The debt service to revenue ratio is projected to stay above 20 percent throughout the medium term, mainly due to cost of debt. The share of domestic debt interest payments to revenue alone is projected to increase to over 20 percent in FY2024/25, exceeding the limits contained in the Charter for fiscal responsibility and therefore highlighting the need to reduce domestic borrowing.

The analysis also points out that Uganda has limited room to absorb economic shocks, meaning a significant economic downturn or shock event could worsen its risk of debt distress. For this

[1] This is higher than what was reported in the DSA report FY2022/23 because of the revision of the nominal GDP for FY2022/23 by The Uganda Bureau of Statistics in October 2024.

reason, the Government will continue to focus on the following measures. (i) enhance domestic revenue via implementation of the Domestic Revenue Mobilization Strategy (DRMS) and managing oil resources effectively to reduce the budget deficit, (ii) improve the efficiency of Government spending, (iii) increase export earnings and (iv) support private sector growth initiatives.

1.0 INTRODUCTION

The Government of Uganda carries out an annual Debt Sustainability Analysis (DSA) in compliance with the requirements set forth by the Charter for Fiscal Responsibility and the Public Finance Management Act of 2015.

This assessment aims to evaluate the sustainability of public debt over the medium to long term. It focuses on critical indicators of the debt burden, such as the ratio of debt to GDP and the proportion of domestic revenue required to fulfill debt service obligations. DSA's forward-looking approach acts as an "early warning system," identifying potential debt distress risks and facilitating timely preventive measures.

The DSA process involves several steps, which include establishing baseline assumptions regarding macroeconomic and debt variables, projecting the future trends of key debt burden ratios for the medium to long term, and comparing these projections against thresholds to evaluate the risk of debt distress.

The findings of the DSA play a vital role in decision-making across various levels of Government and are integral to the Government's Medium Term Debt Strategy, National Budget Strategy, Medium-Term Fiscal Framework, and Fiscal Risks assessment. Additionally, it aids in monitoring progress on the Government's obligations under the Charter for Fiscal Responsibility and the East African Monetary Union (EAMU) Protocol.

In this report, public debt encompasses both domestic and Public and Publicly Guaranteed (PPG) external debt. The external debt stock is reported as disbursed and outstanding debt (DOD), while undisbursed debt is incorporated into future projections. Domestic debt is recorded at its cost value[2]. The classification of debt as domestic or external is determined by the currency in which it is issued, meaning that any debt issued in Ugandan shillings is categorized as domestic, while debt issued in foreign currencies is considered external.

[2] "Cost value" refers to the actual price paid to acquire an asset, while "face value" is the nominal value assigned to a security by the issuer, essentially it's the stated value on the document, which often remains constant regardless of market fluctuations; in simpler terms, cost value is what Government received from the security holder, while face value is the printed value on the security that Government is obliged to pay to the holder at it maturity.

The rest of this report is structured as follows: Section 2 sets the context for the report, highlighting the existing levels of debt and its cost and risk profile. Section 3 discusses the assumptions underpinning the baseline projections, Section 4 provides an overview of the methodology used while Section 5 discusses the results of the analysis. Section 6 concludes.

2.0 DEBT PORTFOLIO REVIEW

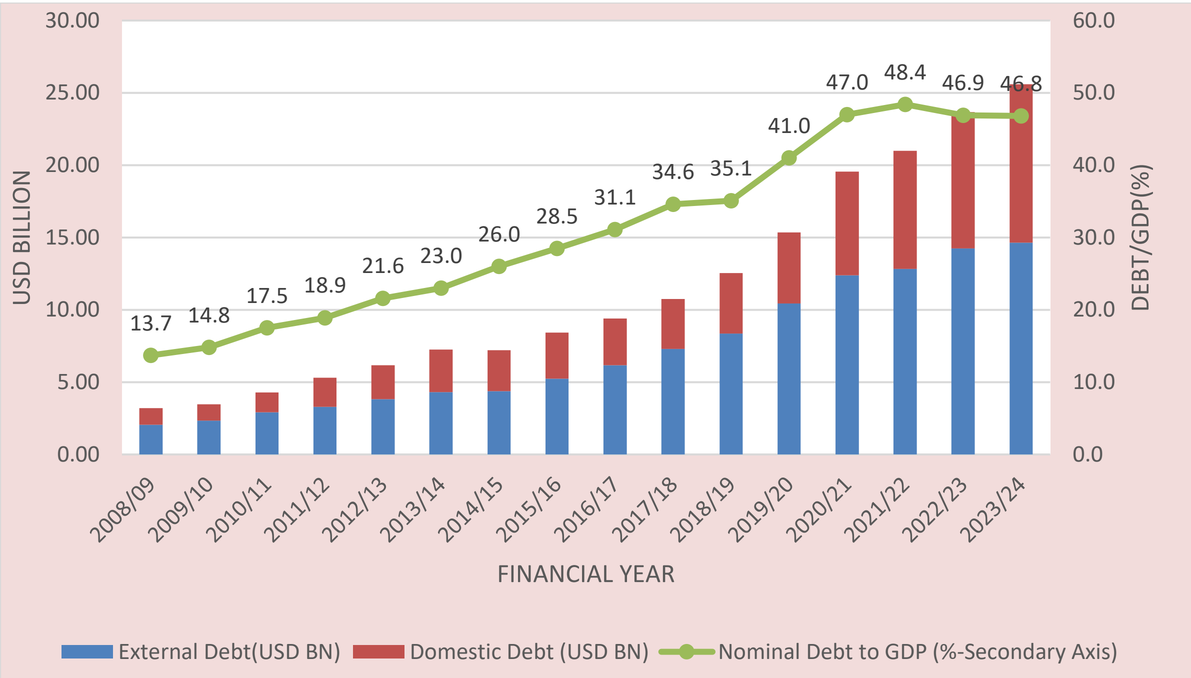
2.1 Overview of Uganda's Debt Profile

The stock of public sector debt increased from USD 23.66 billion (UGX 86,779.87 billion) in FY 2022/23 to USD 25.59 billion (UGX 94,869.5) in FY2023/24. External debt increased from USD 14.24 billion in FY 2022/23 to USD 14.63 billion in FY2023/24, while domestic debt measured in US Dollars increased from USD 9.43 billion to USD 10.96 billion over the same period.

As a percentage of GDP, public sector debt reduced slightly from 47.4 percent in FY 2022/23 to 46.8 percent in FY2023/24. External debt accounted for 26.8 percent of GDP, while domestic debt contributed 20.0 percent of GDP. In Present Value (PV) terms[3], public sector debt increased to 40.4 percent of GDP at end June 2024 from 36.7 percent of GDP the year before.

Figure 1 below shows the evolution of public debt to GDP as well as the stock of public debt (in billions of US Dollars) from FY 2008/09 to FY 2023/24.

Figure 1: Evolution of Public Debt



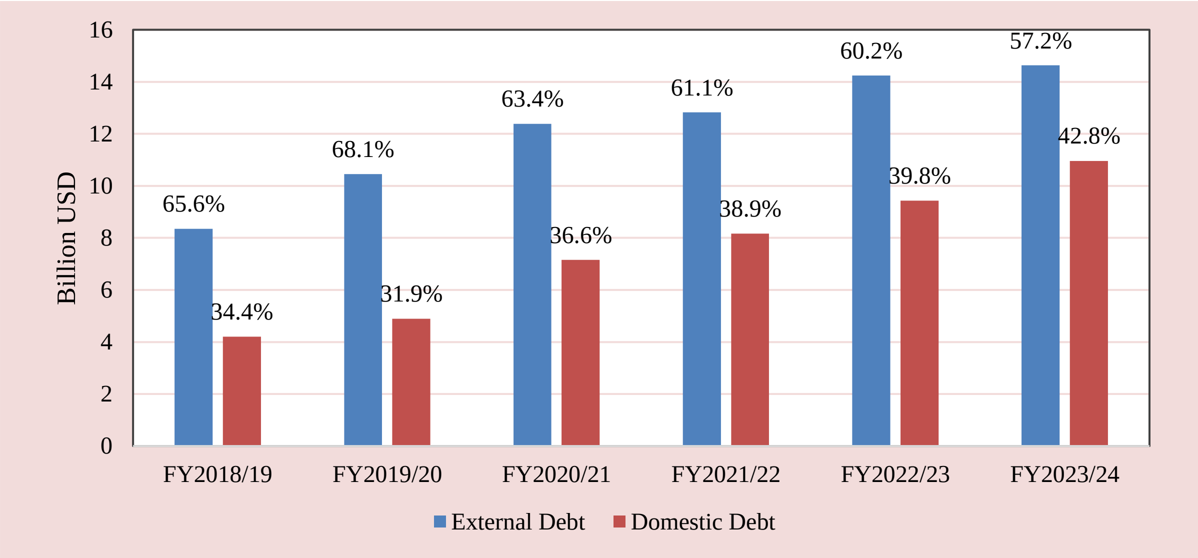
Source: Ministry of Finance, Planning and Economic Development

[3] PV captures the degree of concessionality of the debt stock. The more concessional the debt, the lower the PV compared to the nominal value.

2.2 Composition of Public Debt[4]

The share of domestic debt in the total public debt stock amounted to 42.8 percent at end June 2024 from 39.8 percent the previous financial year. Consequently, the share of external debt in total public debt dropped further to 57.2 percent in financial year 2023/24 from 60.2 percent in financial year 2022/23. Refer to figure 2 below.

Figure 2: Public Debt Composition



Source: Ministry of Finance, Planning and Economic Development

2.2.1 Composition of External Public Debt

FY2023/24 saw an increase in the share of external debt owed to multilateral creditors as Government held back on signing up commercial debt which was available at very high costs. Consequently, the share of debt held by external commercial creditors slightly reduced to 11.8 percent in FY2023/24 from 13.6 percent the previous financial year.

Bilateral creditors accounted for 23.5 percent of the total external debt stock in FY2023/24, with 16.5 percent of that owed to China alone, Table 1 presents the distribution of external debt by creditor category and the trend over the last ten years.

Table 1: Distribution of External Debt Stock by Creditor Category (percent)

[4] This DSA Report defines domestic and external debt based on the currency of issuance, rather than the residence of the creditor. This means that all debt issued in Uganda shillings is defined as domestic debt, while all debt issued in foreign currency is defined as external debt.

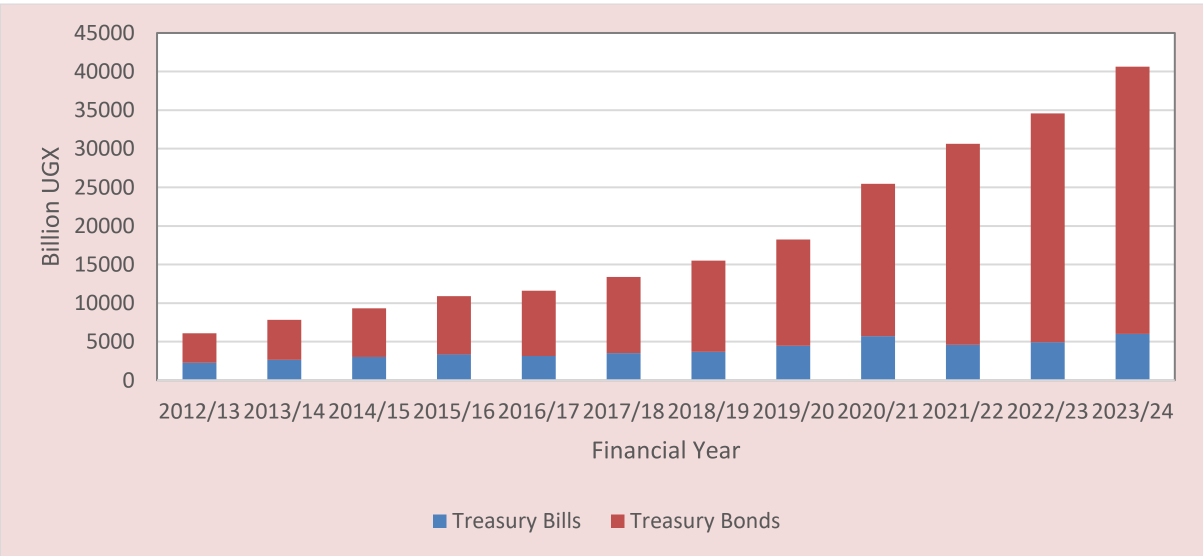
Creditor Category	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Multilateral Creditors	85.5	76.6	70.8	67.8	64.5	61.9	62.5	61.7	61.8	64.6
o/w IDA	55.8	48.9	45.2	42.2	40.1	34.6	35.3	34.5	31.9	32.7
Bilateral Creditors	14.5	23.4	26.6	31.5	33.7	30.9	28.6	27.9	24.6	23.5
Non-Paris Club	12.3	20.4	22.8	25.1	27.5	23.6	21.6	21.4	20.2	17.3
o/w China	9.6	17.8	20.3	24.2	26.5	22.6	20.9	20.7	18.1	16.5
Paris Club	2.2	3	3.8	6.5	6.2	7.3	7	6.5	4.4	6.2
o/w Japan	1.7	2.4	3	4	2.5	3	2.3	1.9	1.5	1.4
Commercial Banks			2.6	0.7	1.8	7.2	8.9	10.4	13.6	11.8

Source: Ministry of Finance, Planning and Economic Development

2.2.2 Composition of Domestic Debt

At end June 2024, longer dated instruments (treasury bonds) continued to constitute the greater share of the domestic debt stock at 85.2 percent while treasury bills (maturity≤ 1year) accounted for the remaining 14.8 percent. This is consistent with Government's deliberate decision to issue more long-term debt with the aim of lengthening the redemption/repayment profile to ease the refinancing risk associated with the portfolio. Figure 3 shows the trend in the composition of domestic debt stock.

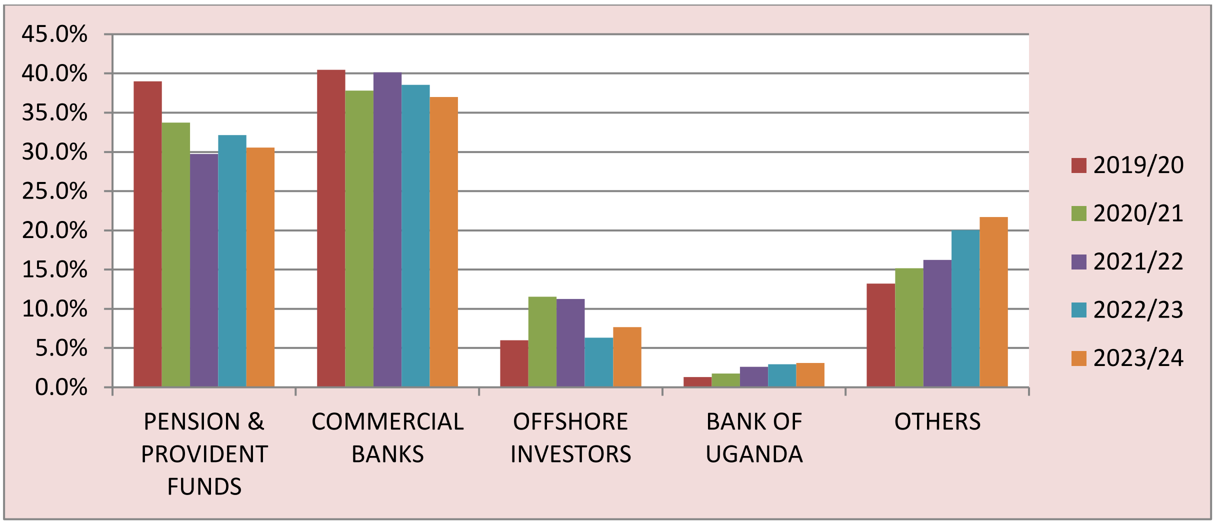
Figure 3: Composition of Domestic Debt Stock by Treasury Instrument Type



Source: Bank of Uganda

Composition of Domestic Debt by Holder

Figure 4: Composition of Domestic Debt by Holder[5]



Source: Bank of Uganda

Commercial banks continued to hold the largest share of domestic public debt by end June 2024 at 37.89 percent, closely followed by pension and provident funds at 29.89 percent. Offshore investors' holding of domestic debt improved slightly from 6.3 percent in June 2023 to 7.07 percent in June 2024 as global financial conditions began to ease.

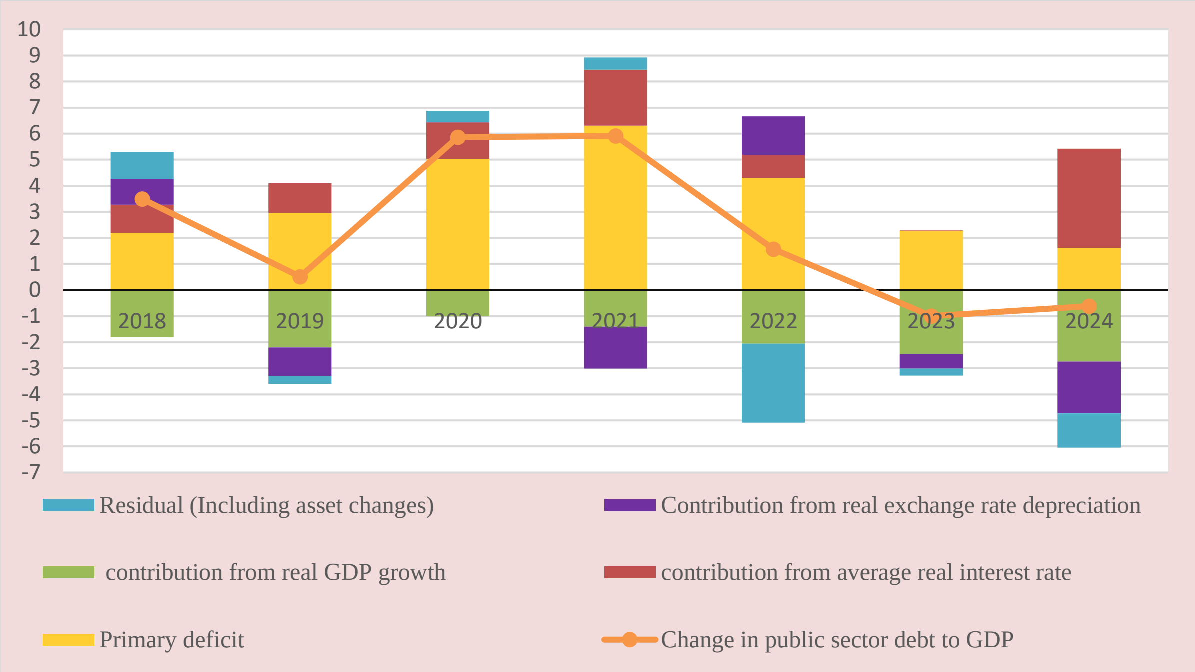
2.3 Drivers of Debt Accumulation

There was a further reduction in the ratio of debt to GDP by 0.6 percentage points, largely supported by Real GDP growth and the appreciation of the end period real exchange rate. These debt mitigating factors outweighed the upward pressures particularly stemming from the average real interest rate (high cost of the debt) and the primary deficit.

The contribution from Real GDP growth in mitigating the increase in the debt to GDP ratio continued to improve following the sustained rebound of real GDP growth from 3.5 percent in FY2020/21 when the covid shock occurred to 6.1 percent in FY2023/24.

[5] "Others" includes Retail Investors, Institutional Investors, Insurance Companies and Deposit Protection Funds, Other Financial Institutions and Other Market Intermediaries.

Figure 5: Contributions to Changes in Public Debt



Source: Ministry of Finance, Planning and Economic Development

2.4 Cost and Risk Profile of the Existing Debt

2.4.1 Cost of Debt

Interest payments as a percentage to GDP

Total interest payments as a share of GDP decreased from 3.8 percent in FY2022/23 to 3.5 percent in FY2023/24 driven by a decrease in the variable interest rates on external debt coupled with the growth in GDP. Domestic interest payments maintained the bulk share of interest payments due to the higher interest rates on locally issued debt relative to those on external financing that continues to be predominantly concessional.

Weighted average interest rate (WAIR)

The WAIR declined by 0.6 percentage points from 8.1 percent in June 2023 to 7.5 percent in June 2024 due to decreases in both external and domestic debt WAIR. This is attributed to the decrease in the variable rates on external loans. The decline of the WAIR for the domestic debt is explained by a decline in the average interest rates on treasury bonds over the period as well as the significantly larger proportion of bonds relative to treasury bills.

Table 2: Cost and Risk Profile of Public Debt

		FY2022/23			FY2023/24		
		External	**Domestic**	**Total**	**External**	**Domestic**	**Total**
cost of debt	Interest payment as percent of GDP	0.9	2.8	3.8	0.6	2.9	3.5
	Weighted Av. Interest Rate (percent)	3.3	15.5	8.1	2.4	14.4	7.5
Refinancing risk	Av Time to Maturity (years)	10.7	6.8	9.4	10.0	7.1	8.7
	Debt maturing in 1 yr (percent of total)	3.8	23.9	10.3	5.5	27.3	14.8
	Debt maturing in 1 yr (percent of GDP)	1.4	4.3	5.8	1.5	5.5	6.9
Interest rate risk	Av Time to Re-fixing (years)	9.6	6.8	8.7	9.1	7.1	8.2
	Debt re-fixing in 1 yr (percent of total)	24.5	23.9	24.3	24.0	27.3	25.4
	Fixed rate debt incl T-bills (percent of total)	77.8	100.0	85.0	79.1	100.0	88.1
	T-bills (Percent of total)	-	14.7	4.8	-	14.8	6.3
Forex risk	Forex debt (Percent of total debt)			60.2			57.2
	Short Term forex debt (Percent of reserves)			17.0			24.8

Source: Bank of Uganda & Ministry of Finance, Planning and Economic Development

2.4.2 Refinancing Risk

Average time to maturity (ATM)

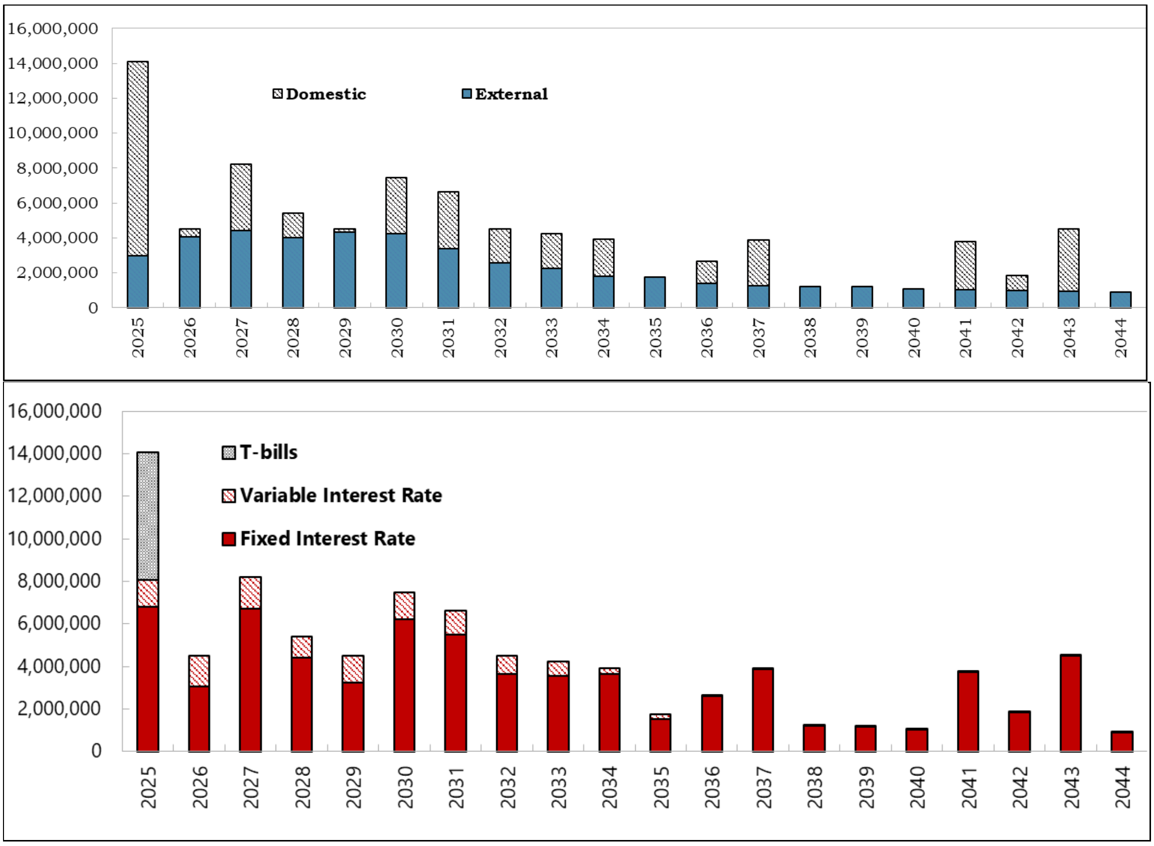
The ATM of the total public debt portfolio declined slightly from 9.4 years at end June 2023 to 8.7 years at end June 2024. This was driven by a decline in external debt ATM, from 10.7 years at end June 2023 to 10.0 years in June 2024 arising from the increase in loans contracted on commercial terms, which typically have shorter maturities relative to the concessional loans. On the other hand, the ATM for domestic debt increased from 6.8 years at end June 2023 to 7.1 years at end June 2024 in line with the Government's strategy to lengthen the ATM of domestic debt.

Debt maturing in one year (as percent of total debt and GDP)

Debt maturing in one year as a percentage of total debt increased from 10.3 percent in June 2023 to 14.8 percent in June 2024. This was due to growth in the volume of domestic and external debt maturing in one year as a percentage of total debt, from 23.9 percent to 27.3 percent and from 3.8 percent to 5.5 percent, respectively.

The redemption profile (see Figure 6) shows a large maturity of domestic debt in the first year of projection, which heightens the refinancing risks of Government, however, the maturities reduce significantly in the medium term. In contrast, external debt maturities follow a relatively smoother path which peaks in the medium term, driven by principal repayments of commercial debt contracted in the last few years.

Figure 6: Redemption profile at end June 2024 (Shs Millions)



Source: Bank of Uganda & Ministry of Finance, Planning and Economic Development

2.4.3 Interest Rate Risk

Average time to re-fixing (ATR)

The ATR, which is the average time it takes the portfolio to be subject to changes in interest rates, deteriorated from 8.7years in June 2023 to 8.2 years in June 2024. This was on account of a deterioration in the external debt ATR which reduced from 9.6 years in June 2023 to 9.1 years in June 2024. This is explained by the Government contracting more non-concessional loans that are largely on variable rate terms. However, the ATR for domestic debt improved from 6.8 years to 7.1 years in line with the higher proportion of Treasury bonds relative to Treasury bills.

2.4.4 Exchange Rate Risk

External debt as a percentage of total debt

The share of external debt to total public debt declined from 61.0 percent in June 2023 to 57.2 percent in June 2024. This indicates increasing reliance on domestic borrowing.

Short-term external debt (maturing in one year), as a share of reserves

This measures the liquidity risk posed to international reserves regarding meeting short term external debt liabilities. The ratio rose from 17.0 percent in June 2023 to 24.8 percent in June 2024 due to the growth in commercial loans with short grace periods in recent years as well as a reduction in the reserves.

3.0 BASELINE ASSUMPTIONS[6]

3.1 Macroeconomic Assumptions

The economy grew by 6.1% in FY 2023/24 compared to 5.3% attained in FY 2022/23. Economic growth was on account of increased investments and exports, reflected in the growth of agriculture, industry and services sectors of the economy. This was also supported by continued implementation of growth enhancing Government programs, better weather conditions as well as good economic management.

The economy is projected to grow by 6.4 percent in FY 2024/25 and 7.0 percent in FY 2025/26, mainly driven by increased activity in the oil and gas sector; higher agriculture production and productivity supported by the Parish Development Model; ongoing public infrastructure investments to facilitate economic activity; growth in regional trade, exports and tourism; and focusing expenditure on growth enhancing sectors of Agro-industry, Tourism, Mineral development including oil and gas, and Science, technology & innovation (ATMS). Looking further ahead, Uganda's medium-term growth outlook remains positive, as real GDP is expected to lie between 7 to 10 percent mainly due to oil and gas production as well as higher productivity in the key sectors of the economy.

However, there are downside risks to the growth outlook which include, unpredictable weather patterns affecting agricultural production and infrastructure, supply chain distortions due to regional and global geopolitical tensions, tighter global financial conditions leading to higher borrowing costs and higher debt repayment, as well as fluctuation in global commodity prices.

To mitigate some of these risks and support economic growth, the following measures are being taken; Government aims to boost household incomes and small and medium enterprises through initiatives such as the Parish Development Model, EMYOOGA etc; Government is focused on increasing revenue mobilization through effective implementation of the Domestic Revenue Mobilization Strategy (DRMS); Government has provided affordable capital through the Uganda Development Bank and other programs; Continued investment in infrastructure like roads, railway, industrial parks and cheaper electricity to support economic activity and reduce cost of doing business.

[6] Please note, these assumptions are as at December 2024.

Inflation is projected to increase from an average of 3.2 percent in FY2023/24 to an average of 3.7 percent in FY2024/25 and 5.3 percent in FY2025/26 as government expenditure increases especially in the run up to the national elections. Nonetheless, it is expected to remain within the 5.0 percent target and below the 8.0 percent stipulated in the EAMU convergence criteria throughout the medium term, supported by the prudent monetary policy stance of the Central Bank.

3.1.1 Fiscal Assumptions

As a share of GDP, domestic revenue is projected to increase by 0.5 percentage points per annum in the near term before increasing to an average growth of 1 percentage point per annum for the rest of the medium term. In the near term, the revenue gains will mainly result from implementation of the administrative measures contained in the Domestic Revenue Mobilization Strategy (DRMS) while the longer-term period will majorly benefit from the realisation of oil revenues. Table 3 below summarizes the medium-term fiscal assumptions used for this DSA.

Table 3: Summary of Fiscal Assumptions.

FY	2023/24 Outturns	2024/25	2025/26	2026/27	2027/28	2028/29
Fiscal projections (Shs Bn)						
Revenue and Grants	28,821	34,111	39,432	47,555	56,043	64,590
o/w Revenue	27,806	31,290	36,495	45,969	54,673	63,406
o/w Grants	1,015	2,821	2,937	1,586	1,370	1,184
Primary Expenditure	32,086	40,101	45,420	52,410	57,140	63,746
Total Interest Expenditure	6,222	9,583	9,914	10,934	12,557	13,895
Total Expenditure	38,308	49,684	55,334	63,345	69,697	77,641
Primary Balance	-3,266	-5,990	-5,987	-4,855	-1,097	844
Overall Balance	-9,487	-15,573	-15,901	-15,789	-13,654	-13,051
As a percentage of GDP						
Revenue and Grants	14.2%	15.3%	15.8%	16.5%	17.2%	17.6%
o/w Revenue	13.7%	14.0%	14.6%	15.9%	16.8%	17.3%
o/w Grants	0.5%	1.3%	1.2%	0.5%	0.4%	0.3%
Total Expenditure	18.9%	22.3%	22.1%	21.9%	21.4%	21.2%
Primary Balance	-1.6%	-2.7%	-2.4%	-1.7%	-0.3%	0.2%
Overall Balance	-4.7%	-7.0%	-6.4%	-5.5%	-4.2%	-3.6%
Memorandum Items						
Real GDP Growth (percent)	6.1%	6.4%	7.0%	10.4%	8.0%	7.4%
Nominal GDP (Shs Bn)	202,725.2	222,776.3	250,118.3	289,036.6	326,300.5	366,373.2
Nominal GDP Growth (Percent)	10.8%	9.9%	12.3%	15.6%	12.9%	12.3%

Source: Ministry of Finance, Planning and Economic Development, December 2024

Public expenditure as a share of GDP is projected to increase from 18. 9 percent in FY2023/24 to 22.3 percent in FY2024/25 and remain largely unchanged over the medium-term averaging 21.4 percent. The fiscal deficit including grants is projected to deteriorate from 4.7 percent of GDP in FY2023/24 to 7.0 percent in FY2024/25 but gradually decline over the rest of the medium term to an average of 4.4 percent.

3.1.2 Financing Assumptions

As oil production commences and the country progresses to middle income status over the medium term, concessional financing is expected to reduce. As such Government will utilize the available external financing resources but also continue to utilize domestic borrowing for deficit financing.

For external financing, priority will be given to the use of available concessional credit to the extent possible before considering non-concessional options. However, Government is cognizant of the fact that concessional resources alone are insufficient to fully meet Uganda's development financing needs as the country aims to achieve the transformation envisaged in the Vision 2040. Therefore, Uganda will continue to utilize some non-concessional financing, but only for sectors with high economic growth impact.

3.2 Balance of Payments Assumptions

In the medium term, commodity prices for both exports and imports are taken from the IMF's World Economic Outlook (WEO), while growth in volumes is based on real growth rates of the relevant sub-sectors. Exports of services are projected to grow in line with nominal GDP growth of advanced economies, while imports of services are broadly forecast to grow in line with imports of goods.

In the outer years, the values of both exports and imports of goods and services are forecast as a constant share of GDP based on the value of the last year of the medium term. Both imports and exports were adjusted to account for activities in the oil and gas sector.

Interest income inflows/outflows throughout the projection period were derived as the stock of financial assets/liabilities in the previous period, multiplied by the Secured Overnight Financing Rate (SOFR). SOFR projections are taken from the IMF's WEO.

Inflows of private transfers are forecast to grow in line with nominal GDP growth of advanced economies in the medium term and thereafter grow at an average rate of 2.6 percent per year.

Foreign Direct Investment (FDI) is projected to steadily increase by an average of 5.3 percent in the medium term, as investment in the oil sector increases in preparation for oil production. In the outer years FDI is forecast as a constant share of Uganda's nominal GDP growth in dollar terms.

The stock of gross reserves is fixed at 4.5 months of future import cover throughout the outer years in line with the East African Community (EAC) Monetary Union convergence criteria.

4.0 DSA METHODOLOGY

This DSA was conducted using the revised (2017/18) World Bank/IMF Low-Income Countries Debt Sustainability Framework (LIC-DSF) analytical tool. The LIC-DSF is the main tool relied upon by multilateral institutions and other creditors to assess risks to debt sustainability in low-income countries. It uses a benchmark for total public debt and indicative thresholds for external Public and Publicly Guaranteed (PPG) debt burden indicators, which depend on each country's debt carrying capacity. Countries differ significantly in their ability to carry debt, depending on their policy and institutional strengths; macroeconomic performance; and buffers to absorb shocks.

The LIC DSF uses the Composite Indicator (CI) to determine each country's debt - carrying capacity. The CI is computed using country specific information, specifically: Country Policy and Institutional Assessment (CPIA)[7] score, the country's real GDP growth, remittances, international reserves, and world growth. Using the CI score, countries are clustered into one of three categories, namely: strong performer, medium and weak performer. Each category has different thresholds for the DSF's debt burden indicators, with the weak performers having the most stringent thresholds and vice versa.

Table 4 shows that Uganda's CI is 2.84, placing the country within the medium performer category. Table 5 provides the thresholds / benchmarks applicable to each category.

Table 4: Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.569	1.37	48%
Real growth rate (in percent)	2.719	6.079	0.17	6%
Import coverage of reserves (in percent)	4.052	29.644	1.20	42%
Import coverage of reserves^2 (in percent)	-3.990	8.788	-0.35	-12%
Remittances (in percent)	2.022	2.683	0.05	2%
World economic growth (in percent)	13.520	2.967	0.40	14%
CI Score			2.84	100%
CI rating			Medium	

Source: IMF/World Bank Low-Income Countries' Debt Sustainability Framework

[7] The CPIA is an index computed annually by the World Bank for Low Income Countries. It uses 16 indicators and assigns countries a score ranging from 1 to 6, with higher figures representing better institutional capacity.

The LIC-DSF provides results for the baseline assumptions and stress test scenarios against the applicable thresholds / benchmark. The lower the country's debt carrying capacity, the lower (more stringent) the thresholds for sustainability assessment.

Table 5: Debt Burden Thresholds/ Benchmark by Classification.

	Weak Performer **CI < 2.69**	**Medium Performer** **2.69 ≤ CI ≤ 3.05**	**Strong Performer** **CI > 3.05**
External Debt Burden Thresholds			
Solvency Ratios			
PV of debt in percent of Exports	140	180	240
PV of debt in percent of GDP	30	40	55
Liquidity Ratios			
Debt service in percent of Exports	10	15	21
Debt service in percent of Revenue	14	18	23
Total Public Debt Benchmark			
PV of total public debt in percent of GDP	35	55	70

Source: IMF/World Bank Low-Income Countries' Debt Sustainability Framework.

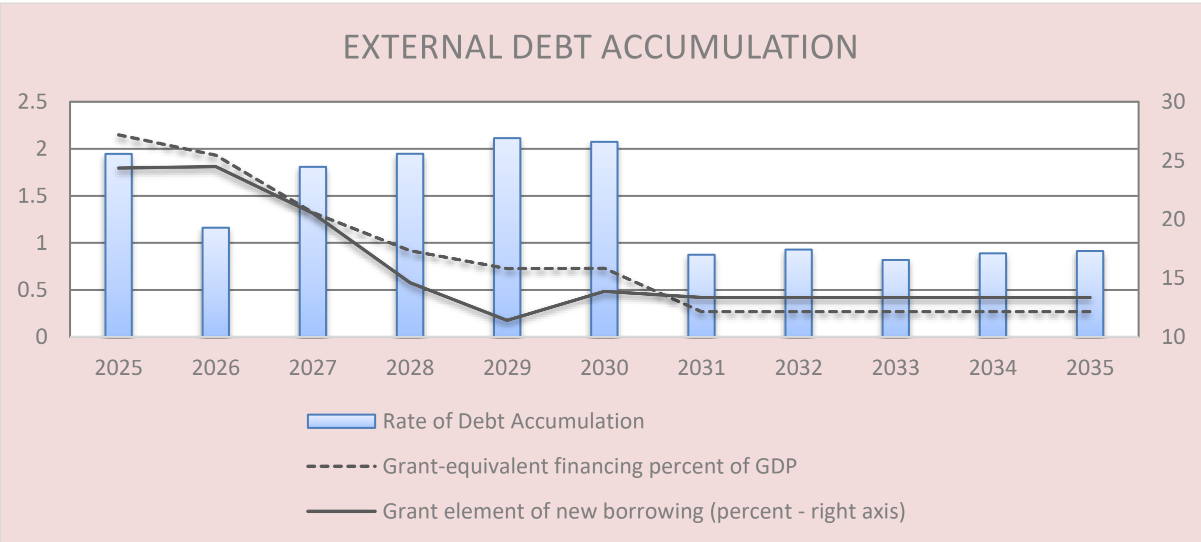
5.0 DSA RESULTS

This chapter presents the findings of the DSA, categorized into external debt, total public debt and additional analysis beyond the LIC-DSF, primarily focused on domestic debt. The key conclusion is that Uganda's overall risk of debt distress remains **moderate**, with limited fiscal space to absorb extreme shocks. **Public debt is assessed to be sustainable in the medium to long term**. However, several vulnerabilities were identified, particularly the growing debt service burden on revenues and the slow growth of exports, which are the primary source of foreign currency for the country.

5.1 Sustainability of Public and Publicly Guaranteed External Debt

Government will continue to take up some external borrowing over the medium term for financing of the budget deficit. Both the grant element of new external borrowing and grant-equivalent financing as a percentage of GDP are projected to follow a downward trend as oil production commences in the medium term and the country progresses towards middle income status where it will have less access to concessional loans.

Figure 7: External Debt Accumulation



Source: Ministry of Finance Planning and Economic Development

5.1.1 External Debt Burden Indicators

Both solvency and liquidity (debt service) indicators are projected to remain below their respective indicative thresholds in the baseline scenario except for a one-time slight breach in FY2029/30 for the indicator of external debt service to exports ratio as shown in Table 6. This indicates increased vulnerabilities associated with external debt service and highlights the urgent need to scale back on external commercial debt which typically bears short maturity periods and high interest rates compared to concessional debt, while at the same time supporting export growth which are the country's key source of foreign currency.

It also underscores the need for the Central Bank to accumulate reserves to counter the risks that may be posed by the increasing external debt service burden. Nonetheless, Uganda's external debt is projected to remain sustainable over the medium and long-term.

Table 6: Summary of External Debt Sustainability Indicators (percent)

	LIC-DSF Thresholds	**22/23**	**23/24**	**24/25**	**25/26**	**26/27**	**27/28**	**28/29**	**29/30**
Solvency indicators									
PV of External Debt to GDP	40	18.4	20.7	20.5	19.4	18.6	18.5	18.6	18.3
PV of External Debt to Exports	180	122.6	109.6	127.6	125.1	115.0	116.6	122.1	128.5
Liquidity indicators									
External Debt Service to Exports	15	10.8	10.2	11.9	14.5	13.5	12.4	13.9	15.1
External Debt Service to Revenue	18	11.7	14.0	13.6	15.5	13.7	11.8	12.2	12.0

Source: Ministry of Finance Planning and Economic Development

Scenario Description

In the charts that follow (Figure 8 to Figure 12), the baseline scenario captures the most likely outcome based on current projections; the most extreme shock scenario captures the worst performing shock from several others computed by the model; and the historical scenario produces the debt path that would result from key macroeconomic variables in the baseline projection being replaced by their 10-year historical averages. These variables are real GDP growth; primary balance to GDP ratio; GDP deflator; non-interest current account and net FDI flows.

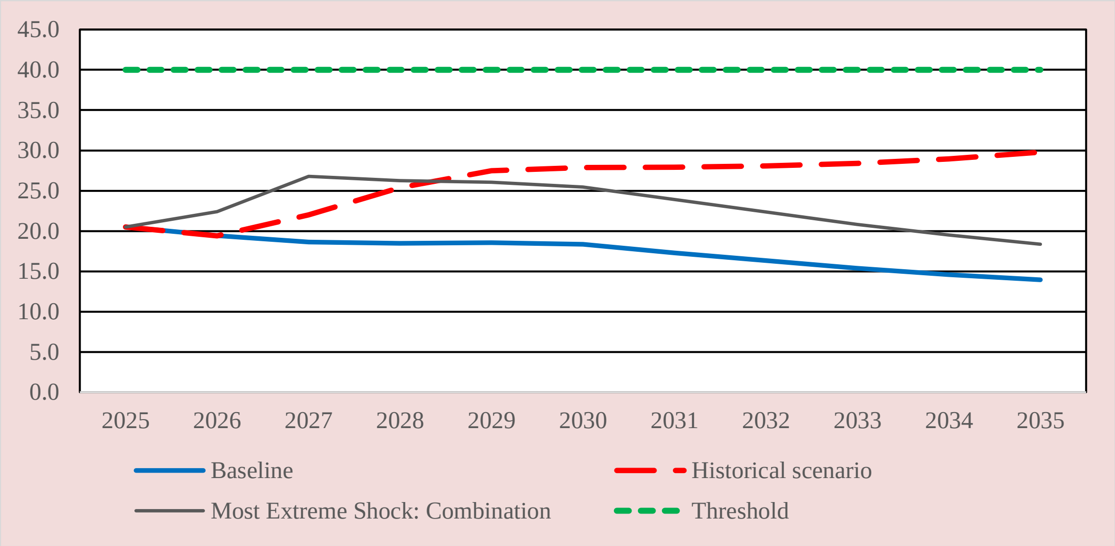
Solvency Indicators

PV of External Debt to GDP Ratio.

The PV of external debt to GDP is projected to slightly decrease from 20.7 percent in FY2023/24 to 20.5 percent in FY2024/25 and remain well below its indicative threshold of 40 percent over the foreseeable future (See Figure 8). This will partly be supported by a reduction in Government's Gross financing needs as the country begins to receive oil revenues coupled with a continuous improvement in GDP growth.

In nominal terms, the external debt to GDP ratio is projected to increase from 26.8 percent in FY2023/24 to a peak of 27.4 percent the following financial year, before beginning to decline. This ratio is forecast to remain below 30 percent of GDP over the projection horizon, in line with the overarching goal of minimising debt accumulation.

Figure 8: PV of External Debt to GDP (percent)



Source: Ministry of Finance Planning & Economic Development

PV of External Debt to Exports

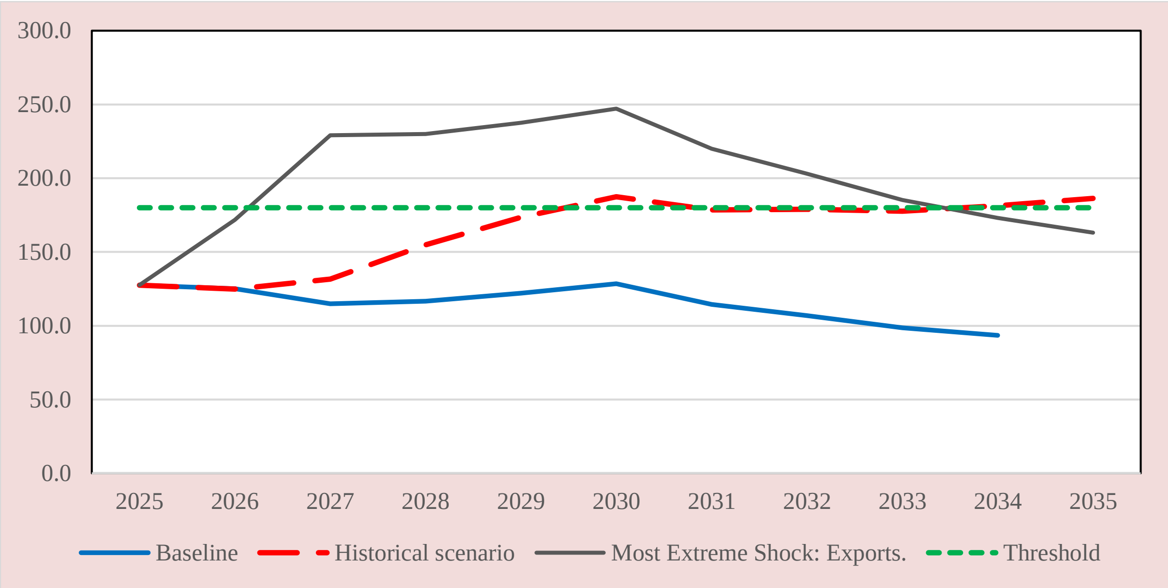
The PV of external debt to exports of goods and services is projected to remain below its indicative threshold under the baseline but breach it under the most extreme shock scenarios[8]. This breach which starts as early as FY2026/27 points to heightened risk of external debt distress in the event of an economic shock that would significantly dampen export growth.

Exports constitute an important variable in the analysis of external debt sustainability since they are the country's primary source of foreign currency which a country needs to service its foreign currency-denominated debt. A breach in this indicator in the shock scenario underscores the need for immediate reinforcement of Government's efforts towards export

[8] The most extreme shock in this case is that exports grow at their historical average minus one standard deviation. When we say, "grow by an average minus one standard deviation", we are referring to a statistical concept. The average is the central value of a dataset, while the standard deviation measures how spread out the values are in the dataset relative to the mean. If we grow by an average minus one standard deviation, it means that we are growing by an amount that is one standard deviation below the mean. This implies that we are growing by an amount that is less than the average.

promotion to enhance debt sustainability. Figure 9 shows the evolution of the PV of external debt to exports through the projection period.

Figure 9: PV of External Debt to Exports (percent)



Source: Ministry of Finance Planning and Economic Development

Liquidity Indicators

The LIC-DSF uses two liquidity indicators for external debt service i.e. external debt service to exports of goods and services; and external debt service to domestic revenue. The latter highlights the availability of budgetary/liquid resources (cash or near cash) to meet the external debt service obligations when they fall due.

Pointing to increasing external debt vulnerabilities compared to the previous DSA, the ratio of external debt service to exports slightly touches its indicative threshold in FY 2029/30 under the baseline scenario and continues to significantly breach it under the most extreme shock[9] scenario over the projected ten-year period. This breach further emphasizes the need to foster export growth in order to mitigate the impact of the high external debt service burden especially on reserves and the exchange rate.

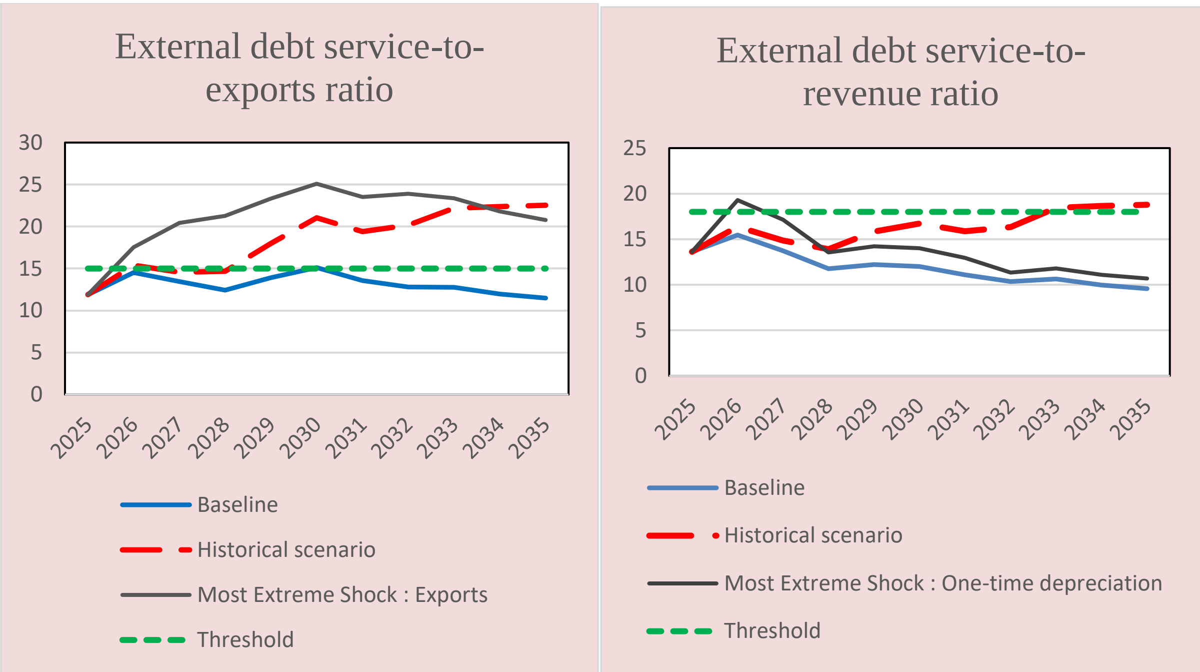
Unlike the previous DSA, we also notice a one-time breach of the external debt service to domestic revenue indicator (orange line) in the event of a one-time shock of a 30 percent

[9] The shock in this case is that exports grow at their historical average minus one standard deviation.

nominal depreciation in FY 2025/26. Moreover, this ratio amounts to 15.5 percent in FY2025/26 under the baseline case, and averages at over 10 percent over the forecast ten-year period, indicating that over a tenth of all revenues received each fiscal year will be locked up for external debt service alone since debt service takes the first call on resources.

This highlights the importance of Government efforts towards fiscal consolidation through rationalisation of expenditures while enhancing domestic revenue mobilization, aimed at reducing the fiscal deficit and consequently the rate of debt accumulation, especially on non-concessional /commercial terms.

Figure 10: Evolution of Liquidity Indicators for External Debt



Source: Ministry of Finance, Planning and Economic Development

5.2 Sustainability of Total Public Debt

Total Public debt is a more comprehensive measure of the country's indebtedness, as it comprises both domestic and external debt. The DSF provides a benchmark for PV of total public debt to GDP to help flag risks from broader debt exposures. This benchmark, which is dependent on the country's debt carrying capacity, helps to highlight the risks stemming from a combination of domestic and external debt.

Table 7: Summary of Public Debt Sustainability Indicators (percent)

Financial Year	LIC DSF Benchmark	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29
Nominal debt to GDP		48.4	47.4	46.8	52.7	53.0	51.9	51.8	50.7
Charter for Fiscal Responsibility (Nominal debt/GDP)		52.7	53.1	52.4	51.2	49.3			
PV of Debt to GDP	55	39.5	36.7	40.4	46.1	46.8	46.1	46.4	45.7

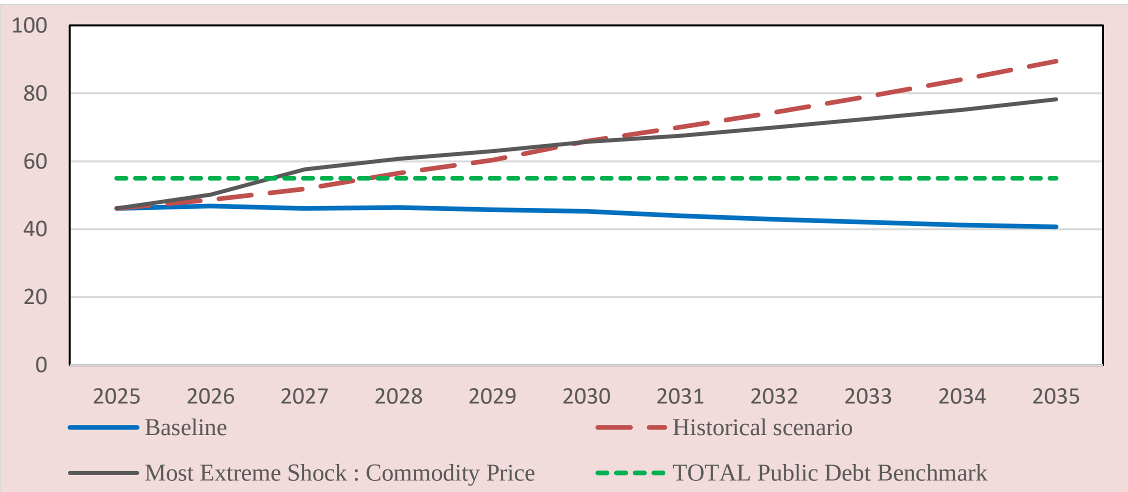
Source: Ministry of Finance Planning and Economic Development

Note: The targets in the Charter for Fiscal Responsibility are only available for years 2021/22 to 2025/26.

Under this debt sustainability analysis, the PV of debt to GDP is projected to remain below its associated benchmark of 55 percent throughout the forecast period (see Table 7 and Figure 11). This ratio will also remain below the more stringent threshold of 50 percent stipulated in both the Public Debt Management Framework and the convergence criteria of the EAMU Protocol. However, it is important to note the significant increase in this ratio over the medium term, largely driven by the increased uptake of domestic debt and external commercial debt which offer no concessionality and are typically very expensive. In fact, this ratio, which was previously projected to remain below 40 percent, is now expected to surpass this level, peaking at 46.8 percent in FY2025/26 just below the EAMU convergence limit of 50 percent.

In nominal terms, debt to GDP is forecast to increase significantly to 52.7 percent in FY2024/25 and peak at 53.0 percent in FY2025/26 before beginning to reduce. Figure 11 maps the evolution of the PV of total public debt to GDP over the next ten years against the applicable LIC-DSF benchmark.

Figure 11: PV of Public Debt to GDP



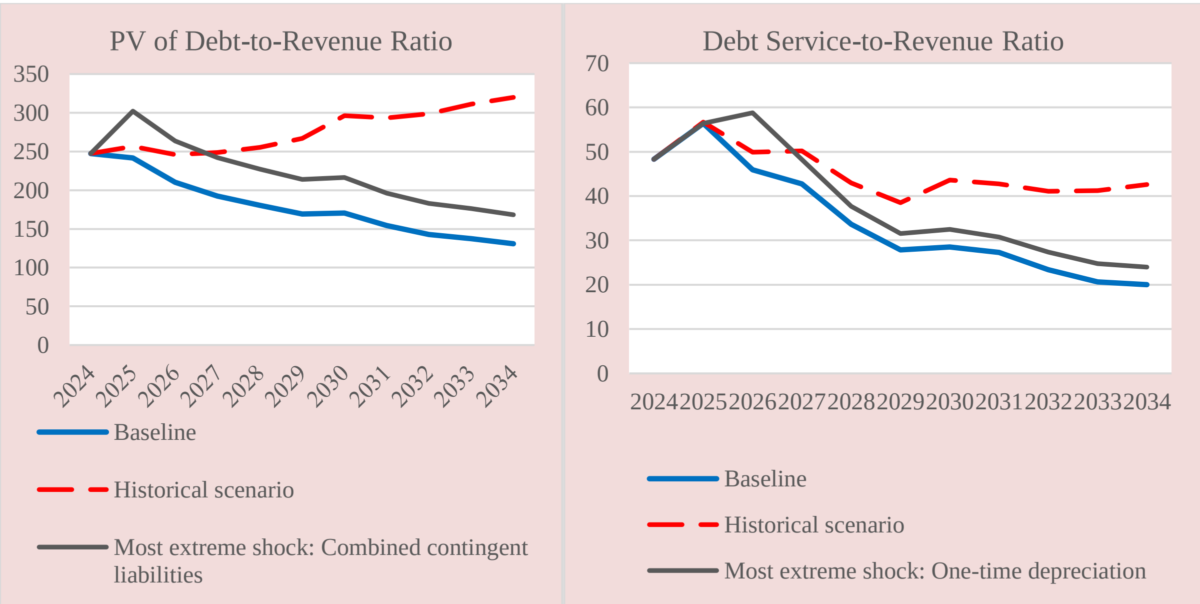
Source: MEPD, Ministry of Finance, Planning and Economic Development

Although the indicator remains below the benchmark under the baseline case, it significantly breaches it under the most extreme shock scenario. This again points to the debt vulnerabilities over the medium term and beyond, and the likelihood of the country's risk of debt distress deteriorating to high risk in the event of an economic shock. To this end, Government will undertake mitigating measures to ensure fiscal and debt sustainability.

The ratio peaks at 46.8 percent in FY 2025/26 and declines over the rest of the medium term benefiting from oil receipts and high GDP growth. Over the long-term, this downward trend will also be supported by the completion of several major infrastructure projects especially in the energy and transport sector which will then reduce the fiscal deficit. The historical scenario breaches the benchmark starting from FY2027/28, accentuating the need for high and sustained economic growth and fiscal consolidation.

The DSA also provides ratios for total public debt service-to-revenue and PV of public debt service-to-revenue as shown in Figure 12. However, these ratios do not have any associated thresholds / benchmarks. The ratio of debt service to revenue is projected to increase over the first year of projection largely driven by the increase in the financing requirements for FY2024/25 (fiscal deficit estimated to increase to 7.0 percent compared to 4.7 percent in FY2023/24), and the recent tight global financing conditions. That notwithstanding, both ratios gradually decline over the rest of the medium to long term as revenue performance improves and oil revenues are realized.

Figure 12: Other Total Public DSA Ratios



Source: MEPD, Ministry of Finance, Planning and Economic Development

5.3 Uganda's Risk Rating

The signal for the risk of public external debt distress is derived by comparing the projected external debt indicators with their indicative thresholds for the first 10 years of projection both under the baseline and most extreme shock scenario and this is determined as in Table 8.

Table 8: Mechanical Approach for Risk Rating (Criteria)

	Number of Debt burden indicators breaching threshold under baseline assumptions	**Number of Debt burden Indicators breaching threshold under stress tests**
Low Risk	**0**	**0**
Moderate Risk	**0**	**1 or more**
High Risk	**1 or more**	**1 or more**
In debt Distress	**Country is already having problems servicing its debt (Having debt arrears)**	

Source: IMF/WB LIC-DSF Guidance Note.

Based on these criteria, Uganda is assessed as being at **Moderate risk of external debt distress.** This is because all external debt burden indicators remain below their respective thresholds in the baseline[10], but there are breaches under the most extreme shock scenario for the external debt service to exports and PV of external debt to exports ratios.

The DSF also provides a signal for the overall risk of public debt distress. This signal is derived based on joint information from the five debt burden indicators: the four from the external block, which are compared with their indicative thresholds, and the PV of total public debt-to-GDP, which is compared to its indicative benchmark. The risk signal is determined as follows:

• **Low overall risk of public debt distress** if external debt has a low-risk signal and the PV of total public debt-to-GDP ratio remains below its benchmark under the baseline and the most extreme shock.

[10] Note that the framework automatically ignores/ dismisses a one-year breach in assigning the risk rating.

• **Moderate overall risk of public debt distress** if external debt has a moderate risk signal or if external debt has low risk signal but the public debt burden indicator breaches its benchmark under the stress test.

• **High overall risk of public debt distress** if any of the four external debt burden indicators or the total public debt burden indicator breach their corresponding thresholds/benchmark under the baseline.

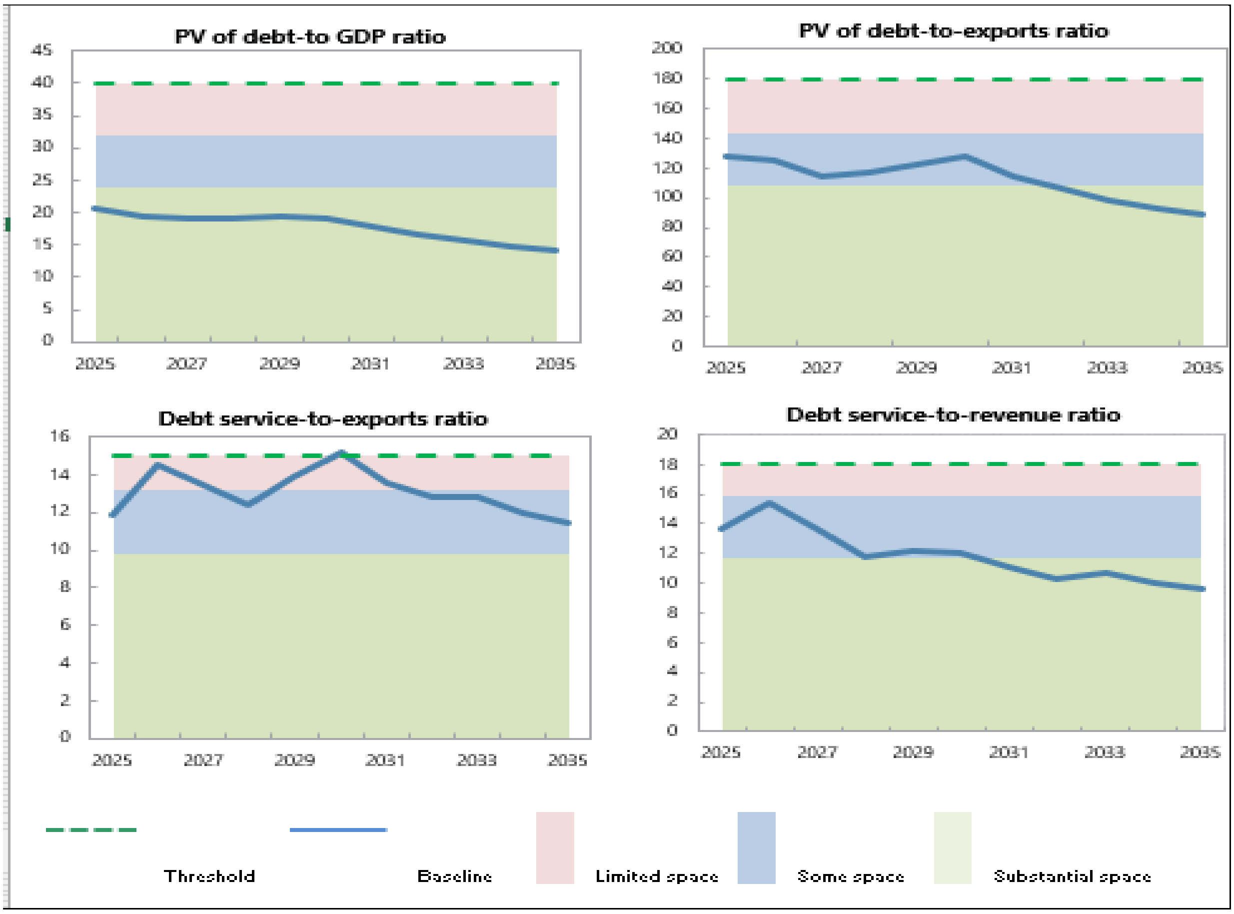
Although the PV of total public debt-to-GDP ratio remains below its indicative benchmark under the baseline, it breaches it under the most extreme shock (figure 11) signaling moderate risk of public debt distress. Moreover, the external debt analysis too points to a moderate risk signal following the breach of the thresholds in the most extreme shock for the PV of external debt to GDP as well as external debt service to exports ratios. Therefore, Uganda is assigned an **overall rating of Moderate risk of debt distress.**

Evaluation of Available Space to Absorb Shock

For countries rated as being at moderate risk of debt distress, the LIC-DSF provides a tool for assessing how much space is left to reach the high risk of debt distress category. Countries are assessed as having limited space, some space or substantial space, depending on how far their baseline debt burden ratios are from their respective thresholds.

Figure 13 shows that Uganda is assessed as having limited space to reach the high-risk category, primarily driven by the ratio of external debt service to exports, which is in the “limited space” area over several years of the medium term. This means that a shock to the country’s exports could easily lead to a deterioration of the risk rating from moderate to high.

Figure 13: Moderate Risk Assessment



Source: IMF/WB LIC-DSF Tool

5.4 Further Analysis of Public Debt

In Uganda, public debt management is informed by the Public Debt Management Framework PDMF (2023), among other considerations, which outlines various benchmarks for managing debt. Government's fiscal objectives are implemented through the Charter for Fiscal Responsibility which sets out an acceptable path for several fiscal variables to ensure compliance to the provisions of the PDMF among other requirements. One such objective of the current Charter for fiscal responsibility is to reduce the ratio of domestic interest payments to total revenue (excluding grants) to 12.5 percent by FY2025/26 well with in the PDMF (2023) limit of 15.0 percent.

Table 9 below provides the performance of some public debt indicators against their benchmarks provided by the PDMF and the stipulated path under the current Charter for Fiscal Responsibility.

Table 9: Domestic Debt Sustainability Benchmarks (percent)

	PDMF Benchmark	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Total Debt Service[11]/Domestic Revenue (Excluding grants)		30.6	32.6	31.5	40.2	37.8	33.3	31.5
Domestic interest /Domestic revenue (excluding grants)	<15	19.1	18.4	17.5	25.5	22.8	20.2	19.8
Charter Target (domestic interest to total revenue)		15.2	14.6	14.1	13.6	12.5	12.5	12.5
Total Debt Service / Total Government Expenditure		19.1	22.7	22.9	25.3	24.9	24.1	24.7

Source: MEPD, Charter for Fiscal Responsibility FY2021/22 – FY2025/26, Public Debt Management Framework (2023)

The ratios in table 9 indicate vulnerabilities relating to the debt service burden on the budget and domestic revenues. As a share of domestic revenue, total debt service was 31.5 percent in FY2023/24 and is projected to peak at 40.2 percent in FY2024/25 and decline thereafter. This underscores the need for Government to fully implement the Domestic Revenue Mobilization Strategy and reduce debt financing of the budget.

[11] This does not include domestic debt amortization.

6.0 CONCLUSION

Uganda's public debt is projected to remain sustainable over the medium to long-term but faced with **moderate risk of debt distress.** The major vulnerabilities relate to the high cost of credit and related debt service burden, as well as the slow growth of exports. The analysis from the Debt Sustainability Framework flags two breaches in the most extreme shock case for the indicators of PV of Debt to Exports ratio and External Debt service to Exports ratio against their respective thresholds. This implies that in the event of a major shock that would negatively impact export growth, Uganda's risk rating could deteriorate from moderate to high risk of debt distress.

As a share of GDP, Public debt declined to 46.8 percent at end June 2024 from 47.4 percent the previous financial year as nominal GDP growth outweighed the rate of increase of the public debt stock. However, Public debt to GDP is projected to increase to 52.7 in FY2024/25 and peak at 53.0 percent in FY2025/26. This ratio will decline thereafter supported by increased revenues from oil production; higher GDP growth; as well as Government's deliberate efforts towards fiscal consolidation through domestic revenue mobilisation and reduction of public expenditures which will reduce the budget deficit.

Over the medium term, risks to debt sustainability include continued high cost of credit; lower than anticipated GDP growth; lower than projected tax revenues; delays in oil production; and challenges in the project management cycle, which delay project benefits and often lead to cost overruns.

To reduce the cost of debt, Government will continue to prioritise concessional financing to the extent possible before considering non-concessional credit. Government is also committed to reducing domestic debt for deficit financing, to reduce on the high interest payments arising out of domestic debt and the crowding out effect on the private sector. Additionally, Government is going to focus on increasing export earnings, increasing returns to public investments and the overall efficiency of Government expenditure.

GLOSSARY

1. **Average Time to Maturity:** ATM gives information on how long it takes on average to rollover or refinance the debt portfolio. Low value of ATM indicates that a high share of debt will be due for payment or roll over in the near future, implying a substantial exposure to refinancing risk if resources are not available to meet or roll over maturing debt. On the other hand, a high value of ATM indicates that a low proportion of debt will be maturing soon, implying low exposure to refinancing risk.

2. **Average Time to Re-fixing:** ATR provides a measure for the average length of time it takes for interest rates to be reset. The longer the period, the lower the interest rate exposure.

3. **Concessionality:** Concessional loans are those whose grant element is not less than 35 percent. These typically come from multilateral creditors such as the IDA and the African Development Fund/African Development Bank.

4. **Debt Sustainability:** A country's public debt is considered sustainable if the government can meet all its current and future debt payment obligations without exceptional financial assistance/ debt relief of restructuring or going into default (accumulation of debt arrears).

5. **External Debt Service/ Domestic Budget Revenue:** This ratio describes the ratio of domestic revenue inflows to external outflows used for servicing external debt. An indicator used to measure liquidity risk.

6. **External Debt Service/ Exports (goods & services):** This ratio describes the share of foreign exchange earning inflows from exports to external outflows used for servicing external debt. This indicator is used to measure liquidity risk.

7. **External Debt/ Domestic Budget Revenue:** This ratio describes the share of total domestic budget revenues that is directed to pay external debt.

8. **Grant equivalent Financing**: Grants have a grant element of 100 percent as they are fully provided as "gifts". By contrast, a loan offered at market terms has a grant element of 0 percent. However, this becomes a positive percentage if the lender adds an element of generosity. The grant element measure of aid provides a more accurate estimate of the donor's effort. In short, the grant equivalent is an estimate, at today's value of money, of how much is being given away over the life of a financial transaction, compared with a

transaction at market terms. The grant equivalent is the grant element multiplied by the amount of money extended.

9. **Liquidity Risk:** A situation where available financing and liquid assets are insufficient to meet maturing obligations. The DSF includes indicative thresholds that facilitate the assessment of solvency and liquidity risk (Staff Guidance note on the DSF for LICs, IMF 2013).

10. **Percent Maturing in any year after year one**: To avoid refinancing requirements being particularly concentrated in any single year, it is recommended to spread maturities evenly over the maturity curve. This risk control measure helps prevent rollover risk from being simply shifted to a later period, for example from year one to year two.

11. **Percent Maturing in One Year:** This is the share of debt maturing in the next twelve months. High proportions are indicative of high levels of interest rate or rollover risk. The risk is more pronounced in less liquid markets.

12. **Present Value (PV):** PV captures the degree of concessionality of the debt stock. The more concessional the debt, the lower the PV compared to the nominal value. It particularly accounts for the time value of money.

13. **Public and Publicly Guaranteed Debt**: Total Public Debt plus debt guaranteed by Government. However, in regard to guaranteed debt, the DSA only includes guaranteed debt that has become a liability to Government upon default by the responsible debtor.

14. **Public Debt/GDP (Nominal):** A measure of the level of total public/Government debt (external & domestic) relative to the size of the economy.

15. **Refinancing Risk:** Refinancing risk is the possibility of having the debt to be rolled over at a higher interest rate. In this report, two measures are used to assess the exposure of Uganda’s public debt to refinancing risk: Redemption profile of debt and Average Time to Maturity (ATM) of debt stock.

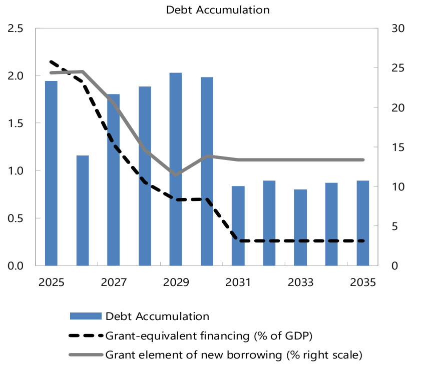
16. **Solvency:** An economic agent (or a sector of an economy, or a country as a whole) is solvent if the present value of its income stream is at least as large as the PV of its expenditure plus any initial debt.

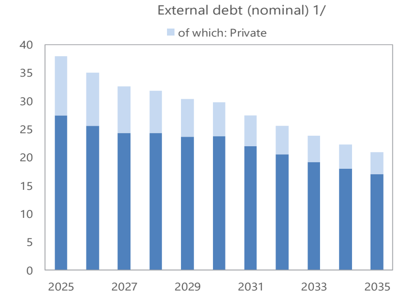
Table 1. Uganda: External Debt Sustainability Framework, Baseline Scenario, 2022-2045

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	42.8	41.1	38.4	38.0	35.0	32.6	31.8	30.4	29.7	20.8	14.5	38.7	28.8
of which: public and publicly guaranteed (PPG)	29.6	28.5	26.8	27.4	25.6	24.3	24.3	23.6	23.7	17.0	12.6	24.3	22.3
Change in external debt	-1.6	-1.7	-2.8	-0.4	-2.9	-2.4	-0.8	-1.4	-0.6	-1.4	-0.3		
Identified net debt-creating flows	-1.0	1.3	1.0	2.8	1.9	-2.1	-1.9	0.1	1.7	1.1	2.4	0.7	0.8
Non-interest current account deficit	7.0	6.9	6.6	6.9	6.0	2.7	1.8	3.5	4.5	2.8	3.1	6.0	3.8
Deficit in balance of goods and services	9.7	10.0	9.3	9.5	8.4	6.0	5.1	6.7	7.5	4.9	4.4	9.0	6.6
Exports	12.4	15.1	18.9	16.1	15.5	16.2	15.8	15.2	14.3	15.6	15.6		
Imports	22.0	25.2	28.2	25.6	24.0	22.2	20.9	22.0	21.8	20.5	20.0		
Net current transfers (negative = inflow)	-4.2	-4.2	-3.4	-3.4	-3.2	-2.7	-2.6	-2.5	-2.2	-1.4	-0.6	-4.4	-2.3
of which: official	-0.5	-0.4	-0.3	-0.5	-0.5	-0.2	-0.2	-0.1	-0.1	0.0	0.0		
Other current account flows (negative = net inflow)	1.5	1.1	0.7	0.8	0.8	-0.6	-0.7	-0.8	-0.9	-0.7	-0.6	1.5	-0.5
Net FDI (negative = inflow)	-3.7	-3.8	-3.1	-2.9	-2.7	-2.5	-2.4	-2.4	-2.1	-1.4	-0.6	-3.9	-2.1
Endogenous debt dynamics 2/	-4.3	-1.8	-2.5	-1.1	-1.4	-2.3	-1.3	-1.0	-0.7	-0.3	-0.1		
Contribution from nominal interest rate	0.6	1.0	1.3	1.1	1.0	0.9	1.0	1.1	1.1	0.9	0.7		
Contribution from real GDP growth	-1.8	-2.1	-2.3	-2.2	-2.4	-3.2	-2.3	-2.1	-1.9	-1.2	-0.8		
Contribution from price and exchange rate changes	-3.1	-0.7	-1.5	...	...	...	...	...	...	...	...		
Residual 3/	-0.5	-3.0	-3.8	-3.2	-4.8	-0.3	1.1	-1.5	-2.3	-2.4	-2.6	0.5	-2.4
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	20.7	20.5	19.4	18.6	18.5	18.6	18.3	13.9	11.7		
PV of PPG external debt-to-exports ratio	...	...	109.6	127.6	125.1	115.0	116.6	122.1	128.5	89.3	74.9		
PPG debt service-to-exports ratio	11.5	11.7	10.2	11.9	14.5	13.5	12.4	13.9	15.1	11.5	8.9		
PPG debt service-to-revenue ratio	10.6	12.7	14.0	13.6	15.5	13.7	11.8	12.2	12.0	9.6	6.6		
Gross external financing need (Billion of U.S. dollars)	2.6	3.0	3.7	3.9	4.0	2.1	1.5	3.4	5.1	6.5	21.3		
Key macroeconomic assumptions													
Real GDP growth (in percent)	4.6	5.3	6.1	6.4	7.0	10.4	8.0	7.4	7.0	6.0	6.0	4.8	7.0
GDP deflator in US dollar terms (change in percent)	7.5	1.6	3.7	3.9	4.3	3.2	2.9	2.8	4.8	4.8	4.6	0.4	4.2
Effective interest rate (percent) 4/	1.6	2.4	3.5	3.1	2.9	3.0	3.4	3.8	4.2	4.4	5.3	1.8	3.8
Growth of exports of G&S (US dollar terms, in percent)	-16.7	31.1	37.5	-6.1	7.8	18.9	8.6	6.0	5.2	11.1	10.9	9.0	9.7
Growth of imports of G&S (US dollar terms, in percent)	-13.8	22.2	23.6	0.2	4.4	5.8	4.5	15.9	11.4	9.1	10.8	8.3	8.3
Grant element of new public sector borrowing (in percent)	...	...	...	24.4	24.5	20.5	14.6	11.4	13.9	13.4	13.4	...	16.0
Government revenues (excluding grants, in percent of GDP)	13.4	14.0	13.7	14.0	14.6	15.9	16.8	17.3	18.0	18.7	20.9	12.6	17.3
Aid flows (in Billion of US dollars) 5/	0.3	0.3	0.3	1.4	1.5	1.2	0.9	0.7	0.4	0.7	1.9		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.1	1.9	1.3	0.9	0.7	0.7	0.3	0.3	...	0.8
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	44.0	45.3	31.1	24.7	19.4	19.9	13.4	13.4	...	22.8
Nominal GDP (Billion of US dollars)	46	49	54	59	66	75	84	93	104	176	498		
Nominal dollar GDP growth	12.5	7.0	10.1	10.5	11.6	14.0	11.1	10.4	12.1	11.1	10.9	5.3	11.4
Memorandum items:													
PV of external debt 7/	...	...	32.3	31.0	28.9	26.9	25.9	25.3	24.4	17.8	13.6		
In percent of exports	...	...	171.0	193.0	185.7	166.0	163.7	166.5	170.7	114.0	87.1		
Total external debt service-to-exports ratio	19.5	20.2	17.9	16.2	17.9	16.3	15.3	16.7	17.7	14.9	11.6		
PV of PPG external debt (in Billion of US dollars)			11.1	12.2	12.9	14.1	15.5	17.2	19.0	24.6	58.3		
(PVt-PVt-1)/GDPt-1 (in percent)				1.9	1.2	1.8	1.9	2.0	2.0	0.9	1.2		
Non-interest current account deficit that stabilizes debt ratio	8.5	8.6	9.4	7.3	9.0	5.1	2.6	4.9	5.1	4.1	3.4		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

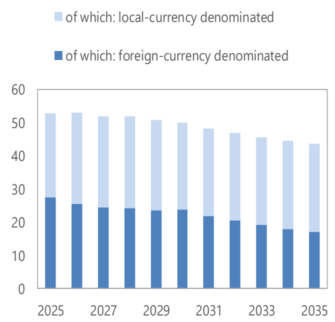
Table 2. Uganda: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022-2045

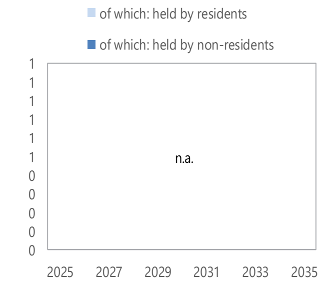
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
Public sector debt 1/	**48.4**	**47.4**	**46.8**	**52.7**	**53.0**	**51.9**	**51.8**	**50.7**	**50.0**	**43.7**	**37.6**	**38.6**	**49.0**
of which: external debt	**29.6**	**28.5**	**26.8**	**27.4**	**25.6**	**24.3**	**24.3**	**23.6**	**23.7**	**17.0**	**12.6**	**24.3**	**22.3**
Change in public sector debt	1.5	-1.0	-0.6	5.9	0.3	-1.1	-0.1	-1.2	-0.7	-0.8	-0.4		
Identified debt-creating flows	**4.6**	**-0.7**	**0.7**	**5.9**	**0.3**	**-1.1**	**-0.1**	**-1.2**	**-0.7**	**-0.8**	**-0.3**	**2.8**	**-0.3**
Primary deficit	**4.3**	**2.3**	**1.6**	**6.2**	**2.4**	**1.7**	**0.3**	**-0.2**	**-1.3**	**-1.1**	**-1.1**	**3.1**	**0.2**
Revenue and grants	14.1	14.5	14.2	15.3	15.8	16.5	17.2	17.6	18.2	18.7	20.9	**13.4**	**17.6**
of which: grants	0.7	0.6	0.5	1.3	1.2	0.5	0.4	0.3	0.2	0.0	0.0		
Primary (noninterest) expenditure	18.4	16.8	15.8	21.5	18.2	18.1	17.5	17.4	16.9	17.7	19.8	**16.5**	**17.9**
Automatic debt dynamics	**0.3**	**-3.0**	**-0.9**	**-0.3**	**-2.1**	**-2.8**	**-0.4**	**-0.9**	**0.6**	**0.3**	**0.8**		
Contribution from interest rate/growth differential	-1.2	-2.4	1.1	-0.9	-1.0	-2.3	-0.8	-0.4	0.7	0.9	1.1		
of which: contribution from average real interest rate	0.9	0.0	3.8	1.9	2.4	2.7	3.1	3.2	3.9	3.4	3.3		
of which: contribution from real GDP growth	-2.1	-2.5	-2.7	-2.8	-3.4	-5.0	-3.8	-3.6	-3.3	-2.5	-2.2		
Contribution from real exchange rate depreciation	1.4	-0.6	-2.0	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**-3.0**	**-0.3**	**-1.3**	**0.6**	**-1.1**	**-0.4**	**0.4**	**-0.6**	**0.0**	**-0.6**	**-0.4**	**-0.4**	**-0.4**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**40.4**	**46.1**	**46.8**	**46.1**	**46.4**	**45.7**	**45.2**	**40.7**	**35.8**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**284.1**	**301.3**	**297.1**	**280.5**	**270.0**	**259.3**	**248.1**	**217.2**	**171.1**		
Debt service-to-revenue and grants ratio 3/	**63.0**	**56.4**	**65.5**	**61.5**	**63.8**	**66.8**	**62.3**	**56.4**	**62.7**	**48.7**	**37.5**		
Gross financing need 4/	13.2	10.5	10.9	15.6	12.4	12.7	11.0	9.7	10.1	8.0	6.7		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	4.6	5.3	6.1	6.4	7.0	10.4	8.0	7.4	7.0	6.0	6.0	**4.8**	**7.0**
Average nominal interest rate on external debt (in percent)	1.6	1.8	2.5	2.3	2.5	2.7	3.1	3.6	4.1	4.5	5.0	**1.8**	**3.7**
Average real interest rate on domestic debt (in percent)	10.4	7.7	11.3	10.2	9.5	10.0	11.0	11.0	13.6	11.9	12.2	**11.2**	**11.3**
Real exchange rate depreciation (in percent, + indicates depreciation)	5.2	-2.1	-6.9	...	...	...	...	...	...	...	...	**1.5**	**...**
Inflation rate (GDP deflator, in percent)	4.9	6.7	4.4	3.3	4.9	4.6	4.5	4.6	4.8	4.5	4.7	**4.3**	**4.4**
Growth of real primary spending (deflated by GDP deflator, in percent)	-8.2	-3.9	-0.1	44.5	-9.6	10.3	4.3	6.7	3.8	7.1	7.5	**8.8**	**8.7**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.8	3.3	2.2	0.3	2.1	2.8	0.4	0.9	-0.7	-0.3	-0.7	**2.8**	**0.5**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus social security, central bank, government-guaranteed debt . Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

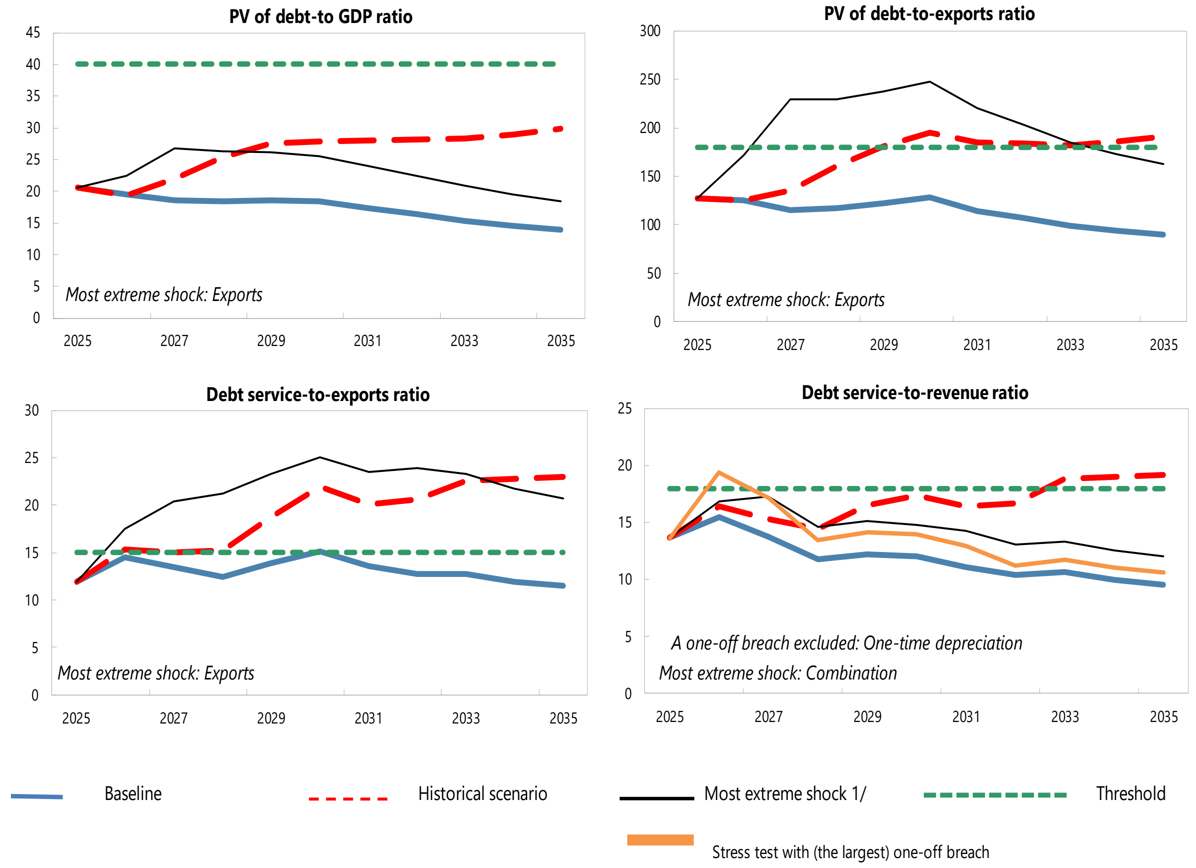
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Uganda: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2025-2035



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	5.8%	5.8%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	19	19
Avg. grace period	4	4

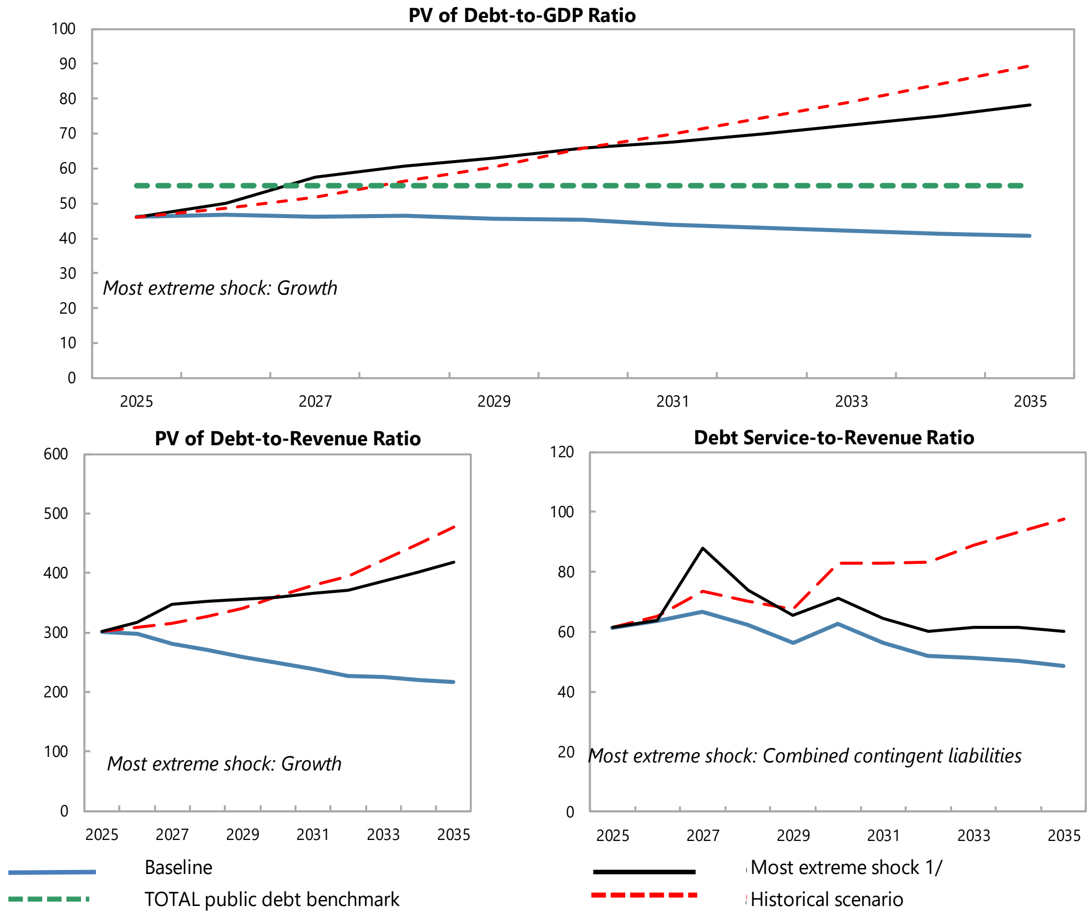
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Uganda: Indicators of Public Debt Under Alternative Scenarios, 2025-2035



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	26%	26%
Domestic medium and long-term	46%	46%
Domestic short-term	28%	28%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	5.8%	5.8%
Avg. maturity (incl. grace period)	19	19
Avg. grace period	4	4
Domestic MLT debt		
Avg. real interest rate on new borrowing	12.8%	12.8%
Avg. maturity (incl. grace period)	13	13
Avg. grace period	6	6
Domestic short-term debt		
Avg. real interest rate	9.7%	9.7%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Uganda: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025-2035

(In percent)

	Projections 1/										
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
PV of debt-to GDP ratio											
Baseline	21	19	19	19	19	19	18	17	16	15	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	21	19	22	26	28	28	28	28	28	29	30
B. Bound Tests											
B1. Real GDP growth	21	20	21	21	22	21	20	19	17	17	16
B2. Primary balance	21	20	21	21	21	21	20	19	18	17	16
B3. Exports	21	22	28	27	27	27	25	23	21	20	19
B4. Other flows 3/	21	20	21	21	21	21	19	18	17	16	15
B5. Depreciation	21	24	20	20	21	21	19	18	17	16	16
B6. Combination of B1-B5	21	24	23	23	24	23	22	20	19	18	17
C. Tailored Tests											
C1. Combined contingent liabilities	21	22	22	23	23	23	22	20	19	19	18
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	21	19	19	19	19	19	18	17	16	15	14
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	128	125	115	117	122	128	114	107	99	94	89
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	128	125	132	155	174	**187**	179	179	178	**181**	**186**
B. Bound Tests											
B1. Real GDP growth	128	125	115	117	122	128	114	107	99	94	89
B2. Primary balance	128	129	124	128	134	142	127	119	111	106	102
B3. Exports	128	172	**229**	**230**	**238**	**247**	**220**	**203**	**185**	173	163
B4. Other flows 3/	128	131	127	128	133	140	124	116	106	100	96
B5. Depreciation	128	125	96	98	104	110	98	92	85	82	79
B6. Combination of B1-B5	128	153	123	148	154	162	144	134	123	116	111
C. Tailored Tests											
C1. Combined contingent liabilities	128	141	134	138	145	153	138	131	123	118	115
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	128	125	115	117	122	128	114	107	99	94	89
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	12	15	13	12	14	15	14	13	13	12	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	12	15	15	15	18	21	19	20	22	22	23
B. Bound Tests											
B1. Real GDP growth	12	15	13	12	14	15	14	13	13	12	11
B2. Primary balance	12	15	14	13	15	16	14	14	14	13	13
B3. Exports	12	18	20	21	23	25	24	24	23	22	21
B4. Other flows 3/	12	15	14	13	15	16	14	14	14	13	12
B5. Depreciation	12	15	13	11	13	14	13	11	11	11	10
B6. Combination of B1-B5	12	16	17	15	17	18	17	16	16	15	14
C. Tailored Tests											
C1. Combined contingent liabilities	12	15	14	13	15	16	15	14	14	13	13
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	12	15	13	12	14	15	14	13	13	12	11
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	14	15	14	12	12	12	11	10	11	10	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	14	16	15	14	16	17	16	16	**18**	**19**	**19**
B. Bound Tests											
B1. Real GDP growth	14	16	15	13	14	13	12	12	12	11	11
B2. Primary balance	14	15	14	12	13	13	12	11	12	11	11
B3. Exports	14	16	15	15	15	14	14	14	14	13	12
B4. Other flows 3/	14	15	14	12	13	12	12	11	11	11	10
B5. Depreciation	14	**19**	17	14	14	14	13	11	12	11	11
B6. Combination of B1-B5	14	17	16	14	14	14	14	12	13	12	11
C. Tailored Tests											
C1. Combined contingent liabilities	14	15	15	13	13	13	12	11	12	11	11
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	14	15	14	12	12	12	11	10	11	10	10
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Uganda: Sensitivity Analysis for Key Indicators of Public Debt , 2025-2035

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	PV of Debt-to-GDP Ratio										
Baseline	46	47	48	48	48	47	46	44	43	42	42
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	46	49	52	**56**	**60**	**66**	**70**	**74**	**79**	**84**	**89**
B. Bound Tests											
B1. Real GDP growth	46	50	**56**	**58**	**60**	**62**	**62**	**63**	**64**	**65**	**67**
B2. Primary balance	46	49	53	54	53	53	51	50	49	48	48
B3. Exports	46	50	**55**	**56**	55	54	52	50	48	47	45
B4. Other flows 3/	46	48	50	50	50	49	47	45	44	43	43
B5. Depreciation	46	50	49	48	46	44	41	38	36	34	32
B6. Combination of B1-B5	46	48	50	51	50	50	48	47	46	45	45
C. Tailored Tests											
C1. Combined contingent liabilities	46	**57**	**58**	**58**	**58**	**58**	**56**	55	54	53	53
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	46	48	51	53	55	**56**	**57**	**57**	**58**	**60**	**62**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
	PV of Debt-to-Revenue Ratio										
Baseline	301	297	281	271	260	249	239	228	225	221	218
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	301	308	306	316	327	346	367	385	414	441	469
B. Bound Tests											
B1. Real GDP growth	301	317	327	326	325	324	324	324	333	341	351
B2. Primary balance	301	312	312	301	290	278	268	258	255	252	250
B3. Exports	301	314	325	312	298	285	271	257	251	244	238
B4. Other flows 3/	301	303	292	281	270	258	247	235	231	226	223
B5. Depreciation	301	318	287	268	249	231	214	197	188	178	169
B6. Combination of B1-B5	301	303	296	284	273	262	253	243	241	238	236
C. Tailored Tests											
C1. Combined contingent liabilities	301	359	339	327	316	304	294	283	281	278	276
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	301	303	298	299	298	297	297	297	306	314	323
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Debt Service-to-Revenue Ratio										
Baseline	62	64	67	62	57	63	56	52	51	50	49
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	62	65	72	68	65	80	80	81	87	92	96
B. Bound Tests											
B1. Real GDP growth	62	67	76	74	70	78	73	70	72	73	74
B2. Primary balance	62	64	72	71	62	68	61	57	57	57	56
B3. Exports	62	64	68	65	59	65	59	55	54	53	51
B4. Other flows 3/	62	64	67	63	57	63	57	53	52	51	49
B5. Depreciation	62	62	67	61	56	62	56	51	50	48	46
B6. Combination of B1-B5	62	63	68	67	60	66	60	56	55	55	54
C. Tailored Tests											
C1. Combined contingent liabilities	62	64	88	74	66	72	65	60	62	62	60
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	62	64	69	68	64	72	67	64	66	67	68
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.