



# **INAUGURAL DEBT AND DEVELOPMENT POLICY DIALOGUE**

***Debt and Development: How Sustainable is  
the Public Debt for Uganda?***

**23 March 2023  
Kampala Serena Hotel**

**Opening Remarks  
by**

**Mr. Ramathan Ggoobi**

**Permanent Secretary / Secretary to the  
Treasury**

**Ministry of Finance, Planning and Economic  
Development**



1. I am delighted to welcome you to this inaugural Debt and Development Policy Dialogue, where we hope to have a candid discussion with all key stakeholders on matters relating to public debt in Uganda.
2. The people invited to this event have been chosen from diverse backgrounds, so as to enrich the discussion and get different opinions from differing perspectives. Our hope and prayer is that we will receive ideas on how we can do things differently for the good of this nation and its people.
3. In the spirit of increasing the level of participation, we have decided to conduct this event using a hybrid format, with some participants here at the Kampala Serena Hotel and others joining us virtually via video conferencing platforms. The event is also being broadcast live on a number of local television stations.
4. The COVID-19 pandemic affected our economy, with real GDP growth falling to just 3 percent in FY2019/20. This was less than half of the 6.4 percent achieved in FY2018/19, before the pandemic. The reduction in economic activity affected our tax revenue collections, and led to significant shortfalls during the height of the pandemic.
5. At the same time, we were faced with a number of expenditure pressures, as Government needed to respond on both the



economic and health fronts in an urgent effort to save lives and livelihoods.

6. To respond to these unprecedented challenges, Uganda, like almost all countries in the world, increased its borrowing levels during this period. We therefore saw an increase in public debt, from 41 percent of GDP in June 2020 to 48.4 percent in June 2022.
7. Despite this increase, it is important to point out that our debt levels remain below those in peer countries, including Rwanda and Kenya, whose debt to GDP ratios are beyond 60 percent.
8. Furthermore, our Debt Sustainability Analysis Report, which we publish every year, shows that debt is sustainable and is projected to reduce in the medium term. This finding is mirrored by the Debt Sustainability Analysis Report jointly published by the IMF and the World Bank.
9. This is not to say that we do not have issues of concern regarding our debt. Our risk rating deteriorated from a rating of “**LOW**” before the pandemic to “**MODERATE**” now. This is still better than our neighbours Kenya, whose risk rating is “**HIGH**”
10. Going forward, we expect public debt as a share of GDP to be on a declining trend, on the back of robust economic growth, enhanced tax revenue mobilization and increased caution on the expenditure side.



11. Economic growth will be driven by a number of targeted Government initiatives, including the Parish Development Model, which is a multi-sectoral strategy that aims at reaching Ugandan households still in the subsistence economy and supporting them to join the money economy.
12. In the medium term, economic growth will be driven primarily by activities in the oil and gas sector, which are already taking off in preparation for first oil in 2025. We project that real GDP growth will increase to over 7 percent at the start of commercial oil production.
13. On the tax revenue front, we are currently implementing of our flagship Domestic Revenue Mobilization Strategy, which aims at increasing the tax to GDP ratio by 0.5 percentage points every year. The main thrust of this DRMS is to improve efficiency in collection of existing taxes, rather than the introduction of new ones.
14. All of these measures will contribute to reducing the need to issue additional debt, which will maintain our debt at sustainable levels and reduce our debt service burden, which has increased in recent years.
15. Nevertheless, we will continue to issue some debt as we continue to finance projects critical to Uganda's economic transformation, particularly in the transport and energy sectors, including oil and gas.



16. I conclude by expressing my keen interest in following the discussion on public debt, which is taking on increased significance in Uganda and in many other countries.

17. For God and My Country