INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

UGANDA

Updated Debt Sustainability Analysis and Assessment of Public External Debt Management Capacity

Prepared by the Staffs of the International Development Association
and the International Monetary Fund

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Contents Page

Figures

Text Box

Tables

GOVERNMENT FISCAL YEAR
July 1–June 30

CURRENCY EQUIVALENTS
Currency Unit = Uganda Shilling (Ush)
Official Rate = US$1 = Ush 1798.41 (June 19, 2002)

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank Group
BADEA	Arab Bank for Economic Development in Africa
BOU	Bank of Uganda
CIRR	Commercial Interest Reference Rate
DSA	Debt Sustainability Analysis
EADB	East African Development Bank
EU	European Union
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IMF	International Monetary Fund
MDG	Millennium Development Goal
MoFPED	Ministry of Finance, Planning and Economic Development
NDF	Nordic Development Fund
NPV	Net Present Value
OPEC	Organization of Petroleum Exporting Countries
PAF	Poverty Action Fund
PMA	Plan for Modernization of Agriculture
PRGF	Poverty Reduction and Growth Facility
PTA	Preferential Trade Area

I. INTRODUCTION

1. Based upon its strong record of sound macroeconomic policies, far-reaching structural adjustment, and implementation of a comprehensive poverty reduction strategy, Uganda became the first country to benefit from debt relief under both the original and enhanced frameworks of the Heavily Indebted Poor Countries (HIPC) Initiative. It reached the completion point under the original framework in April 1998, and under the enhanced framework in May 2000. Assuming full delivery of HIPC assistance, Uganda received debt relief equivalent to US$347 million and US$656 million in net present value (NPV) terms under the original and enhanced frameworks, respectively.[1] As a result, the ratio of the NPV of Uganda's external debt to exports was first reduced to 196 percent under the original framework, and subsequently to 150 percent under the enhanced framework.

2. This paper presents an updated debt sustainability analysis (DSA) prepared jointly by the staffs of the World Bank and IMF, in consultation with the Ugandan authorities. The updated DSA is based on Uganda's outstanding external debt as of end-June 2001. The macroeconomic data reflect the recently revised national accounts and balance of payments statistics.[2] The projected medium-term macroeconomic framework and long-term assumptions are consistent with discussions held with the Ugandan authorities in May 2002 on a program that could be supported by a new three-year arrangement under the IMF's Poverty Reduction and Growth Facility (PRGF), beginning in fiscal year 2002/03 (July–June). The study uses debt data provided by the authorities for all creditors, except for the IMF, IDA, and African Development Bank Group (AfDB), for which creditors' statements were used.

3. There are two major findings highlighted in this paper. First, Uganda's external debt sustainability indicators have deteriorated since the time of the DSA[3] for its enhanced HIPC decision and completion points. In particular, the sharp decline in international prices for

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[1] HIPC debt relief under the original framework was calculated on external debt outstanding at end-June 1996. Assistance under the enhanced framework was based on external debt outstanding at end-June 1999.

[2] The base year for the revised national accounts was updated to fiscal year 1997/98. The new series employs more sophisticated statistical methods for measuring value added and relies more on survey data, than was the case for the previous national accounts based on 1991 prices and weights. As a result of the revisions, annual real GDP growth rates between 1997/98 and 2000/01 were about ½ percentage point higher than previous estimates. The balance of payments statistics were revised to achieve consistency with the new national accounts statistics. Most significantly, import figures, which were estimated mainly using data on foreign exchange transactions, were reduced to be in line with the revised national accounts statistics on production and consumption. Private transfer outflows were raised to reflect foreign exchange transactions. The authorities are preparing new surveys to better monitor the purpose of foreign exchange transactions, and further revisions to statistics on private transfers are expected.

[3] Uganda reached the decision point under the enhanced HIPC framework in February 2000. Because the completion point was reached shortly thereafter (in May 2000), the decision point DSA was not updated for the completion point.

robusta coffee, Uganda's principal export, has substantially lowered current export earnings and, together with lower projected growth in services exports, total export projections. Second, the Government of Uganda has had difficulties securing HIPC debt relief from some creditors, contrary to the principle of comparable burden sharing. With regard to restoring debt sustainability, the authorities are implementing policies to increase export earnings and diversification while containing growth in the debt stock through a gradual fiscal consolidation that does not jeopardize poverty reduction efforts and key programs that support economic growth. Also, the significant availability of grant funding under IDA13, as agreed by donors in early June 2002, would help to reduce the debt burden—particularly if maintained in future IDA replenishments.[4] To improve the delivery of HIPC assistance, the Government has stepped up its efforts to reach debt relief agreements with all of its creditors, but greater assistance from the World Bank and IMF may be needed in this area.

4. The paper is structured as follows. The next section reviews the macroeconomic framework underpinning the updated DSA. Section III discusses the structure of Uganda's external debt as of end-June 2001, and the updated long-term debt and debt service indicators are presented in Section IV. Section V compares these indicators and the projected macroeconomic framework with projections made for the enhanced HIPC decision point document and discusses the main reasons for deviations. Section VI contains a sensitivity analysis that illustrates some risks to Uganda's debt path, as well as the benefit of a higher grant element of donor support. Section VII reviews the problem of the under-delivery of HIPC assistance, and section VIII provides an assessment of Uganda's public external debt management capacity. Section IX presents options for the way forward.

II. Macroeconomic Assumptions Underpinning the Updated Debt Sustainability Analysis

A. Macroeconomic Performance Since Enhanced HIPC Decision Point

5. External debt and debt service indicators are often expressed as ratios to GDP, exports of goods and services, and government revenue converted into U.S. dollars. During the 1990s, Uganda experienced strong economic performance which set the background for the macroeconomic projections for the enhanced decision point DSA in early 2000. In particular, Uganda's real GDP grew at an average annual rate of nearly 7 percent during the 1990s, supported not only by sound macroeconomic policies and structural reforms, but also by the restoration of internal security throughout much of the country. In U.S. dollars, GDP grew by about 15 percent a year on average between 1990/91 and 1998/99, the base year for the enhanced HIPC decision point DSA. Export earnings, which benefited from favorable

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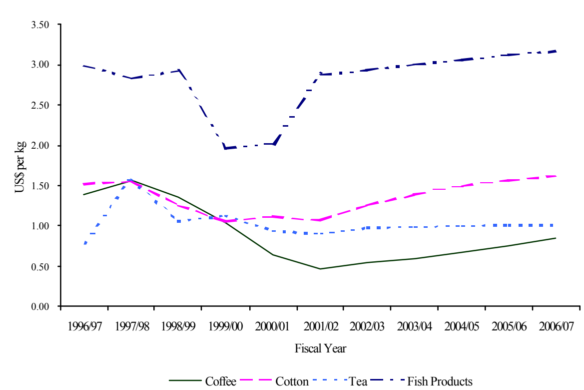
[4] With the view to increase IDA's flexibility in addressing the special difficulties faced by the poorest and most vulnerable countries, the 13th replenishment of IDA, which was agreed by donors on July 2, 2002, includes a significant expansion in the use of grants. While the modalities for the allocation of grants among beneficiary countries are being established, this will result between 18-21 percent of IDA's overall resources being provided in the form of grants.

terms of trade developments during the mid-1990s, most notably, a boom in the international price of robusta coffee, grew by 17 percent a year on average during this period. Similarly, government revenues, which increased from 7.5 percent of GDP in 1990/91 to 11.7 percent of GDP in 1998/99, grew by 22 percent a year in U.S. dollars. Along with these positive developments, inflation was brought under control, averaging about 5 percent a year over the latter part of the decade, and the incidence of poverty was reduced from 56 percent of the population in 1992 to 35 percent in 2000.

6. Since 1998/99, however, real GDP growth slowed to about 5½ percent a year, partly reflecting the negative effect of a collapse in the price of robusta, which fell by 66 percent between 1998/99 and 2001/02, to a 40-year low (Table 1). The impact on real GDP growth of this adverse terms of trade shock, which to a lesser extent was experienced by some of Uganda's other principal commodity exports as well (Figure 1),[5] was mitigated somewhat by stepped-up donor assistance, mainly for a large expansion in government spending on primary education and other poverty reduction programs. More fundamentally, however, the enormous excess capacity in the Ugandan economy that existed prior to the country's stabilization efforts has been reduced. As a result, the incremental capital-output ratio (ICOR) increased from an average of 2.3 during 1992/93–1998/99 to an average of 3.7 during 1999/2000–2001/02. However, there is still a high degree of unemployment and under-employment of labor resources.

Figure 1: Export Unit Prices



7. Uganda's coffee export receipts fell from US$307 million in 1998/99 to an estimated US$84 million in 2001/02. This sharp decline was only partly offset by a US$130 million increase in non-coffee merchandise export earnings during the same period, as non-coffee export volumes grew by 19 percent a year. Exports of services, however, leveled off between 1998/99 and 2001/02, after having experienced average annual growth of 30 percent a year between 1990/91 and 1998/99. As a result, total receipts for exports of goods and services is estimated to have been US$650 million (10.7 percent of GDP) in 2001/02, compared with US$734 million (12.3 percent of GDP) in 1998/99. Despite this slippage, export earnings did manage a small gain in 2001/02, compared with the previous year, the first such improvement in three years. Moreover, the strong export volume growth (9.5 percent) in 2001/02, including 6.7 percent growth in coffee export volume, suggests that Uganda remains competitive in its primary export markets, despite the continued general decline in international commodity prices and especially sharp decline in coffee prices.

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[5] The international prices of cotton, tea, and fish products declined by 11 percent, 11 percent, and 31 percent, respectively, between June 1999 and June 2001.

8. Uganda's large external current account deficit in recent years, excluding official grants, has been financed by donor inflows and, to a lesser extent, direct foreign investment. In 2000/01, net donor inflows[6] jumped to 11.1 percent of GDP, from an average of nearly 8 percentage points of GDP during the latter half of the 1990s. In 2001/02, as IDA stepped up its assistance to Uganda consistent with its new Country Assistance Strategy, net donor support rose further to 11.7 percent of GDP, of which about half was provided as direct budget support. Net international reserves increased by nearly US$150 million in 2001/02, as the end-period stock of gross reserves rose to the equivalent of 5.8 months of imports of goods and services of the year ahead.

9. Uganda is heavily dependent upon donor assistance to finance government operations. Excluding grants, the overall fiscal deficit in 2001/02 stood at 11.5 percent of GDP. Government revenue recovered to 11.8 percent of GDP in 2001/02, after slippages in the previous two years, while total government spending jumped to 23.3 percent of GDP. In particular, spending on poverty reduction, which is protected under the government's Poverty Action Fund (PAF), increased to 5.7 percent of GDP in 2001/02, up from 4.2 percent of GDP the previous year. The fiscal deficit was more than covered by donor assistance, of which 4.5 percent of GDP was net lending (on concessional terms), while grants to the government, including HIPC assistance, accounted for 7.9 percent of GDP. Net domestic bank financing was near zero in 2001/02. Although commercial banks increased their holdings of treasury bills, these were issued for sterilization purposes and the proceeds were deposited in the Bank of Uganda (BOU).

B. Long-Term Macroeconomic Projections

10. In the years ahead, sustaining high real GDP growth rates will depend more than in the past on improving microeconomic fundamentals, increasing income opportunities, and encouraging greater savings and investment. Given the difficulties associated with building investor confidence, the macroeconomic framework underpinning the updated DSA envisages a moderately lower average long-term real GDP growth rate (6 percent a year) than was achieved in the previous decade (Box 1). In the near term, real GDP growth is expected to rise above its long-term trend, stimulated by the proposed construction of the large Bujagali hydro electricity project and ongoing government programs to build up the economy's agricultural and export base.[7] In addition to supporting the expansion of the country's power supply[8], the Government is also taking steps to sustain investor confidence

[6] Defined as official grants and loans, net of debt service falling due, plus HIPC assistance.

[7] There is some risk that the Bujagali project might be delayed, which would have potential negative impacts on the economy. Financing arrangements for the project have not yet been finalized, but it is hoped that these can be completed in the very near future.

[8] In recent surveys, unreliable utility services, particularly electricity, has been cited by Ugandan firms as the leading constraint on business.

by improving governance, reducing corruption, and strengthening legal and financial systems. Over the long term, productivity gains from poverty reduction expenditures, particularly on education, health, and rural infrastructure, should provide support for a 6 percent trend in real economic growth. High population growth, falling unemployment and under-employment, and returns from the near doubling of school enrolments achieved with the Universal Primary Education (UPE) program initiated in 1997/98 would lead to a large number of relatively more skilled new entrants to the labor force, and high growth in effective labor. Moreover, the large increase in Uganda's power supply expected to be provided by the Bujagali project beginning in 2006/07 (equivalent to about 75 percent of the system's total present generating capacity) would eliminate power shortages for many years to come. Over the long term, it is assumed that continued structural adjustment and infrastructure improvements, combined with strong potential growth in effective labor, would maintain a high level of efficiency of investment (ICOR increasing gradually to 4.0 in 2020/21). Annual underlying inflation is expected to remain around 3.5 percent over the medium and long term (Table 2).

11. A substantial recovery in export earnings is projected for the medium term, as continued strong growth in non-coffee exports is expected to be reinforced by a partial rebound in the coffee sector. In particular, the government has embarked upon a series of supply-side interventions aimed at increasing export volumes of seven strategic commodity exports[9], where Uganda has demonstrated international competitiveness. The main elements of this strategic export initiative launched in the fall 2001 consist of the provision of seeds, plantlets, and fish fry to expand production by small scale farmers and fishermen, and investment in supporting infrastructure. While this approach offers the potential for medium-term gains in export earnings, the plan falls short in the areas of developing new markets for Ugandan products, establishing greater quality control, and increasing value added. In this regard, the international donor community is continuing to develop programs to strengthen the initiative. The plan also calls for developing Uganda's export potential in information, communication, and technology services. As a result, export earnings of goods and services are expected to grow by 13 percent a year over the next five years, the period in which the strategic export initiative is to remain in effect. Thereafter, assuming some success with the policies complementary to the strategic exports initiative, export earnings are projected to grow by about 9.5 percent a year, as coffee exports level off[10], and export volumes of non-coffee merchandise and services are assumed to grow by a healthy 8.5 percent a year, or 2.5 percentage points above real GDP growth (Table 3).

[9] Coffee, tea, cotton, fish, potatoes, horticulture, and livestock.

[10] Coffee prices are assumed to remain constant in real terms, beginning in 2007/08.

Box 1: Uganda Macroeconomic Assumptions Underlying the Debt Sustainability Analysis

Economic Growth: Annual GDP growth is projected to average 6.4 percent over the medium term (2002/03–2006/07), followed by growth of 6.0 percent a year over the long term. Population growth is assumed to remain at 2–2½ percent a year and the efficiency of investment to remain constant (ICOR equal to 3.7). The impact of UPE could add another 2–2½ percent a year growth in effective labor spread out over a period of 15–20 years. Based on these assumptions, total factor productivity growth would average ½–1 percent a year, compared with productivity growth of 2–3 percent a year between 1992/93 and 1998/99. Under these assumptions, per capita consumption would grow at 2½–3 percent a year over the long term.

Inflation and Exchange Rate: Monetary policy would be aimed at holding annual underlying inflation, excluding food prices, at 3½ percent (on a period average basis) over the medium and long term. The real effective exchange rate is assumed to remain stable over the longer term.

Exports: Based on the implementation of the strategic exports initiative and a partial recovery in coffee prices (in line with projections by the IMF Research Department), exports are expected to stage a fairly robust recovery over the medium term. Over the long term, coffee exports are assumed to level off, as the planting program under the strategic exports initiative comes to a close, while non-coffee merchandise and services exports are assumed to grow in real terms by 2.5 percentage points faster than real GDP.

Grants and Loans: Net donor inflows rose to 11.7 percent of GDP (US$705 million) in 2001/02, and are expected to gradually decline to about 7.7 percent of GDP (US$630 million) by 2006/07. In U.S. dollars, non-HIPC grants and new borrowing on concessional terms are assumed to remain constant at US$353 million and US$308 million a year, respectively, over the projection period (see Table 3).

Fiscal Balance: Government revenues are expected to increase by about 0.3 percentage points of GDP a year, reaching 14.0 percent of GDP by 2006/07 and 18.2 percent of GDP by 2020/21. Total spending relative to GDP would be trimmed modestly over the medium term and then gradually decline to about 21 percent of GDP over the long term, as HIPC assistance diminishes. The overall fiscal deficit, excluding grants, would fall steadily to just under 3 percent of GDP by 2020/21, however, it is envisaged that some domestic financing (at market interest rates) would be required.

The public sector current account balance, excluding grants, would turn positive over the medium term and then grow steadily thereafter to 3 percent of GDP in 2020/21. The primary balance excluding grants and before HIPC assistance, is projected to remain in deficit, though falling to less than 1 percent of GDP in the latter part of the projection period.

12. Uganda will remain dependent on donor support for its poverty reduction efforts over the foreseeable future. Still, net donor inflows are projected to fall from US$705 million in 2001/02 to US$630 million in 2006/07.[11] Over the entire 20-year projection period, donor commitments[12] of non-HIPC support, both grants and loans, are assumed to remain constant at their respective levels for 2002/03 at US$382 million and US$337 million a year, respectively.[13] After applying an 85 percent probability of disbursement factor (90 percent in 2002/03) to budget support assistance, as is the practice in the Government's medium-term

[11] The analysis assumes IDA lending consistent with performance-based IDA allocation to Uganda.

[12] Based on the authorities budgeting process, a discount factor of 10 percent in 2002/03, and 15 percent thereafter, is applied to donor commitments to project disbursements of budget support grants and loans.

[13] This is a practical assumption reflecting the interplay of two factors: the international commitment to support the achievement Millennium Development Goals (MDGs), which is likely to increase the availability of grant financing over time, and the Government's expressed objective to reduce the level of donor dependency over time. As will be discussed later, the disbursement projections will be revised annually.

expenditure framework (MTEF)[14], new borrowing is projected to hold steady at US$308 million a year, compared with US$351 million in 2001/02. All new borrowing is assumed to be on concessional terms, 95 percent of which on IDA terms. In relation to GDP, net donor inflows would decline steadily to 7.7 percent of GDP in 2006/07. These assumptions reflect a gradual fiscal consolidation, partly in an effort to improve Uganda's external debt sustainability position, but in a manner that does not jeopardize implementation of poverty reduction and key economic programs. The overall fiscal deficit excluding grants is projected to narrow steadily to 8.2 percent of GDP in 2006/07, as government revenue[15] is raised to 14.0 percent of GDP, while total spending is gradually reduced relative to GDP to 22.2 percent. Pro-poor spending protected under the PAF is projected to rise to about 6½ percent of GDP over the medium term.

13. However, given the difficulty donors have in projecting their disbursements beyond the next couple of years, these disbursement projections need to be revisited and revised annually. Also, in light of the international commitment to support the achievement of Millennium Development Goals (MDGs), grant financing is likely to turn out to be higher than the current disbursement projections indicate in the medium and long run. For example, Uganda is one of the countries invited to join the Education for All Initiative that would provide incremental grant financing for primary education to help achieve the education MDG. At the same time, for donor assistance to be used effectively, it would be important to achieve greater reliability in the delivery of disbursements.

III. Debt Stock and its Composition

A. Debt Stock and Debt Service at end-June 2001 Assuming Full Delivery HIPC Relief

14. As of end-June 2001, Uganda's outstanding stock of external debt amounted to US$3,095 million, or US$1,147 million in NPV terms.[16] These numbers assume full delivery

[14] As a sound budgeting tool, the Government's MTEF is based on projections of firm commitments as provided by donors, which results in a declining path for projected assistance given donor's limited forecasting horizon. Moreover, experience has shown that disbursements typically fall short of commitments. To account for this uncertainty, the authorities apply a discount factor to commitments for the probability of disbursement (for example, 0.90 in 2002/03 and 0.85 in 2003/04–2004/05). Thus, the figures for donor assistance and, correspondingly, government expenditures presented in this DSA overstate the figures presently used for budgeting purposes.

[15] The Government has embarked upon an aggressive effort to strengthen tax administration, including a judicial investigation of corruption among Uganda Revenue Authority staff. Tax measures have been announced in the budget speech for 2002/03, and further tax measures are expected in the future.

[16] External debt refers to public and publicly guaranteed external debt. NPV of debt is the discounted value of future debt obligations, and is calculated using the average currency-specific Commercial Interest Reference Rates (CIRRs) for the six-month period ending June 30, 2001 and converted into U.S. dollars at the exchange rates effective June 30, 2001. Calculations include the impact of the full delivery of debt relief provided under

of HIPC assistance. Of the total debt, 90 percent in NPV terms was owed to official multilateral creditors, while the debt to official bilateral and commercial creditors accounted for 7 percent and 3 percent, respectively (Figure 2). IDA held the largest share of Uganda's debt obligations constituting 59 percent (US$677 million in NPV terms) of the total, followed by the IMF and AfDB, which held 14 percent (US$160 million) and 11 percent (US$122 million) of the total, respectively. Debt owed to Paris Club creditors amounted to just 4 percent (US$43 million) of the total, reflecting debt relief beyond the HIPC Initiative that several members had already agreed to by end-June 2001. Spain was the largest remaining creditor in this group. Debt to commercial creditors and non-Paris Club official creditors accounts for 6 percent of the total debt, amounting to US$69 million in NPV terms, assuming the full delivery of HIPC assistance (Table 4).

15. The ratio of the NPV of Uganda's external debt to exports—again, assuming full delivery of HIPC assistance—stood at 171 percent at end-June 2001, 21 percentage points above the enhanced HIPC target of 150 percent. The end-June 2001 debt stock increased by 5 percent or by US$55 million in NPV terms over the end-June 1999 figure of US$1,092 million. This difference reflects the government's new borrowing and debt service paid net of HIPC assistance during 1999/00 and 2000/01. The appreciation of the US dollar against most currencies and a small increase in interest rates (CIRRs) in turn have slightly reduced the NPV of debt. The three-year average of exports of goods and services ending 2000/01 fell by US$57 million (8 percent) relative to the three-year average ending 1998/99, mainly as a result of the severe terms of trade deterioration and was primarily responsible for the deterioration in the NPV of debt-to-exports ratio since the enhanced HIPC decision point. In relation to GDP and government revenues, the NPV of debt stood at 20 percent and 188 percent, respectively.

16. The debt service indicators suggest that on a flow basis, Uganda's debt burden is currently manageable. In 2000/01, HIPC assistance (US$98 million) reduced Uganda's debt service due to US$71 million.[17] The ratios of debt service after HIPC assistance to exports of goods and services and government revenue, were 12 percent and 11 percent, respectively. These are within generally accepted target ranges.

17. Actual cash payments of debt service in 2000/01 amounted to US$45 million, which was paid to Paris Club and multilateral creditors. Payment of the remaining US$26 million of debt service falling due owed to non-Paris Club bilateral and commercial creditors has been withheld pending ongoing efforts to secure HIPC debt relief from these creditors.

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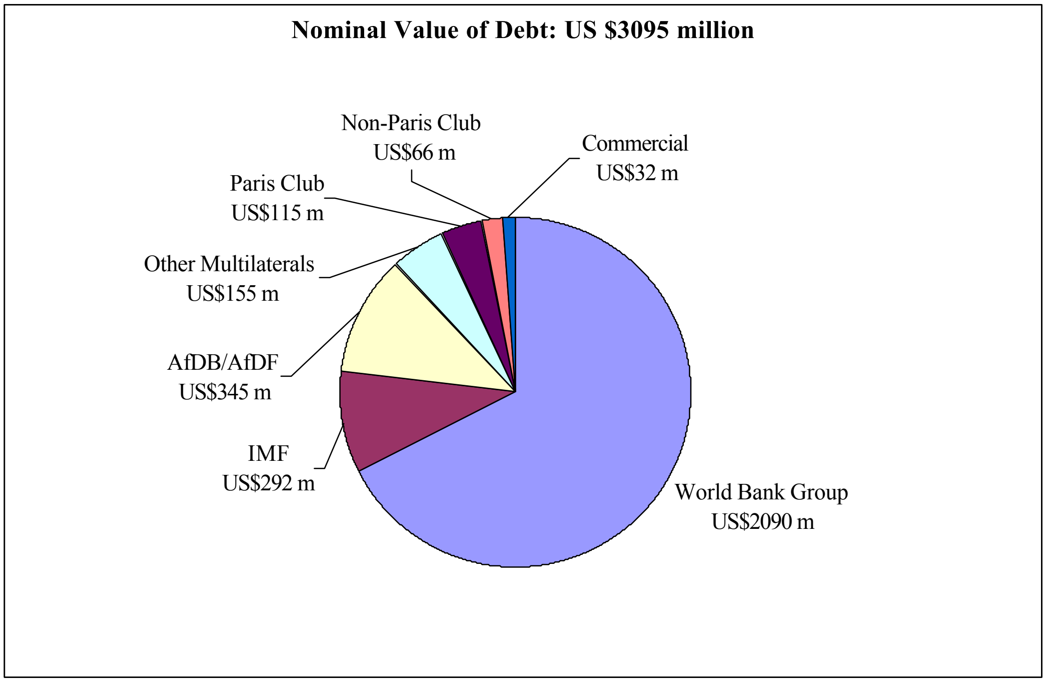
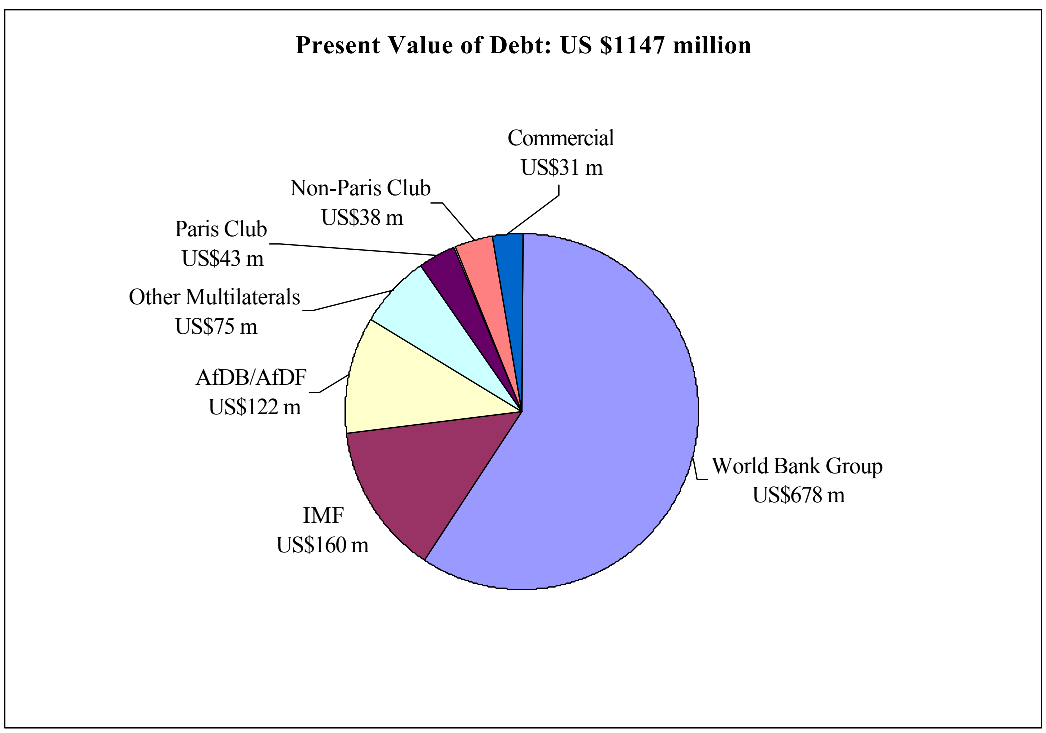
the HIPC Initiative. Without HIPC assistance, the NPV of debt at end-June 2001 would have been US$2,321 million.

[17] Without HIPC debt relief, debt service due in 2000/01 would have been US$169 million, equivalent to 28 percent of exports and 27 percent of government revenue.

Figure 2. Uganda: Composition of Stock of External Debt at end-June 2001 (Assuming full HIPC relief)





Sources: Bank of Uganda; Ministry of Finance, Planning, and Economic Development; and Bank/Fund staff estimates.

IV. LONG-TERM DEBT AND DEBT SERVICE INDICATORS

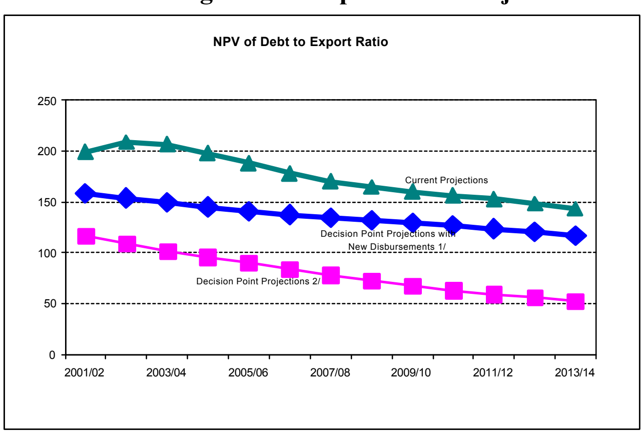
18. The analysis of long-term debt sustainability indicators is carried out assuming that full HIPC relief will be forthcoming. This was done because the HIPC Initiative prescribes comparable burden sharing, and to ensure comparability with the analysis for the enhanced HIPC framework. Furthermore, creditors which have not reached agreements on HIPC debt relief are not being paid.

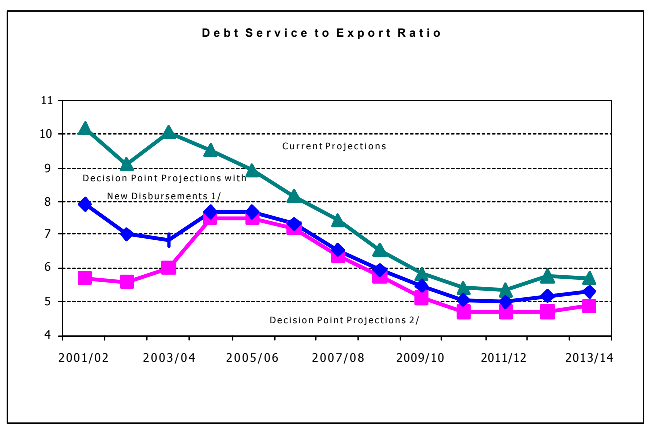
19. Projections of debt indicators show that Uganda's debt sustainability situation is expected to deteriorate further over the near term. However, based on the projected rebound in exports and gradual fiscal consolidation, which would contain future external financing requirements, the debt sustainability situation is expected to gradually improve over the long term. Table 5 summarizes the updated debt and debt service indicators.

20. The most significant deterioration of the debt sustainability indicators occurs with the NPV of external debt-to-exports ratio, a stock indicator. Assuming full delivery of HIPC assistance will be forthcoming, the ratio of the NPV of external debt to exports[18] is expected to peak at 209 percent in 2002/03, before staging a steady decline over the long term, eventually falling below the HIPC target of 150 percent in 2012/13.

21. Other debt and debt service indicators suggest that Uganda's debt situation remains manageable. In particular, throughout the projection period, the ratio of debt service to exports will remain well below the indicative HIPC target range of 15–20 percent, peaking at just over 10 percent in the near term, before declining to a steady level of 5–6 percent over the long-term (Table 5 and Figure 3). After HIPC assistance, the debt service burden is expected to average around US$87 million a year over the next 10 years, before rising gradually to US$231 million in 2020/21, largely reflecting the long grace period on new disbursements since the decision point.

Figure 3. Comparison of Projected Debt Indicators between Decision Point and Current





1/ Bank/Fund staff projections with full accounting of new disbursements.
2/ Decision point document projections, which did not fully account for new disbursements.

18 Exports refer to a backward-looking 3-year average of exports of goods and services (in U.S. dollars).

22. Similarly the ratios of the NPV of debt to GDP and to government revenue show that Uganda's debt situation will improve over time to an average of 19 percent and 114 percent respectively between 2011/12 and 2020/21. The debt service-to-government revenue ratio will fall below 6 percent from 2009/10 onwards.

V. Comparison of the Updated and Enhanced HIPC Long-Term Debt and Debt Service Projections

23. Uganda's debt sustainability indicators based on the updated DSA have worsened since the DSA reported in the enhanced HIPC decision point document. In the updated DSA, the ratio of the NPV of debt to exports stood at 171 percent at end-June 2001, compared with a projected figure of 128 percent in the decision point document. Moreover, this indicator is now projected to peak at 209 percent at end-June 2003, compared with a previously projected steady decline throughout the projection period (see Figure 3).

24. Two factors explain the deterioration of debt sustainability indicators from the decision point DSA: lower export growth in the updated DSA, and incomplete treatment of new financing that was projected in the enhanced HIPC decision point macroeconomic framework, but, owing to an oversight, was not fully incorporated in the NPV of debt projections presented in the enhanced HIPC document. Thus, a good part of the worsening of the debt sustainability indicators is due to the underestimation of future debt stocks and debt service payments in the decision point DSA and not to changes in key economic assumptions. It must be stressed that HIPC debt relief is always based on historical data and not on projections. Thus, in spite of this oversight of not incorporating new financing estimates fully in the DSA projections for the enhanced HIPC decision point, Uganda's HIPC debt relief is not affected.

25. On the other hand, two factors have positively affected the updated DSA results: the change in exchange rate and CIRR discount rate parameters; and the additional debt relief beyond HIPC assistance provided by several Paris Club bilateral creditors. Table 6 summarizes the factors contributing to the change in the NPV of debt-to-exports ratio at end-June 2001.

A. Lower Export Growth

26. Lower than projected export growth substantially contributed to the worsening of debt sustainability indicators. In fact, relative to the export projections for the enhanced HIPC decision point, the current NPV of debt figures would not have exceeded the 150 percent HIPC target over the entire projection period (Table 7). However, total export earnings fell short of the decision point projections by US$129 million and US$268 million, respectively, in 1999/2000 and 2000/01, creating a shortfall of 16 percent in the three-year backward looking average of export earnings used in the NPV of debt-to-exports ratio for end-June 2001. As a result, the NPV of debt-to-exports ratio increased by 28 percentage points, which explains about 64 percent of the deterioration in this indicator for end-June

2001 compared with that which was projected in the enhanced HIPC decision point DSA. Most of the shortfall in exports was explained by lower coffee export earnings.

27. Over the 20-year projection period, the gap between current export projections and those of the decision point continues to widen. The unanticipated collapse in world coffee prices continues to account for much of this shortfall over the medium term. Over the long term, even though coffee export volumes are projected to more than fully recover under the strategic exports initiative, lower projections of coffee prices continue to account for a persistent 30 percent of the shortfall in the updated projections of total exports of goods and services relative to the decision point projections. An even greater share of the reduction in projected exports over the longer term, however, is accounted for by slower growth in exports of services (mainly travel services, such as hotels and restaurants) in the current projections. In contrast to the 49 percent increase in earnings from services exports between 1998/99 and 2001/02 projected in the DSA for the enhanced HIPC decision point; these exports have grown by only 4 percent during this period. While growth in services exports is projected to pick up over the medium and long term to 9.5 percent a year on average in the current projections, this represents a slight decrease from the 10.3 percent average annual growth envisaged in the earlier DSA. This mainly reflects slower growth in tourism receipts over the medium term, compared with earlier projections of a boom in this sector during this period. Non-coffee merchandise export earnings in the recent past have been in line with decision point projections, and are expected to continue to keep pace with these earlier projections. In the absence of the strategic export initiative, the current projections of non-coffee exports would be below the earlier projections, suggesting that here too, the decision point projections were overly optimistic. However, as noted in Section II, the enhanced HIPC decision point projections were in line with the historical experience of the 1990s.

B. Change in Parameters

28. By contrast, the appreciation of the U.S. dollar against most currencies and a small increase in the Commercial Interest Reference Rate (CIRR) discount rates (Table 8), reflected in the updated parameters, have contributed to a lowering of the NPV of debt-to-export ratio. The combined effect of these changes has reduced the NPV of debt in U.S. dollar terms by US$161 million from the decision point projections, and lowered the NPV of debt-to-exports ratio by 24 percentage points.

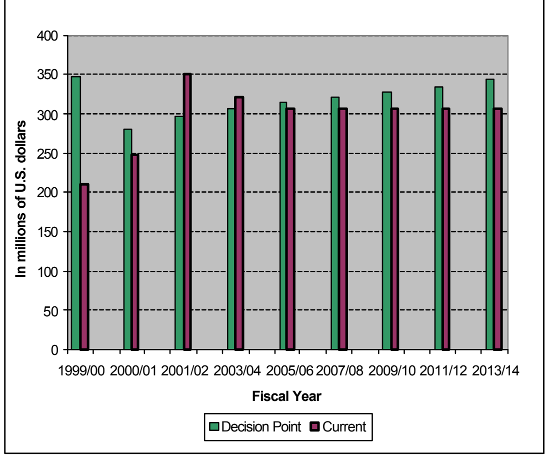
C. New Financing and Residual

29. The remaining 39 percentage points of the deterioration in the NPV of debt-to-exports ratio can be attributed to the residual, which includes estimates for new financing and other factors, and accounts for US$283 million in NPV terms. It is a large factor in explaining the deterioration of debt sustainability indicators from the enhanced HIPC decision point. Owing to an oversight, the enhanced HIPC decision point DSA projections did not fully incorporate the new financing estimates which were included in the accompanying macroeconomic framework and balance of payments projections. As a result, the NPV of debt projections at the time of the decision point were underestimated. Thus, much of the observed deterioration in the updated NPV of debt figures is due to this underestimation. This omission affected

only the DSA projections and did not affect the HIPC debt relief which is calculated solely on historical data.

30. The macroeconomic framework at the decision point projected higher disbursements than what actually occurred during 1999/2000 and 2000/01. Actual new disbursements, including the IMF, between end-June 1999 and end-June 2001 amounted to US$457 million, and are significantly less than the US$627 million which were projected in the balance of payments table of the enhanced HIPC decision point document. Figure 4 depicts the projected and actual disbursements in 1999/00 and 2000/01, and shows that actual disbursements were lower than projected in both years. This implies that had new financing been fully included in the NPV of debt projections for the enhanced HIPC decision point, the projections would have exceeded the updated figures for NPV of debt.

Figure 4. Projection of New Disbursements



VI. SENSITIVITY ANALYSIS

31. The sensitivity analysis presented here indicates that Uganda's debt sustainability indicators are vulnerable to shortfalls in export earnings and lower real GDP growth. In particular, two downside cases were considered: lower export earnings with unchanged borrowing, and lower GDP and export growth with higher borrowing. Also, three scenarios considering variations in IDA lending were examined (Table 9), and one scenario of increased grant financing.

A. Lower Export Earnings with Unchanged Borrowing

32. In the first case, it is assumed that the international price of robusta coffee fails to recover from its historically low level in 2001/02. As a result, export earnings remain suppressed and the NPV of debt-to-exports ratio rises accordingly, peaking at 211 percent in 2003/04, and delaying the time when the indicator falls below the 150 percent HIPC target by 3 years. Although the debt situation shows some further deterioration, Uganda is not as vulnerable as it has been in recent years with regard to continued low international coffee prices. This is mainly a result of coffee's relatively diminished importance, accounting for only 13 percent of total export receipts in 2001/02, compared with 40 percent of the total in 1998/99.

B. Lower GDP and Export Growth with Higher Borrowing

33. A reduction in annual real GDP growth by three percentage points over the entire 20-year projection period, with a corresponding reduction in export growth, would lower

government revenues and create the need for additional external borrowing or adjustment in public spending. Assuming that borrowing on IDA terms increases (US$30 million per year) to fill part of the gap and public spending also adjusts, this scenario has a substantial adverse impact on the debt sustainability indicators. The NPV of debt-to-exports ratio would peak at 216 percent in 2003/04 and would not achieve the HIPC target of 150 percent during the 20-year projection period. This is a stark downside scenario, assuming a situation where the construction of the Bujagali hydropower project gets cancelled and export growth does not recover as expected. While the probability of this scenario is considered low, it does indicate the vulnerability of the debt sustainability indicators to substantially lower GDP and export growth.

C. Higher IDA Borrowing and IDA Grants

34. Of the three cases examining alternative IDA borrowing, one simply gauges the impact of a step-up in IDA borrowing from 2002/03 onwards, and two evaluate hypothetical increases in the grant element, where 20 percent and 50 percent, respectively, of IDA disbursements are delivered as pure grants.[19] In the case of the higher borrowing (US$30 million a year), the impact is marginal, as reaching the 150 percent HIPC target is delayed by just two years. Interestingly, increasing the grant element of disbursements to 20 percent or 50 percent has a substantial impact, both reducing the peak of the NPV of debt-to-export ratio and advancing the reaching of the 150 percent target by three and five years, respectively.[20]

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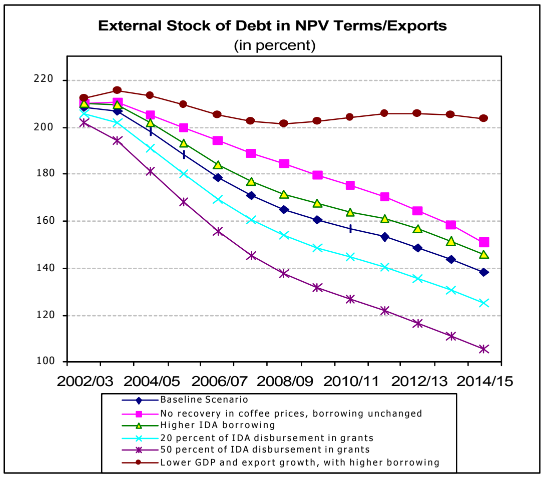
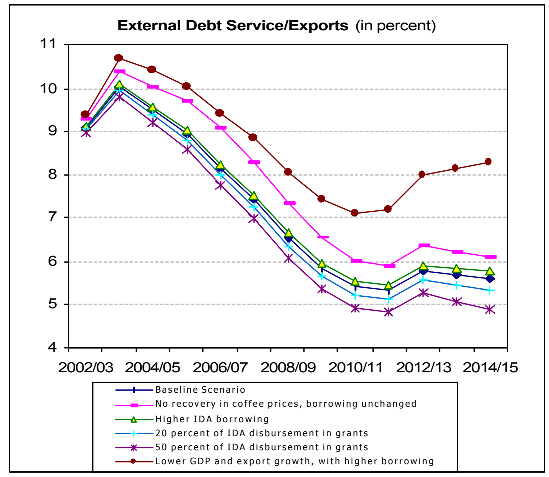
[19] This section and the underlying sensitivity analysis were prepared before donors had reached a final agreement on the IDA13 replenishment on July 2, 2002. While the detailed modalities for the provision of grants under IDA13 are being finalized, the agreement differs slightly from the 50 percent grant scenario presented in this section. Countries with an annual per capita income below US$360 will be able to obtain from 20 to 40 percent of their IDA allocation in grant form, with the upper end of the range pertaining to countries vulnerable to longer term debt sustainability problems. However, in addition, the IDA13 agreement also sets out that HIV/AIDS programs will be fully grant financed in IDA only countries. The level and proportion of grants that Uganda would be qualified for under IDA13 has not yet been established.

[20] While the expansion of the use of grants has only been agreed to for the three-year period covered by the IDA13, this analysis assumes that similar grant resources will be made available in future IDA replenishments. Moreover, the actual allocation of IDA resources to Uganda will be laid out in the World Bank Group's next Country Assistance Strategy.

Figure 5. Sensitivity Analysis 2002/03–2014/15





VII. UNDER-DELIVERY OF HIPC RELIEF

35. While Uganda has concluded agreements on a large portion of its debt relief under the HIPC Initiative and most Paris Club creditors have agreed to provide debt relief beyond HIPC assistance, it has not yet secured full HIPC debt relief from all of its creditors. A number of creditors still have not signed agreements for the provision of HIPC assistance, while other creditors have agreed to providing assistance that falls short of the required NPV reduction prescribed by the HIPC Initiative. Indeed, some creditors (Iraq and commercial creditors from Spain, the United Kingdom, and Yugoslavia) have sought full repayment of outstanding obligations through litigation in the Ugandan courts. Thus far, in the three cases of the commercial creditors, the courts have decided in favor of the plaintiffs and have granted awards totaling US$33.7 million[21], including substantial interest charges. Other creditors have threatened legal action, as well.

36. Taking into account only the HIPC assistance for which agreements had been reached with creditors, the external debt stock at end-June 2001 amounted to US$1,469 million in NPV terms, or 219 percent of exports. In other words, under-delivery of debt relief adds US$322 million in NPV terms to the outstanding stock of debt as of end-June 2001, equivalent to 48 percent of exports (Table 10).[22]

[21] In June 2002, the Government paid about US$5 million of the US$10.5 million owed to the Yugoslav creditors. The Government and BOU are appealing the other cases.

[22] This also assumes cancellation of all penalty interest accruing between June 2000 and June 2001 on non-Paris Club and commercial debt. In addition, post-cod debt held by France, and Italy has been fully cancelled because these countries have indicated they will provide additional relief beyond HIPC. Post-cod debts to Norway contracted before end-December 1997 have also been fully cancelled.

37. At the present time, the status of debt relief negotiations is as follows (Table 11):

- ***Multilateral Creditors***: Multilateral creditors are expected to provide US$546 million in NPV terms of debt relief under the enhanced HIPC. Of this, IDA and IMF have committed to providing US$357 million and US$91 million, respectively. Other multilateral creditors[23] have concluded agreements on the delivery of HIPC assistance, which are being fully implemented. Agreements have yet to be concluded with the East African Development Bank (EADB), OPEC Fund, PTA Bank, and Shelter Afrique.
- ***Bilateral Creditors:*** Paris Club and non-Paris Club creditors are expected to provide US$73 million and US$29 million in NPV terms of debt relief, respectively. Debt relief agreements have been reached with all Paris Club creditors, most of whom have provided additional assistance beyond HIPC. However, most non-Paris Club creditors have not yet entered into such agreements with the Government of Uganda. All non-Paris Club creditors have been approached individually by the Ugandan authorities, but the response has varied greatly from one creditor to another. Of the five creditors that have reached an agreement, Kuwait, Rwanda, Saudi Arabia, and Tanzania are delivering HIPC relief as required, while China has written off part of the loan and is still negotiating the terms for the remaining balance. Meanwhile, eight non-Paris Club creditors (United Arab Emirates, Burundi, India, Iraq, Libya, Nigeria, Pakistan, and South Korea[24]) have yet to agree to provide HIPC relief. Among them, Iraq has filed a law suit against the Government.
- ***Commercial Creditors:*** Commercial creditors, who are expected to provide US$8 million of debt relief in NPV terms, have had a mixed response to the enhanced HIPC Initiative. Some commercial creditors have agreed to settle for a buy-back at a deep discount (receiving 12 cents on the dollar), while others (commercial creditors from Spain, the United Kingdom, and Yugoslavia) have pursued litigation in the Ugandan courts.

VIII. Assessment of Public External Debt Management Capacity

38. An assessment of Uganda's public external debt management capacity was also carried out by a technical expert.[25] The assessment focused on the following areas: institutional framework governing external debt management; debt recording; new

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[23] IDA, AfDB, IMF, European Union (EU), International Fund for Agricultural Development (IFAD), the Nordic Development Fund (NDF), BADEA, and Islamic Development Bank.

[24] The Republic of Korea recently indicated its intent to participate in the Initiative.

[25] *Assessing Uganda's Debt Management Capacity,* Juan Carlos Aguilar Perales, 2002.

borrowing; debt renegotiation; macroeconomic analysis and forecasting; and capacity to conduct debt sustainability analysis.[26]

39. Overall, the external debt management capacity in Uganda was found to be good. There is, however, room for strengthening the capacity in each area. The key results of the assessment in each area are as follows:

40. ***Institutional Framework:*** In Uganda, the Ministry of Finance, Planning and Economic Development (MoFPED)[27] and the Bank of Uganda (BoU)[28] jointly manage external public debt. The division of responsibilities between the two entities is clear, and staff has adequate understanding of their respective roles and responsibilities. There are a number of joint technical committees that focus on debt management issues. Meetings are held on a regular basis to discuss operational issues, and information sharing is sufficient. The work is currently well coordinated, but the coordination arrangements have not been formalized. Formalizing the arrangements is recommended to avoid potential problems in the future.

41. ***Debt Recording:*** BoU has good debt recording capacity. A complete and up-to-date computerized database on the country's public external debt exists. Staff is sufficiently trained to run the system and making full use of it. The database includes a portion of domestic debt records. It could be further improved to include private external debt, all types of domestic debt, and grants.

42. MoFPED, by contrast, maintains the debt records manually. The staff in the debt management department are accountants, who do not have training in basic economics and possess limited computer skills for debt database management. MoFPED recognizes the need for reform and has plans to restructure and computerize the department. Linking the MoFPED and BoU systems should be part of the computerization process to allow access by both institutions to the debt database so that duplication of efforts is avoided.

43. ***New Borrowing:*** The Government has largely followed its debt strategy, which requires new borrowing to be highly concessional. A minimum of about 80 percent of new borrowing has to be on IDA terms or better (40-year maturity, 10-year grace period, and 0.75 interest rate), and the remaining amount on less favorable but still highly concessional terms

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[26] These areas are considered to be central for effective external debt management. See *Guidelines for Public Debt Management,* International Monetary Fund and World Bank, March 2001.

[27] MoFPED registers all credits and contracts signed, and disbursements and repayments made; monitors debt service payments; reviews new credit and grant proposals; participates in credit and grant negotiations and updating of individual creditor and overall debt strategies; reports on actual and projected public expenditures, and audits and reports on public accounts.

[28] BoU maintains the external debt database; manages HIPC accounts; conducts debt sustainability analysis jointly with MoFPED; provides data and analysis on the balance of payments; and makes the payments on behalf of the Government.

(23-year maturity, 6-year grace period, and 2 percent interest rate). Since end-June 1999 the only deviation from the debt strategy was one commercial loan in 1999/2000.

44. ***Debt Renegotiation:*** Over the years Uganda has gained significant experience in debt renegotiations. BoU and MoFPED have developed individual debt negotiation strategies for most of their multilateral and bilateral creditors, and a number of staff at the operational and technical levels have been trained in debt renegotiation. The Government could, however, make more use of debt simulation tools (such as Debt Pro) in renegotiations to assess rapidly the short and long-term impacts of the new proposed terms. Also, the unsuccessful efforts to reach agreements with a number of non-Paris Club and commercial creditors suggest that training for the senior management on negotiations techniques could be further strengthened.

45. ***Macroeconomic Analysis and Forecasting:*** The capacity to carry out macroeconomic analysis and forecasting is relatively good at MoFPED and BoU. Both are using primarily self-developed macroeconomic models to prepare projections and perform other analysis, as required.

46. ***Debt Sustainability Analysis Skills:*** Both MoFPED and BoU staff have the capacity to carry out debt sustainability analysis (DSA). They have jointly produced DSA documents—the latest document was prepared only recently.[29] Also, the staff is frequently required to produce updates of the Government's debt strategy. The current capacity is thin, however. Only a few people have the needed skills to use the simulation tools. There is a need to train further people in this area. There is also a need for the Government to deepen the DSA to go beyond the HIPC indicators. Specifically, there is a need to develop a model/methodology that takes into account the long-run growth, poverty reduction, and fiscal objectives, and underlying saving, financing, and productivity trends in determining the sustainable level of debt.

IX. CONCLUSIONS

47. Since reaching the completion point under the enhanced HIPC framework, Uganda's debt sustainability indicators have somewhat worsened, but only one of the indicators, namely the NPV of debt-to-exports ratio, has exceeded the HIPC guidelines. The cash flow debt-service sustainability indicators remain well within indicative HIPC guidelines over the entire 20-year projection period. As indicated in the sensitivity analysis, debt sustainability is vulnerable to a substantial and prolonged slowdown in economic growth. In this regard, the failure to realize key elements needed to support economic growth (such as, increasing electricity supplies or shortfalls in investment) would have grave consequences. The diminished role of coffee exports and the increased diversification of Uganda's exports, have, however, reduced the country's vulnerability to specific shocks to any individual commodity.

48. Options to address the present debt situation include the following:

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[29] *Uganda's Debt Sustainability Analysis—June 2001,* Bank of Uganda and Minister of Finance, Planning and Economic Development, Kampala, Uganda.

49. ***New borrowing:*** The Government has proposed in its medium-term expenditure framework submitted to Parliament in June 2002 a gradual fiscal consolidation, which would help to improve the country's debt sustainability position without jeopardizing poverty reduction and other key economic programs. The Government has also placed greater emphasis on generating higher fiscal revenue to assure that programs that support GDP and export growth and poverty reduction are fully funded. The Government is expected to meet its new borrowing needs only with highly concessional loans.

50. ***IDA grants:*** Given that IDA is Uganda's largest creditor, another option to address debt sustainability concerns and reduce the debt burden over time without reducing donor support, would be to increase the grant element of IDA flows by making them a mixture of pure grants and concessional loans, as assumed in the sensitivity analysis. This would enable the Government to continue its poverty reduction programs and efforts to reach the Millennium Development Goals without jeopardizing debt sustainability. The IDA grants would also offer greater predictability, since they, like IDA funding in general, are more predictable than the relatively more changeable situation of bilateral donors.

51. ***Export diversification:*** Decreased international coffee prices have exposed the vulnerability of the Ugandan economy to commodity price shocks and underscored the need for continued diversification of the country's export base. The Government has already placed export diversification and growth among its top priorities. To complement its Medium Term Competitiveness Strategy for private sector development and the Plan for Modernization of Agriculture (PMA) to promote rural development, the Government developed in the past year a strategy for increasing Uganda's production, processing, and marketing of selected commodities in which Uganda is considered to have comparative advantage. Donors, including the World Bank, are working closely with the Government to operationalize and implement the strategy. Further cooperation of the international community is needed to help remove the barriers to trade.

52. ***Public external debt management capacity:*** Uganda has made significant progress since 1995 in strengthening its public external debt management capacity. While the capacity is currently good and covers the key areas of debt management, it is still relatively thin and depends on a small number of qualified individuals. Efforts to strengthen the capacity include: (i) formalization of debt management arrangements, spelling out roles and responsibilities of different units involved; and (ii) installation of a computerized debt recording system at MoFPED and linking it with BoU's system. To avoid duplication of efforts, clear authority would need to be established to update the system.

53. ***DSA updating:*** To monitor the developments of debt sustainability indicators, updated DSAs could be prepared on a regular basis (every three/four years).

54. ***Monitoring of aid effectiveness:*** It will be important to ensure that over time aid is used effectively and productivity gains of aid dominate the potentially adverse effects of aid inflows on the real exchange rate and export competitiveness. Aid can contribute to growth by creating conditions for raising the productivity of investments and thereby income, which in turn could lead to improvement in the country's fiscal and external balances and its ability

to service debt. To ensure aid is used effectively and identify whether further adjustments in public resource allocation are needed, systematic analysis of effectiveness of different types of public spending would need to be carried out.

55. ***Delivery of full HIPC relief:*** Finally, a major concern is under-delivery of HIPC relief, primarily by non-Paris Club and commercial creditors. Non-Paris Club creditors that have not yet entered into debt relief agreements with the Government of Uganda are United Arab Emirates, Burundi, India, Iraq, Libya, Nigeria, Pakistan, and South Korea. Since the efforts of Ugandan authorities to reach debt relief agreements have been met with only limited success, renewed effort and support of the international community will be needed to conclude agreements with all creditors for full scheduled debt relief.

Table 1. Uganda: Selected Economic and Financial Indicators, 1998/99–2002/2003 1/

	1998/99	1999/00	2000/01	2001/02 Est.	2002/03 Proj.
	(Annual percentage change, unless otherwise indicated)				
National income and prices					
GDP at constant prices	7.6	5.0	5.6	5.7	6.5
GDP deflator	0.4	4.1	6.6	0.7	2.5
GDP at market prices (in millions of U.S. dollars)	5,946	5,855	5,651	6,044	6,286
Consumer prices					
End of period	5.3	1.9	6.4	-2.6	6.1
Underlying	2.8	2.9	8.5	0.1	4.5
Annual average	-0.2	6.3	4.6	-2.1	1.0
Underlying	2.8	5.0	5.0	3.4	3.5
External sector					
Exports, f.o.b.	19.8	-17.3	-2.7	3.3	18.4
Imports, f.o.b	7.6	-5.9	-0.5	11.4	11.4
Terms of trade (deterioration -)	-10.5	-18.0	-13.0	1.5	8.3
Average exchange rate (Uganda shillings per U.S. dollar)	1,362	1,511	1,763	1,755	…
Nominal effective exchange rate 2/ (average; depreciation -)	-14.0	-2.9	-7.0	2.8	…
Real effective exchange rate 2/ (average; depreciation -)	-13.0	2.0	-2.0	9.7	…
Government budget					
Total revenue and grants	13.2	12.4	25.9	6.3	10.5
Revenue	18.6	6.2	7.2	15.3	14.5
Expenditure and net lending	18.6	53.4	-10.4	23.2	4.5
	(Annual changes in percent of beginning-of-period stock of money and quasi money, unless otherwise indicated)				
Money and credit					
Net foreign assets	14.0	10.7	22.6	16.7	15.5
Net domestic assets	-0.2	5.4	-5.1	-5.1	-3.5
Domestic credit	17.7	48.5	7.5	1.9	2.8
Central government	0.1	46.7	3.4	0.0	-1.0
Private sector	12.8	4.5	4.5	2.1	3.9
Money and quasi money (M3)	13.8	16.1	17.5	11.6	12.0
M2	9.1	8.8	15.2	15.7	11.5
Velocity (GDP/M2) 3/	8.9	8.9	8.9	8.2	7.9
	(In percent of GDP at market prices)				
National income accounts					
Gross domestic investment	20.3	19.9	20.4	19.9	22.1
Public	5.5	6.5	6.4	6.7	6.6
Private	14.8	13.5	14.0	13.2	15.5
Gross domestic savings (excluding grants)	8.6	6.7	5.9	5.0	6.1
Public	-0.9	-3.1	-2.9	-4.9	-3.4
Private	9.5	9.8	8.9	9.9	9.5
Gross national savings (including grants)	13.3	12.0	13.1	11.6	12.2
External sector					
Current account balance					
(including official grants)	-7.0	-7.9	-7.3	-8.3	-9.9
(excluding official grants)	-11.6	-13.2	-14.4	-14.9	-16.0
Government budget					
Revenue	11.7	11.4	10.9	11.8	12.3
Grants	5.0	5.8	8.4	7.5	7.1
Total expenditure and net lending	18.1	25.4	20.2	23.4	22.3
Government balance (excluding grants)	-6.3	-13.9	-9.3	-11.6	-10.0
Government balance (including grants)	-1.3	-8.1	-0.9	-4.1	-2.9
Net foreign financing	2.9	3.4	3.3	5.0	3.4
Domestic bank financing	0.0	6.1	0.5	0.0	-0.2
Domestic nonbank financing	-1.6	-1.3	-1.7	-1.0	-0.3
Net donor inflows 4/	7.9	9.3	11.7	12.4	10.5
	(In millions of U.S. dollars, unless otherwise indicated)				
Overall balance of payments	-21.5	-92.3	-55.5	41.3	-2.7
External payments arrears (end of period)	241.5	0.0	0.0	0.0	0.0
Foreign exchange reserves	748.1	719.4	738.8	847.4	913.6
Gross foreign exchange reserves (in months of imports of goods and nonfactor services)	6.4	5.9	5.6	5.8	5.9

Sources: Ugandan authorities; and Fund staff estimates and projections.

1/ Fiscal year begins in July.
2/ The figure for 2001/02 is based on data through May 2001.
3/ Nominal GDP divided by average of current-year and previous-year end-period money stocks.
4/ Defined as grants, including HIPC assistance, plus net lending on concessional terms. Differs from definition in the balance of payments, which nets out interest due on external debt.

Table 2. Uganda: Selected Economic Indicators, 2001/02–2020/21 1/

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Projections 2007/08	2008/09	2009/10	2010/11	2015/16	2020/21	2007/08-2020/21 Average
							(Annual percentage change)						
National income and prices													
GDP at constant prices	5.7	6.5	6.9	6.3	6.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
GDP deflator	0.7	2.5	3.7	3.4	3.7	4.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Consumer prices													
End of period	-0.6	6.1	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Underlying	1.4	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Annual average	-1.8	1.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Underlying	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Terms of trade	1.5	8.3	2.5	-0.5	1.6	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
							(In percent of GDP at market prices)						
Investment and savings													
Gross domestic investment	19.9	22.1	22.2	22.5	21.6	22.0	22.1	22.1	22.2	22.5	23.5	24.2	23.1
Public	6.7	6.6	6.7	6.6	6.5	6.4	6.2	6.1	6.0	6.0	6.0	6.0	6.0
Private	13.2	15.5	15.5	15.9	15.0	15.6	15.9	16.0	16.2	16.5	17.5	18.2	17.1
Gross domestic savings (excluding grants)	5.0	6.1	6.8	7.7	8.5	9.7	10.1	10.4	10.7	11.0	12.7	14.5	12.2
Public (excluding grants)	-4.9	-3.4	-3.2	-2.8	-2.4	-1.8	-1.4	-1.1	-0.8	-0.5	1.2	3.0	0.7
Private	9.9	9.5	10.0	10.5	11.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Gross national savings (including grants)	11.6	12.2	12.4	13.0	13.5	14.2	14.3	14.3	14.3	14.4	15.0	16.1	14.9
External sector													
Current account balance													
(including official grants)	-8.3	-9.9	-9.8	-9.5	-8.1	-7.8	-7.8	-7.7	-7.9	-8.1	-8.5	-8.1	-8.2
(excluding official grants)	-14.9	-16.0	-15.4	-14.8	-13.0	-12.3	-12.0	-11.6	-11.6	-11.5	-10.7	-9.6	-10.9
Net donor inflows 2/	11.7	10.4	9.8	9.2	8.3	7.7	6.9	6.3	5.8	5.3	3.3	1.9	4.1
Grants (including HIPC assistance)	7.9	7.5	7.1	6.7	6.1	5.6	5.0	4.6	4.2	3.9	2.6	1.6	3.1
Net disbursements	4.5	3.6	3.4	3.1	2.9	2.7	2.4	2.2	2.1	1.9	1.0	0.5	1.3
Interest payments	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.3	-0.3	-0.4
Foreign direct investment	3.0	3.5	3.8	3.9	3.9	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Government budget													
Revenue	11.8	12.3	12.8	13.2	13.6	14.0	14.3	14.6	14.9	15.2	16.7	18.2	16.2
Grants	7.5	7.1	6.8	6.4	5.8	5.3	4.7	4.3	4.0	3.7	2.5	1.5	3.0
HIPC assistance	1.3	1.4	1.4	1.4	1.1	1.0	0.7	0.7	0.6	0.6	0.3	0.1	0.4
Other 3/	6.2	5.8	5.3	5.0	4.6	4.3	4.0	3.7	3.4	3.2	2.2	1.5	2.5
Total expenditure and net lending	23.4	22.3	22.7	22.6	22.6	22.2	21.9	21.8	21.7	21.7	21.5	21.2	21.5
Overall balance (excluding grants)	-11.6	-10.0	-9.9	-9.4	-9.0	-8.2	-7.6	-7.2	-6.8	-6.5	-4.8	-3.0	-5.3
Overall balance (including grants)	-4.1	-2.9	-3.2	-3.0	-3.2	-2.8	-2.8	-2.8	-2.8	-2.8	-2.3	-1.4	-2.3
Net foreign financing	5.0	3.4	3.3	2.9	2.7	2.5	2.4	2.2	2.1	1.9	1.0	0.5	1.3
Disbursements	5.8	5.0	4.8	4.4	4.1	3.7	3.5	3.2	3.0	2.8	1.9	1.3	2.2
Amortization	-0.8	-1.7	-1.5	-1.5	-1.4	-1.3	-1.1	-1.0	-0.9	-0.9	-0.9	-0.8	-0.9
Domestic bank financing	0.0	-0.2	0.1	0.3	0.7	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Domestic nonbank financing	-0.9	-0.3	-0.3	-0.2	-0.2	-0.2	0.2	0.3	0.5	0.6	1.0	0.6	0.7
							(In millions of U.S. dollars, unless otherwise indicated)						
Gross domestic product	6,044	6,286	6,635	7,017	7,591	8,228	8,855	9,556	10,313	11,130	16,295	23,856	15,230
GDP per capita (in U.S. dollars per person)	265	269	278	287	303	321	337	355	374	395	513	667	485

Sources: Bank of Uganda; Ministry of Finance, Planning and Economic Development; and Bank/Fund staff estimates and projections.

1/ Fiscal year July-June.
2/ Defined as official transfers, net official disbursements, and HIPC assistance, less interest due on public sector debt.
3/ Includes only official transfers to the central government.
4/ Assumes population grows over the long term at 2.4 percent a year.

Table 3. Uganda: Summary Balance of Payments, 1998/99–2020/21 1/
(In millions of U.S. dollars, unless otherwise indicated)

					Projections																		
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Current account balance	**-415**	**-462**	**-410**	**-501**	**-624**	**-652**	**-665**	**-616**	**-640**	**-688**	**-739**	**-819**	**-903**	**-991**	**-1,082**	**-1,177**	**-1,276**	**-1,378**	**-1,482**	**-1,590**	**-1,699**	**-1,811**	**-1,923**
Trade balance	-400	-524	-531	-628	-668	-672	-668	-595	-539	-561	-578	-622	-668	-716	-765	-816	-867	-920	-973	-1,027	-1,080	-1,133	-1,184
Exports, f.o.b.	549	454	442	456	540	604	692	808	911	999	1,105	1,195	1,292	1,400	1,519	1,649	1,793	1,951	2,125	2,317	2,528	2,761	3,018
Coffee	307	187	110	84	106	124	166	224	261	281	312	318	323	329	336	342	348	354	361	368	374	381	388
Noncoffee	242	267	332	372	434	480	526	584	650	718	794	877	969	1,071	1,183	1,307	1,445	1,596	1,764	1,949	2,154	2,380	2,630
Imports, f.o.b	-949	-978	-973	-1,085	-1,209	-1,276	-1,360	-1,403	-1,449	-1,560	-1,683	-1,817	-1,961	-2,116	-2,284	-2,465	-2,660	-2,871	-3,098	-3,343	-3,608	-3,894	-4,203
Services (net)	-230	-235	-293	-314	-350	-367	-384	-398	-411	-435	-461	-489	-519	-549	-581	-615	-649	-685	-722	-761	-800	-840	-881
Exports	185	197	188	193	207	221	237	254	271	300	331	366	404	447	494	546	603	666	736	813	899	993	1,098
Imports	-416	-432	-481	-507	-557	-588	-621	-651	-682	-734	-793	-855	-923	-996	-1,075	-1,160	-1,252	-1,352	-1,459	-1,574	-1,699	-1,833	-1,979
Income (net)	-50	-110	-115	-131	-140	-126	-122	-127	-193	-202	-215	-230	-246	-264	-282	-302	-323	-345	-369	-395	-423	-453	-484
Of which: Interest due on public debt 2/	-45	-48	-42	-39	-41	-42	-44	-46	-47	-44	-46	-47	-49	-50	-52	-53	-54	-56	-57	-58	-59	-60	-61
Transfers (net)	266	407	529	572	535	512	508	503	503	509	516	523	530	538	546	555	564	573	583	593	604	615	627
Private transfers (net)	-10	95	124	174	152	139	135	130	130	136	143	150	157	165	173	181	190	200	209	220	230	242	253
Official transfers (net)	276	312	405	398	383	373	373	373	373	373	373	373	373	373	373	373	373	373	373	373	373	373	373
Of which: Grants to central government	254	285	378	375	363	353	353	353	353	353	353	353	353	353	353	353	353	353	353	353	353	353	353
Capital and financial account balance	**393**	**370**	**355**	**542**	**621**	**626**	**636**	**591**	**631**	**766**	**831**	**905**	**978**	**1,057**	**1,135**	**1,223**	**1,320**	**1,427**	**1,542**	**1,665**	**1,801**	**1,948**	**2,109**
Foreign direct investment (net)	175	194	169	182	220	250	272	298	336	362	391	422	455	491	530	572	617	666	719	776	837	904	975
Other (net)	218	175	186	360	401	376	365	293	294	308	326	347	365	384	397	415	437	462	489	517	551	588	629
Central government borrowing (net)	191	187	166	267	221	222	214	215	216	212	210	212	207	202	189	179	171	163	155	145	138	131	124
Official lending (net)	191	159	168	272	226	227	219	220	219	215	214	212	207	202	189	179	171	163	155	145	138	131	124
Disbursements	267	241	248	351	317	316	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308
Amortization due 2/	-75	-82	-80	-79	-91	-89	-89	-88	-88	-93	-94	-96	-100	-105	-119	-128	-137	-145	-152	-162	-170	-177	-184
Commercial credits (net)	0	28	-2	-5	-5	-5	-5	-5	-3	-3	-3	0	0	0	0	0	0	0	0	0	0	0	0
Private sector (net) 3/	27	-12	20	93	180	154	150	78	78	96	115	136	158	182	208	236	266	299	334	372	413	457	505
Overall balance	**-21**	**-92**	**-56**	**41**	**-3**	**-26**	**-29**	**-26**	**-10**	**78**	**93**	**86**	**75**	**67**	**52**	**46**	**45**	**49**	**60**	**75**	**101**	**138**	**185**
Financing	**21**	**92**	**56**	**-41**	**3**	**26**	**29**	**26**	**10**	**-78**	**-93**	**-86**	**-75**	**-67**	**-52**	**-46**	**-45**	**-49**	**-60**	**-75**	**-101**	**-138**	**-185**
Change in net international reserves (- increase)	-40	15	-41	-148	-107	-80	-69	-63	-79	-144	-155	-147	-137	-127	-109	-104	-102	-106	-115	-131	-157	-163	-198
Of which: IMF (net, - repayment)	-36	-14	-22	-39	-41	-48	-46	-42	-37	-23	-14	-10	-5	-4	-3	-2	-1	0	0	0	0	0	0
Change in arrears (net)	-43	-241	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional financing	104	319	98	107	109	105	98	89	89	66	62	61	62	61	57	58	58	57	55	56	56	25	13
Of which: HIPC assistance	45	57	98	77	86	95	96	86	86	66	62	61	62	61	57	58	58	57	55	56	56	25	13
Memorandum items																							
Gross international reserves (end of period stoc	748	719	739	847	914	946	968	989	1,031	1,152	1,293	1,430	1,562	1,685	1,792	1,893	1,994	2,100	2,216	2,347	2,504	2,667	2,865
(In months of imports of goods and services)	6.4	5.9	5.6	5.8	5.9	5.7	5.7	5.6	5.4	5.6	5.8	6.0	6.0	6.0	5.9	5.8	5.7	5.5	5.4	5.3	5.2	5.2	5.2
Exports of goods and services	734	650	630	650	747	825	929	1,062	1,182	1,299	1,437	1,561	1,697	1,847	2,012	2,195	2,396	2,617	2,861	3,130	3,427	3,754	4,116
Net donor inflows 4/	468	479	629	708	654	653	644	634	632	610	604	599	594	586	567	558	547	538	527	517	508	470	450
(In percent of GDP)	7.9	8.2	11.1	11.7	10.4	9.8	9.2	8.3	7.7	6.9	6.3	5.8	5.3	4.9	4.4	4.0	3.6	3.3	3.0	2.7	2.5	2.1	1.9

Sources: Bank of Uganda; Ministry of Finance, Planning and Economic Development; and Bank/Fund staff estimates and projections.

1/ Fiscal year July-June.
2/ Before HIPC assistance.
3/ Includes errors and omissions.
4/ Defined as official transfers, net official disbursements, and HIPC assistance, less interest due on public sector debt.

Table 4. Uganda: Nominal and Net Present Value of External Debt Outstanding at End-June 2001

	After Enhanced HIPC Relief			
	Nominal Debt 1/		NPV of Debt 1/	
	Millions of U.S. Dollars	Percent of Total	Millions of U.S. Dollars	Percent of Total
Total	**3,094.7**	**100.0**	**1,147.2**	**100.0**
Multilateral creditors	**2,882.3**	**93.1**	**1,035.1**	**90.2**
IDA	2,089.0	67.5	676.9	59.0
IFC	1.0	0.0	0.6	0.1
IMF	292.1	9.4	160.3	14.0
AfDB/F	345.1	11.2	121.8	10.6
IFAD	53.6	1.7	19.3	1.7
EU/EIB	44.2	1.4	27.6	2.4
Nordic Development Fund	20.4	0.7	6.8	0.6
OPEC Fund	16.5	0.5	9.3	0.8
BADEA	10.7	0.3	6.4	0.6
East African Development Bank	2.8	0.1	1.8	0.2
Islamic Development Bank	4.0	0.1	2.4	0.2
PTA Bank	2.8	0.1	1.8	0.2
Shelter Afrique	0.1	0.0	0.1	0.0
Bilateral creditors	**180.6**	**5.8**	**81.0**	**7.1**
Paris Club creditors	115.0	3.7	43.3	3.8
Austria	16.7	0.5	10.2	0.9
France	8.9	0.3	-	-
Japan	50.4	1.6	-	-
Norway	0.8	0.0	0.8	0.1
Spain	35.0	1.1	28.9	2.5
Sweden	3.3	0.1	3.5	0.3
Non-Paris Club creditors	65.6	2.1	37.7	3.3
United Arab Emirates	0.5	0.0	0.5	0.0
Burundi	0.2	0.0	0.2	0.0
China	5.3	0.2	2.9	0.3
India	8.2	0.3	7.2	0.6
Iraq	0.3	0.0	0.3	0.0
Kuwait	6.7	0.2	2.7	0.2
Lybia	27.2	0.9	13.3	1.2
Nigeria	3.4	0.1	1.4	0.1
Pakistan	0.3	0.0	0.3	0.0
Saudi Arabia	3.2	0.1	0.8	0.1
South Korea	3.4	0.1	1.3	0.1
Tanzania	7.0	0.2	7.0	0.6
Commercial creditors	**31.9**	**1.0**	**31.1**	**2.7**
Spain	0.1	0.0	0.1	0.0
United Kingdom	1.1	0.0	1.1	0.1
USA	27.3	0.9	27.4	2.4
Yugoslavia	0.9	0.0	0.9	0.1
CTO	2.4	0.1	1.5	0.1

Sources: Ugandan authorities; IDA; IMF; and AfDB Group.

1/ After assumed full delivery of HIPC relief and includes new borrowing since June 1999.

Table 5. Uganda: Debt and Debt Service Indicators, 2000/01-2020/21

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Averages 2001/02-2010/11	Averages 2011/12-2020/21
												(In millions of U.S. dollars)											
NPV of total debt	1,147	1,280	1,410	1,531	1,651	1,766	1,887	2,014	2,150	2,297	2,451	2,606	2,753	2,898	3,043	3,186	3,327	3,466	3,603	3,709	3,802	1,844	3,239
Existing debt	1,147	1,146	1,145	1,132	1,116	1,095	1,075	1,055	1,043	1,039	1,039	1,036	1,026	1,016	1,005	993	979	964	948	902	844	1,088	971
Multilateral	1,037	1,049	1,055	1,047	1,037	1,023	1,009	998	994	994	998	1,000	994	986	977	968	956	943	930	887	831	1,020	947
Paris Club bilateral	43	41	38	36	33	29	25	22	19	16	13	10	8	7	7	6	5	5	4	3	3	27	6
Non-Paris Club bilateral	38	31	32	32	33	33	34	32	31	29	28	26	24	23	21	19	17	16	14	12	10	32	18
Commercial	30	24	20	17	13	10	7	3	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
New debt	…	135	265	399	535	671	812	959	1,107	1,258	1,412	1,570	1,726	1,882	2,038	2,194	2,348	2,502	2,655	2,807	2,958	755	2,268
Total Debt Service	…	66	68	83	88	95	96	96	94	91	92	99	117	125	135	143	154	164	173	211	231	87	155
Existing debt	…	63	62	74	77	81	79	77	69	60	55	58	65	65	66	66	67	68	67	96	107	70	72
Multilateral	…	42	51	63	66	70	68	64	57	53	49	51	58	61	61	62	63	64	64	92	103	58	68
Paris Club bilateral	…	5	5	5	5	5	5	5	4	4	4	3	3	1	1	1	1	1	1	1	1	5	1
Non-Paris Club bilateral	…	8	1	1	2	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Commercial	…	7	5	5	5	4	4	4	3	0	0	0	0	0	0	0	0	0	0	0	0	4	0
New debt	…	3	6	9	11	14	17	19	25	31	37	41	51	60	69	77	87	96	106	115	124	17	83
												(In percent)											
NPV of debt-to-exports ratio 1/	170.9	199.0	208.7	206.7	198.0	188.2	178.4	170.6	164.7	160.4	156.6	153.2	148.6	143.6	138.2	132.6	126.8	120.8	114.8	107.9	101.0	183.1	128.7
NPV of debt-to revenue ratio	186.9	180.1	181.8	180.4	178.2	171.1	163.8	159.1	154.1	149.5	144.9	140.0	134.4	128.7	122.9	117.1	111.3	105.6	99.9	93.7	87.6	166.3	114.1
NPV of debt-to GDP ratio	20.3	21.2	22.4	23.1	23.5	23.3	22.9	22.7	22.5	22.3	22.0	21.7	21.2	20.7	20.2	19.6	18.9	18.3	17.6	16.8	15.9	22.6	19.1
NPV of new debt-to-exports ratio 1/	…	21.0	39.2	53.9	64.1	71.5	76.8	81.2	84.8	87.9	90.3	92.3	93.2	93.3	92.6	91.3	89.5	87.2	84.6	81.7	78.5	67.1	88.4
Debt service-to-exports ratio	…	10.2	9.1	10.0	9.5	8.9	8.1	7.4	6.5	5.8	5.4	5.3	5.8	5.7	5.6	5.5	5.4	5.2	5.1	5.6	5.6	8.1	5.5
Debt service-to revenue ratio	…	9.3	8.8	9.8	9.5	9.2	8.3	7.6	6.7	5.9	5.4	5.3	5.7	5.6	5.4	5.3	5.1	5.0	4.8	5.3	5.3	8.1	5.3
												(In millions of U.S. dollars)											
Memorandum items:																							
Gross domestic product	5,651	6,044	6,286	6,635	7,017	7,591	8,228	8,855	9,556	10,313	11,130	12,012	12,964	13,991	15,099	16,295	17,586	18,979	20,482	22,105	23,856	8,166	17,337
Exports of goods and services 2/																							
Current year	630	650	747	825	929	1,062	1,182	1,299	1,437	1,561	1,697	1,847	2,012	2,195	2,396	2,617	2,861	3,130	3,427	3,754	4,116	1,139	2,836
Three-year average	671	643	676	741	834	939	1,058	1,181	1,306	1,432	1,565	1,701	1,852	2,018	2,201	2,402	2,625	2,869	3,139	3,437	3,766	1,037	2,601
Revenue	614	711	775	849	926	1,032	1,152	1,266	1,395	1,537	1,692	1,862	2,048	2,252	2,476	2,721	2,989	3,283	3,605	3,957	4,342	1,134	2,953
New borrowing annual flow	271	351	322	322	313	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	315	308

Sources: Ugandan authorities; and Bank/Fund staff estimates and projections.

1/ In relation to the average of three consecutive years of exports of goods and services ending in the current year.
2/ Exports of goods and services as defined in IMF *Balance of Payments Manual,* 5th edition, 1993.

Table 6. Uganda: Factors Contributing to the Change in End-June 2001 NPV of Debt from the HIPC Document to Current Estimates

End-June Stock of Debt	Unit of Measure	HIPC Document	Current Estimate	Difference	Contribution to Change in NPV	Contribution to Change in NPV/X Ratio	Percentage Contribution to Change in NPV/X Ratio
					NPV in US$ m	Percentage Points	Percent
NPV of debt, after full HIPC relief	NPV in US$ m	1,025	1,147	123			
NPV of debt to exports ratio	Percentage Points	128	171	43			
Contributing Factors							
Exports	US$ m	801	671	-130		28	64%
Parameters					-161	-24	-56%
Residual and Unrecorded New Financing 1/					283	39	91%
Total					123	43	100%

Sources: Ugandan authorities; Uganda's Enhanced HIPC Decision Point Document; and Bank/Fund staff estimates.

1/ The residual item represents unexplained factors contributing to the changes.

Table 7. Uganda: Comparison of Current and Decision Point Projections of Selected Economic Variables 1/

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
												(In percent)											
Ratio of NPV of external debt to exports 2/																							
Decision point projections	150.0	138.0	127.9	116.6	108.8	102.0	96.1	90.5	84.4	78.4	72.7	67.6	63.0	59.2	55.8	52.4	49.0	45.3	41.7	37.9	34.2	…	…
Current data and projections	…	…	170.9	199.0	208.7	206.7	198.0	188.2	178.4	170.6	164.7	160.4	156.6	153.2	148.6	143.6	138.2	132.6	126.8	120.8	114.8	107.9	101.0
(In relation to decision point export projections)	…	…	*143.2*	*143.1*	*140.1*	*136.0*	*132.1*	*128.0*	*125.2*	*122.5*	*120.0*	*117.6*	*115.2*	*112.8*	*109.8*	*106.9*	*103.7*	*100.4*	*97.0*	*93.5*	*89.9*	…	…
Ratio of external debt service to exports 3/																							
Decision point projections	…	11.1	6.0	5.7	5.6	6.0	7.5	7.5	7.2	6.4	5.8	5.1	4.7	4.7	4.7	4.9	5.0	5.0	4.9	4.8	4.7	…	…
Current data and projections	…	19.1	10.6	10.2	9.1	10.0	9.5	8.9	8.1	7.4	6.5	5.8	5.4	5.3	5.8	5.7	5.6	5.5	5.4	5.2	5.1	5.6	5.6
(In relation to decision point export projections)	…	*15.9*	*7.4*	*6.6*	*6.1*	*6.6*	*6.4*	*6.3*	*5.9*	*5.4*	*4.8*	*4.3*	*4.0*	*3.9*	*4.3*	*4.3*	*4.3*	*4.2*	*4.1*	*4.1*	*4.0*	…	…
												(In millions of U.S. dollars, unless otherwise indicated)											
Exports (current year) 4/																							
Decision point projections	726	780	898	1,006	1,116	1,258	1,378	1,504	1,640	1,788	1,948	2,122	2,311	2,501	2,706	2,928	3,166	3,423	3,700	3,999	4,320	…	…
Current data and projections	734	650	630	650	747	825	929	1,062	1,182	1,299	1,437	1,561	1,697	1,847	2,012	2,195	2,396	2,617	2,861	3,130	3,427	3,754	4,116
(Excess/Shortfall)	8	-129	-268	-356	-368	-432	-449	-442	-458	-489	-512	-562	-614	-654	-694	-733	-771	-806	-839	-868	-893	…	…
(Excess/Shortfall in percent)	1.1	-16.6	-29.9	-35.4	-33.0	-34.4	-32.6	-29.4	-27.9	-27.4	-26.3	-26.5	-26.6	-26.1	-25.6	-25.0	-24.3	-23.5	-22.7	-21.7	-20.7	…	…
Exports (three-year moving average) 4/																							
Decision point projections	728	714	801	895	1,007	1,126	1,250	1,380	1,507	1,644	1,792	1,953	2,127	2,311	2,506	2,712	2,933	3,172	3,430	3,707	4,006	…	…
Current data and projections	735	673	671	643	676	741	834	939	1,058	1,181	1,306	1,432	1,565	1,701	1,852	2,018	2,201	2,402	2,625	2,869	3,139	3,437	3,766
(Excess/Shortfall)	7	-41	-130	-251	-331	-386	-416	-441	-449	-463	-487	-521	-562	-610	-654	-694	-733	-770	-805	-838	-867	…	…
(Excess/Shortfall in percent)	0.9	-5.7	-16.2	-28.1	-32.9	-34.2	-33.3	-32.0	-29.8	-28.2	-27.1	-26.7	-26.4	-26.4	-26.1	-25.6	-25.0	-24.3	-23.5	-22.6	-21.6	…	…
New borrowing 5/																							
Decision point projections 6/	…	347	279	297	303	307	312	315	319	322	325	328	331	334	339	343	348	353	358	363	368	…	…
Current data and projections 7/	…	305	271	351	322	322	313	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308
(Excess/Shortfall)	…	-42	-8	54	20	14	1	-8	-11	-14	-17	-20	-24	-27	-31	-36	-40	-45	-50	-55	-60	…	…
(Excess/Shortfall in percent)	…	-12.1	-3.0	18.1	6.5	4.7	0.3	-2.5	-3.4	-4.4	-5.3	-6.2	-7.1	-8.0	-9.2	-10.4	-11.6	-12.8	-14.0	-15.2	-16.3	…	…
Memorandum items																							
Coffee exports																							
Decision point projections	307	300	329	362	380	416	431	444	457	471	485	499	514	529	545	562	579	596	614	632	651	…	…
Current data and projections	307	187	110	84	106	124	166	224	261	281	312	318	323	329	336	342	348	354	361	368	374	381	388
Excess/Shortfall	…	-114	-219	-278	-274	-292	-264	-219	-196	-190	-173	-182	-191	-200	-210	-220	-231	-241	-253	-265	-277	…	…
(In percent of decision point projections)	…	-37.8	-66.6	-76.8	-72.0	-70.2	-61.4	-49.5	-43.0	-40.3	-35.6	-36.4	-37.1	-37.8	-38.5	-39.2	-39.8	-40.5	-41.2	-41.8	-42.5	…	…
(In percent of total shortfall of exports)	…	87.7	81.7	78.0	74.3	67.6	59.0	49.7	42.8	38.8	33.8	32.3	31.1	30.6	30.2	30.0	29.9	30.0	30.1	30.5	31.0	…	…
Coffee export price (U.S. dollars per kilogram)																							
Decision point projections	1.36	1.30	1.34	1.37	1.41	1.44	1.48	1.49	1.51	1.52	1.54	1.55	1.57	1.58	1.60	1.62	1.63	1.65	1.66	1.68	1.70	…	…
Current data and projections	1.36	1.02	0.64	0.46	0.54	0.59	0.66	0.75	0.84	0.85	0.87	0.88	0.90	0.92	0.93	0.95	0.97	0.98	1.00	1.02	1.04	1.06	1.08
(Excess/Shortfall in percent)	…	-21.2	-51.8	-66.3	-61.6	-59.2	-55.4	-50.0	-44.6	-44.2	-43.7	-43.2	-42.7	-42.2	-41.7	-41.2	-40.7	-40.2	-39.7	-39.2	-38.7	…	…
Coffee export volume (millions of 60 kg bags)																							
Decision point projections	3.8	3.9	4.1	4.4	4.5	4.8	4.9	4.9	5.0	5.1	5.2	5.4	5.5	5.6	5.7	5.8	5.9	6.0	6.2	6.3	6.4	…	…
Current data and projections	3.8	3.0	2.8	3.0	3.3	3.5	4.2	5.0	5.5	5.7	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
(Excess/Shortfall in percent)	…	-21.1	-30.7	-31.1	-27.1	-27.1	-13.4	1.1	9.0	10.7	12.4	12.0	9.9	7.7	5.6	3.5	1.5	-0.5	-2.5	-4.4	-6.2	…	…
Non-coffee merchandise exports																							
Decision point projections	242	283	335	380	434	496	558	625	698	777	863	957	1,059	1,170	1,291	1,423	1,566	1,721	1,889	2,072	2,271	…	…
Current data and projections	242	267	332	372	434	480	526	584	650	718	794	877	969	1,071	1,183	1,307	1,445	1,596	1,764	1,949	2,154	2,380	2,630
Excess/Shortfall	…	-16	-3	-7	0	-16	-32	-41	-48	-59	-70	-80	-90	-100	-108	-115	-121	-124	-125	-123	-117	…	…
(In percent of decision point projections)	…	-5.5	-1.0	-1.9	0.0	-3.3	-5.8	-6.6	-6.8	-7.6	-8.1	-8.4	-8.5	-8.5	-8.4	-8.1	-7.7	-7.2	-6.6	-5.9	-5.2	…	…
(In percent of total shortfall of exports)	…	12.1	1.3	2.1	0.0	3.7	7.2	9.3	10.4	12.0	13.6	14.3	14.7	15.3	15.6	15.7	15.7	15.4	14.9	14.2	13.1	…	…
Exports of services																							
Decision point projections	177	197	233	264	302	345	389	435	486	541	601	666	737	801	870	943	1,022	1,106	1,197	1,294	1,398	…	…
Current data and projections	185	197	188	193	207	221	237	254	271	300	331	366	404	447	494	546	603	666	736	813	899	993	1,098
Excess/Shortfall	8	0	-46	-71	-95	-124	-152	-181	-214	-241	-269	-300	-333	-354	-376	-398	-419	-440	-461	-481	-499	…	…
(In percent of decision point projections)	4.5	-0.1	-19.6	-26.8	-31.4	-35.9	-39.0	-41.7	-44.1	-44.6	-44.9	-45.1	-45.1	-44.2	-43.2	-42.1	-41.0	-39.8	-38.5	-37.2	-35.7	…	…
(In percent of total shortfall of exports)	…	0.2	17.1	19.9	25.8	28.7	33.8	41.1	46.8	49.2	52.7	53.4	54.2	54.1	54.2	54.2	54.4	54.6	54.9	55.4	55.9	…	…

Sources: Bank of Uganda; Ministry of Finance, Planning and Economic Development; and Bank/Fund staff estimates and projections.

1/ Decision point projections made at the time of the second HIPC decision point (January 2000).
2/ In relation to the average of three consecutive years of exports of goods and services ending in the current year.
3/ In relation to current year exports of goods and services.
4/ Exports of goods and services as defined in IMF *Balance of Payments Manual,* 5th edition, 1993.
5/ Includes IMF disbursements.
6/ The debt sustainability indicators presented in the decision point document accounted for only a small portion of new borrowing.
7/ The figure for 1999/2000 includes US$28.3 million of commercial credit.

Table 8. Uganda: Comparison of Discount Rate and Exchange Rate Assumptions
at End-June 1999 and End-June 2001 1/

	End-June 1999		End-June 2001	
	CIRR 1/	xchange rate 2/	CIRR 1/	xchange rate 2/
AED-United Arab Emirates Dirham	4.87	0.27	5.402	0.27
ATS-Austrian Schilling	4.61	0.08	5.760	0.06
BEF-Belgian Franc	4.61	0.03	5.760	0.02
CAD-Canadian Dollar	6.02	0.68	6.228	0.66
CHF-Swiss Franc	3.74	0.64	4.435	0.56
CNY-Chinese Yuan	4.87	0.12	5.402	0.12
KWR-Korean Won	4.87	0.0009	7.953	0.0008
DEM-Deutsche Mark	4.61	0.53	5.760	0.43
DOM-Domestic Currency: Uganda Shilling	4.87	0.00	5.402	0.00
ECU-European Currency Unit	4.61	1.03	5.760	0.85
ESP-Spanish Peseta	4.61	0.01	5.760	0.01
EUR-Euro	4.61	1.03	5.760	0.85
FIM-Finnish Markaa	4.61	0.17	5.760	0.14
AFU-African Development Bank Unit	4.87	1.34	5.402	1.25
FRF-French Franc	4.61	0.16	5.760	0.13
GBP-Great Britain Sterling	5.82	1.57	6.163	1.40
IQD-Iraqi dinar	4.87	0.03	5.402	3.22
ITL-Italian Lira	4.61	0.0005	5.760	0.0004
IDI-Islamic Dinars	4.87	1.34	5.402	1.25
JPY-Japanese Yen	2.32	0.01	1.758	0.01
KES-Kenyan Shilling	4.87	0.01	5.402	0.01
KWD-Kuwaiti Dinar	4.87	3.26	5.402	3.25
NLG-Netherland Guilder	4.61	0.47	5.760	0.38
NOK-Norwegian Kroner	6.02	0.13	7.785	0.11
PTE-Portugese Escudo	4.87	0.01	5.760	0.00
SAR-Saudi Arabian Riyal	4.87	0.27	5.402	0.27
SDR-Special Drawing Rights	4.87	1.34	5.402	1.25
BIF-Burundi Franc	4.87	0.0018	5.402	0.0012
USD-United States Dollar	6.00	1.00	6.200	1.00
DKK-Danish Kroner	4.81	0.14	6.045	0.11
IEP-Irish Pounds	4.61	1.31	5.760	1.08
LUF-Luxemburg Franc	4.61	0.03	5.760	0.02
SEK-Swedish Kronor	4.77	0.12	5.568	0.09

Sources: OECD; and IMF.

1/ The discount rates used are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ended in June 1999 for the Enhanced HIPC decision and completion points and in June 2001 for the current estimates.
2/ U.S. dollars per unit of currency. For all currencies for which the CIRRs are not available, the SDR discount rate is used as the proxy.

Table 9. Uganda: Sensitivity Analysis, 2000/01–2020/21 1/
(In percent; unless otherwise indicated)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Averages 2001/02-2010/11	Averages 2011/12-2020/21
Baseline Scenario																							
NPV of debt after HIPC assistance (millions of U.S. dollars)	1,147	1,280	1,410	1,531	1,651	1,766	1,887	2,014	2,150	2,297	2,451	2,606	2,753	2,898	3,043	3,186	3,327	3,466	3,603	3,709	3,802	1,843.8	3,239.2
Debt service after HIPC assistance (millions of U.S. dollars)	…	66	68	83	88	95	96	96	94	91	92	99	117	125	135	143	154	164	173	211	231	87.0	155.1
NPV of debt-to-export ratio 2/	170.9	199.0	208.7	206.7	198.0	188.2	178.4	170.6	164.7	160.4	156.6	153.2	148.6	143.6	138.2	132.6	126.8	120.8	114.8	107.9	101.0	183.1	128.7
NPV of debt-to-revenue ratio 3/	186.9	180.1	181.8	180.4	178.2	171.1	163.8	159.1	154.1	149.5	144.9	140.0	134.4	128.7	122.9	117.1	111.3	105.6	99.9	93.7	87.6	166.3	114.1
NPV of debt-to-GDP ratio	20.3	21.2	22.4	23.1	23.5	23.3	22.9	22.7	22.5	22.3	22.0	21.7	21.2	20.7	20.2	19.6	18.9	18.3	17.6	16.8	15.9	22.6	19.1
Debt service-to-export ratio 4/	…	10.2	9.1	10.0	9.5	8.9	8.1	7.4	6.5	5.8	5.4	5.3	5.8	5.7	5.6	5.5	5.4	5.2	5.1	5.6	5.6	8.1	5.5
Debt service-to-revenue ratio 3/	…	9.3	8.8	9.8	9.5	9.2	8.3	7.6	6.7	5.9	5.4	5.3	5.7	5.6	5.4	5.3	5.1	5.0	4.8	5.3	5.3	8.1	5.3
1. No recovery in coffee prices, borrowing unchanged																							
NPV of debt-to-export ratio 2/	170.9	199.0	210.3	210.7	205.5	199.6	194.2	189.1	184.2	179.5	174.9	170.3	164.3	157.9	151.2	144.4	137.3	130.2	123.2	115.4	107.5	194.7	140.2
NPV of debt-to-revenue ratio 3/	186.9	180.1	181.8	180.4	178.2	171.1	163.8	159.1	154.1	149.5	144.9	140.0	134.4	128.7	122.9	117.1	111.3	105.6	99.9	93.7	87.6	166.3	114.1
NPV of debt-to-GDP ratio	20.3	21.2	22.4	23.1	23.5	23.3	22.9	22.7	22.5	22.3	22.0	21.7	21.2	20.7	20.2	19.6	18.9	18.3	17.6	16.8	15.9	22.6	19.1
Debt service-to-export ratio 4/	…	10.2	9.3	10.4	10.0	9.7	9.1	8.3	7.3	6.5	6.0	5.9	6.4	6.2	6.1	5.9	5.8	5.6	5.4	6.0	6.0	8.7	5.9
Debt service-to-revenue ratio 3/	…	9.3	8.8	9.8	9.5	9.2	8.3	7.6	6.7	5.9	5.4	5.3	5.7	5.6	5.4	5.3	5.1	5.0	4.8	5.3	5.3	8.1	5.3
2. Lower GDP and export growth, with higher borrowing 5/																							
NPV of debt after HIPC assistance (millions of U.S. dollars)	1,147	1,280	1,421	1,553	1,684	1,812	1,945	2,085	2,234	2,394	2,563	2,733	2,895	3,056	3,215	3,374	3,531	3,685	3,837	3,959	4,067	1,897.1	3,435.3
Debt service after HIPC assistance (millions of U.S. dollars)	…	66	68	83	89	96	97	98	96	93	94	101	119	128	139	148	159	171	180	219	240	88.0	160.5
NPV of debt-to-export ratio 2/	170.9	199.0	212.4	215.8	213.5	209.7	205.2	202.4	201.6	202.5	203.9	205.7	205.8	205.1	203.4	201.1	198.1	194.4	190.3	184.4	177.8	206.6	196.6
NPV of debt-to-revenue ratio 3/	186.9	180.1	188.7	193.9	198.4	196.9	194.8	195.4	195.5	195.7	195.7	195.0	193.1	190.7	187.8	184.4	180.7	176.6	172.3	166.6	160.4	193.5	180.8
NPV of debt-to-GDP ratio	20.3	21.2	23.3	24.8	26.2	26.8	27.3	27.9	28.5	29.2	29.7	30.2	30.5	30.7	30.8	30.8	30.7	30.5	30.3	29.8	29.2	26.5	30.4
Debt service-to-export ratio 4/	…	10.2	9.4	10.7	10.4	10.1	9.4	8.8	8.0	7.4	7.1	7.2	8.0	8.1	8.3	8.3	8.4	8.5	8.4	9.6	9.8	9.1	8.5
Debt service-to-revenue ratio 3/	…	9.3	9.1	10.4	10.5	10.4	9.7	9.2	8.4	7.6	7.2	7.2	7.9	8.0	8.1	8.1	8.2	8.2	8.1	9.2	9.5	9.2	8.2
3. Higher IDA borrowing 6/																							
NPV of debt after HIPC assistance (millions of U.S. dollars)	1,147	1,280	1,421	1,553	1,684	1,812	1,945	2,085	2,234	2,394	2,563	2,733	2,895	3,056	3,215	3,374	3,531	3,685	3,837	3,959	4,067	1,897.1	3,435.3
Debt service after HIPC assistance (millions of U.S. dollars)	…	66	68	83	89	96	97	98	96	93	94	101	119	128	139	148	159	171	180	219	240	88.0	160.5
NPV of debt-to-export ratio 2/	170.9	199.0	210.3	209.7	202.0	193.0	183.9	176.5	171.1	167.2	163.8	160.6	156.3	151.4	146.1	140.5	134.5	128.4	122.2	115.2	108.0	187.7	136.3
NPV of debt-to-revenue ratio 3/	186.9	180.1	183.2	182.9	181.9	175.5	168.8	164.6	160.1	155.8	151.5	146.8	141.3	135.7	129.9	124.0	118.1	112.2	106.5	100.1	93.7	170.5	120.8
NPV of debt-to-GDP ratio	20.3	21.2	22.6	23.4	24.0	23.9	23.6	23.5	23.4	23.2	23.0	22.8	22.3	21.8	21.3	20.7	20.1	19.4	18.7	17.9	17.0	23.2	20.2
Debt service-to-export ratio 4/	…	10.2	9.1	10.1	9.6	9.0	8.2	7.5	6.6	6.0	5.5	5.5	5.9	5.8	5.8	5.7	5.6	5.4	5.3	5.8	5.8	8.2	5.7
Debt service-to-revenue ratio 3/	…	9.3	8.8	9.8	9.6	9.3	8.4	7.7	6.8	6.1	5.6	5.4	5.8	5.7	5.6	5.4	5.3	5.2	5.0	5.5	5.5	8.1	5.5
4. 20 percent of IDA disbursement in grants																							
NPV of debt after HIPC assistance (millions of U.S. dollars)	1,147	1,280	1,392	1,495	1,595	1,691	1,791	1,896	2,011	2,134	2,264	2,395	2,516	2,636	2,754	2,872	2,988	3,100	3,211	3,292	3,358	1,754.9	2,912.4
Debt service after HIPC assistance (millions of U.S. dollars)	…	66	68	82	87	93	94	94	91	88	89	95	112	120	128	135	144	153	161	197	216	85.3	146.1
NPV of debt-to-export ratio 2/	170.9	199.0	206.1	201.8	191.3	180.1	169.3	160.6	154.0	149.0	144.7	140.8	135.8	130.6	125.2	119.6	113.8	108.1	102.3	95.8	89.2	175.6	116.1
NPV of debt-to-revenue ratio 3/	186.9	180.1	179.5	176.0	172.2	163.8	155.5	149.8	144.1	138.9	133.9	128.7	122.8	117.0	111.2	105.6	99.9	94.4	89.1	83.2	77.4	159.4	102.9
NPV of debt-to-GDP ratio	20.3	21.2	22.1	22.5	22.7	22.3	21.8	21.4	21.0	20.7	20.3	19.9	19.4	18.8	18.2	17.6	17.0	16.3	15.7	14.9	14.1	21.6	17.2
Debt service-to-export ratio 4/	…	10.2	9.1	10.0	9.4	8.8	8.0	7.2	6.4	5.7	5.2	5.1	5.6	5.4	5.3	5.2	5.0	4.9	4.7	5.3	5.3	8.0	5.2
Debt service-to-revenue ratio 3/	…	9.3	8.7	9.7	9.4	9.0	8.2	7.4	6.5	5.7	5.2	5.1	5.5	5.3	5.2	5.0	4.8	4.7	4.5	5.0	5.0	7.9	5.0
5. 50 percent of IDA disbursement in grants																							
NPV of debt after HIPC assistance (millions of U.S. dollars)	1,147	1,280	1,365	1,440	1,511	1,577	1,646	1,720	1,801	1,890	1,985	2,079	2,161	2,242	2,322	2,402	2,479	2,553	2,625	2,666	2,694	1,621.6	2,422.2
Debt service after HIPC assistance (millions of U.S. dollars)	…	66	67	81	86	91	91	91	87	84	84	89	106	111	118	123	130	137	143	177	194	82.8	132.7
NPV of debt-to-export ratio 2/	170.9	199.0	202.1	194.4	181.3	168.0	155.7	145.7	137.9	132.0	126.9	122.2	116.7	111.1	105.5	100.0	94.4	89.0	83.6	77.6	71.5	164.3	97.2
NPV of debt-to-revenue ratio 3/	186.9	180.1	176.0	169.6	163.2	152.8	142.9	135.8	129.1	123.0	117.3	111.7	105.5	99.6	93.8	88.3	82.9	77.7	72.8	67.4	62.0	149.0	86.2
NPV of debt-to-GDP ratio	20.3	21.2	21.7	21.7	21.5	20.8	20.0	19.4	18.8	18.3	17.8	17.3	16.7	16.0	15.4	14.7	14.1	13.4	12.8	12.1	11.3	20.1	14.4
Debt service-to-export ratio 4/	…	10.2	9.0	9.8	9.2	8.6	7.7	7.0	6.1	5.4	4.9	4.8	5.3	5.1	4.9	4.7	4.5	4.4	4.2	4.7	4.7	7.8	4.7
Debt service-to-revenue ratio 3/	…	9.3	8.7	9.5	9.2	8.8	7.9	7.2	6.3	5.4	4.9	4.8	5.2	4.9	4.7	4.5	4.3	4.2	4.0	4.5	4.5	7.7	4.6

Sources: Ugandan authorities; and Bank/Fund staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) external debt after full application of traditional debt relief mechanisms and delivery of original and enhanced HIPC assistance.
2/ Exports of goods and services as defined in IMF *Balance of Payments Manual,* 5th edition, 1993. Based on the average of exports for the previous three years (e.g., average of exports over 1998/99-2000/01 for NPV of debt-to-exports ratio in 2000/01).
3/ Revenues are defined as central government revenues, excluding grants.
4/ Based on current-year exports of goods and services as defined in IMF *Balance of Payments Manual,* 5th edition, 1993.
5/ Annual GDP and export growth lower by 3 percentage points over the 20-year projection period. Government revenue relative to GDP unchanged from baseline case. Government spending declines so that the additional borrowing requirement is US$30 million a a year financed on IDA terms.
6/ Higher IDA borrowing by US$30 million a year, beginning in 2002/03.

Table 10. Uganda: Comparison of Full and Actual HIPC Delivery in Nominal and NPV of Debt at End-June 2001
(In million of U.S. dollars)

	Nominal Debt			NPV of Debt		
	After Full HIPC Delivery	After Actual HIPC Delivery 1/	Difference	After Full HIPC Delivery	After Actual HIPC Delivery 1/	Difference
Total	**3,094.7**	**3,408.7**	**-313.9**	**1,147.2**	**1,468.7**	**-321.5**
Multilateral creditors	**2,882.3**	**2,882.3**	**-**	**1,035.1**	**1,042.9**	**-7.8**
IDA	2,089.0	2,089.0	-	676.9	676.9	-
IFC	1.0	1.0	-	0.6	0.6	-
IMF	292.1	292.1	-	160.3	160.3	-
AfDB/F	345.1	345.1	-	121.8	121.8	-
IFAD	53.6	53.6	-	19.3	19.3	-
EU/EIB	44.2	44.2	-	27.6	27.6	-
Nordic Development Fund	20.4	20.4	-	6.8	6.8	-
OPEC Fund	16.5	16.5	-	9.3	14.8	-5.5
BADEA	10.7	10.7	-	6.4	6.4	-
East African Development Bank	2.8	2.8	-	1.8	3.0	-1.2
Islamic Development Bank	4.0	4.0	-	2.4	2.4	-
PTA Bank	2.8	2.8	-	1.8	2.9	-1.1
Shelter Afrique	0.1	0.1	-	0.1	0.1	0.0
Bilateral creditors	**180.6**	**478.5**	**-297.9**	**81.0**	**377.8**	**-296.7**
Paris Club creditors	115.0	126.0	-11.0	43.3	52.7	-9.3
Austria	16.7	16.7	-	10.2	10.2	-
France	8.9	8.9	-	-	-	-
Germany	-	-	-	-	-	-
Israel	-	-	-	-	-	-
Italy	0.0	10.9	-10.9	0.0	9.2	-9.2
Japan	50.4	50.4	-	-	-	-
Norway	0.8	0.9	-0.1	0.8	0.9	-0.1
Spain	35.0	35.0	-	28.9	28.9	-
Sweden	3.3	3.3	-	3.5	3.5	-
United Kingdom	0.0	0.0	-	0.0	0.0	-
United States	0.0	0.0	-	-	-	-
Non-Paris Club creditors	**65.6**	**352.5**	**-286.9**	**37.7**	**325.1**	**-287.4**
United Arab Emirates	0.5	3.7	-3.3	0.5	3.7	-3.3
Burundi	0.2	5.3	-5.1	0.2	5.3	-5.1
China	5.3	20.1	-14.8	2.9	13.3	-10.5
India	8.2	82.5	-74.3	7.2	82.5	-75.3
Iraq	0.3	3.5	-3.2	0.3	3.5	-3.3
Kuwait	6.7	25.9	-19.2	2.7	12.1	-9.5
Lybia	27.2	125.7	-98.5	13.3	125.2	-111.9
Nigeria	3.4	11.4	-8.1	1.4	11.3	-9.9
Pakistan	0.3	2.8	-2.4	0.3	2.8	-2.5
Saudi Arabia	3.2	9.3	-6.1	0.8	4.2	-3.4
South Korea	3.4	4.0	-0.6	1.3	2.9	-1.6
Tanzania	7.0	58.3	-51.3	7.0	58.3	-51.3
Commercial creditors	**31.9**	**47.9**	**-16.0**	**31.1**	**48.0**	**-16.9**
Italy	0.0	0.3	-0.3	0.0	0.3	-0.3
Panama	0.0	0.1	-0.1	0.0	0.1	-0.1
Spain	0.1	1.0	-0.9	0.1	1.0	-0.9
United Kingdom	1.1	9.4	-8.3	1.1	9.4	-8.3
USA	27.3	27.3	0.0	27.4	27.4	0.0
Yugoslavia	0.9	7.3	-6.5	0.9	7.3	-6.5
CTO	2.4	2.4	-	1.5	2.4	-0.9

Source: Ugandan authorities.

1/ Excludes HIPC relief from creditors that have not yet reached agreement with the Ugandan authorities: Multilateral creditors include OPEC Fund, Shelter Afrique, PTA Bank, and East African Development Bank; Non-Paris Club creditors include Burundi, India, Iraq, South Korea, Libya, Nigeria, Pakistan, Tanzania, and United Arab Emirates; Commercial Creditors include Italy, Panama, Spain, United Kingdom, and Yugoslavia.

Table 11. Uganda: Status of HIPC Agreements by Creditor 1/

	Enhanced HIPC Relief US$ millions	Agreement to Provide HIPC Relief?	Modalities/ Comments
Total	**655.9**		
Total relief agreed upon	627.2	yes	There is an agreement to provide 96% of the total HIPC relief committed.
Relief not yet agreed on	28.7	no	4% of the total HIPC relief committed are still subject to negotiations.
Multilateral	**545.7**		
IDA	356.6	yes	Debt service reduction on eligible stock outstanding as at June 30, 1999, except on PPFs and IDA administered EEC loan.
IMF	90.9	yes	Debt service reduction on principal of stock outstanding as at June 30, 1999.
AfDB/F	59.3	yes	Debt service reduction commenced January 2002.
IFAD	10.1	yes	Debt service reduction on eligible stock. IFAD to advise details of application periodically.
EU/EIB	14.1	yes	Reconciliation completed awaiting final agreement. Loan for relief earmarked.
Nordic Development Fund	3.7	yes	Reconciliation completed. Not servicing outside eligible period and awaiting final agreement.
OPEC Fund	5.1	no	No agreement reached yet on both HIPC I & II. GOU not servicing maturities.
BADEA	4.1	yes	Delivering through rescheduling of all loans outstanding at completion point.
East African Development Bank	0.7	no	No agreement in place.
Islamic Development Bank	0.5	yes	Delivering through rescheduling of arrears outstanding at completion point.
PTA Bank	0.5	no	No decision taken on participation.
Shelter Afrique	0.1	no	No agreement in place.
Paris Club creditors	**73.1**		
Austria	6.8	yes	Agreement signed for 18% cancellation on post-cut off debt.
Finland	1.1	yes	Cancelled the debt.
France	6.7	yes	100% cancellation on pre-cut off debt. 18% cancellation of post cut-off debt. Signed new agreement for the balance of 82%. Government continues to service debt, refund made later.
Germany	0.4	yes	100% cancellation of pre-cut off debt.
Israel	1.9	yes	100% cancellation of pre-cut off debt.
Italy	20.3	yes	Agreement signed for 100% cancellation of post and pre-cut off debt.
Japan	16.5	yes	One agreement providing a grant has so far been signed.
Norway	0.1	yes	Agreement signed for 18% cancellation of post-cut off debt.
Spain	13.5	yes	Agreement signed for 18% cancellation of post-cut off debt.
Sweden	1.7	yes	Agreement signed for 18% cancellation of post-cut off debt.
United Kingdom	4.0	yes	Agreement signed for 100% cancellation of pre cut-off debt.
United States	0.1	yes	Agreement signed for 100% cancellation of pre cut-off debt.
Non-Paris Club creditors	**29.0**		
United Arab Emirates	0.3	no	No correspondence.
Burundi	0.1	no	Debt stock is higher than stated in HIPC documents by $4.2 million.
China	2.8	yes	Written off part of the loan. Negotiating terms for remaining balance.
India	3.7	no	No agreement has been reached but negotiations are ongoing.
Iraq	0.0	no	Has filed an intention to sue the GOU. Debt stock is higher than stated in HIPC documents by $3.5 million.
Kuwait	6.6	yes	Agreement has been signed.
Libya	8.2	no	No agreement has been reached but negotiations are ongoing.
Nigeria	0.9	no	No agreement in place.
North Korea	0.3	no	GOU paid claims in full before enhanced HIPC.
Pakistan	0.3	no	Agrees to participate in principle but no agreed terms yet.
Rwanda	0.6	yes	Loan has been cancelled.
Saudi Arabia	1.5	yes	Agreement has been signed.
South Korea	0.6	no	Has indicated its intent to participate in the Initiative.
Tanzania	3.2	yes	Buyback at 15% of face value implemented on half of debt, remainder subject to Tanzania providing proof of authenticity of claim.
Commercial creditors	**8.0**		
Italy	0.1	no	No correspondence.
Panama	0.0	no	No correspondence.
Spain	0.5	no	Judgment reached: GOU liable to pay US$2.7 million inclusive of court costs. GOU appealing decision.
United Kingdom	5.0	no	Judgment reached: GOU liable to pay US$20.6 million inclusive of court costs. GOU appealing decision.
Yugoslavia	2.4	no	Judgment reached: GOU liable to pay US$10.5 million inclusive of court costs, of which US$5 million has been paid.

Sources: Ugandan authorities; and Bank/Fund staff estimates.

1/ Figures are based on end-June 1999 data, using end-June 1999 exchange rates and the six-month average Commercial Interest Reference Rate (CIRR) at end-June 1999.