



MEDIUM-TERM DEBT MANAGEMENT STRATEGY 2026/27 – 2029/30

**MINISTRY OF FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT**



MARCH, 2026



MEDIUM-TERM DEBT MANAGEMENT STRATEGY 2026/27 – 2029/30

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

MARCH, 2026

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ABBREVIATIONS AND ACRONYMS

AFD	French Agency for Development
ADB	African Development Bank
ADF	African Development Fund
ATM	Average Time to Maturity
ATR	Average Time to Refixing
BADEA	Arab Bank for Economic Development in Africa
BOU	Bank of Uganda
CAS	Credit Adjustment Spread
CFR	Charter for Fiscal Responsibility
DOD	Debt Disbursed and Outstanding
EIB	European Investment Bank
EURIBOR	Euro Interbank Offered Rate
FX	Foreign Exchange
GDP	Gross Domestic Product
GoU	Government of Uganda
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IR	Interest Rate
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
MoFPED	Ministry of Finance, Planning and Economic Development
MTDS	Medium-Term Debt Management Strategy
MTFF	Medium-Term Fiscal Framework
NDF	Net Domestic Financing
NDP	National Development Plan
PIFS	Public Investment Financing Strategy
PV	Present Value
SOFR	Secured Overnight Financing Rate



FOREWORD

Pursuant to Section 12(10)(a)(iv) of the Public Finance Management Act (PFMA), CAP. 171., the Minister of Finance, Planning and Economic Development is required to submit to Parliament a strategy outlining the Government's debt and other financial liabilities for the forthcoming financial year in relation to the annual budget. This strategy must be tabled by 1st April each year and included as part of the accompanying budget documentation.

In compliance with this requirement, Government prepares an annual Medium-Term Debt Management Strategy (MTDS), which sets out the borrowing plan for the year, detailing its borrowing sources from both the external and domestic markets.

The FY2026/27 strategy is designed not only to address the Government's financing requirements but also to maintain a debt portfolio that is appropriately balanced in terms of cost and risk. It also ensures a strong capacity to meet debt obligations based on current and expected revenue flows. In this regard, the plan reinforces the Government's commitment to transparency and accountability in management of public debt. Beyond the FY2026/27 borrowing framework, this report reviews FY2024/25 performance and half-year results for FY2025/26 debt management strategies.

I hereby present the FY2026/27 Medium-Term Debt Management Strategy to guide financing the budget processes.

For God and My Country.

Matia Kasaija (MP)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT



PREFACE

The management of public debt is critical to the Government's broader commitment to fiscal sustainability, macroeconomic stability, and the delivery of development outcomes for all Ugandans. It is in this spirit that I am pleased to present the Medium-Term Debt Management Strategy (MTDS) for FY 2026/27, which articulates the Government's plan for financing its fiscal operations and managing public debt obligations over the financial year and the medium term.

This strategy has been prepared in accordance with Section 12(10)(a)(iv) of the Public Finance Management Act (PFMA), CAP 171, which mandates the Government to present a plan for managing public debt as an integral component of the annual budget process. In fulfilling this obligation, the MTDS serves as a compliance and strategic instrument that guides borrowing decisions and reinforces investor and public confidence in Uganda's fiscal framework.

The total public debt stock stood at Ushs 126.19 trillion as at end December 2025, equivalent to a debt-to-GDP ratio of 52.7%, which remains within sustainable limits. This notwithstanding, the Government remains cognizant of the need to manage debt prudently, given the evolving global financing environment, tightening external credit conditions, and the need to contain the cost of debt service on the national budget.

The FY2026/27 MTDS was developed by my Ministry in close consultation with the National Planning Authority, Bank of Uganda, and Parliamentary Budget. The rigorous process required evaluation of four alternative financing scenarios using the IMF/World Bank MTDS Analytical Tool against the current macroeconomic assumptions. Following this comprehensive assessment, the team identified Strategy 3 (S3) as that plan which will deliver the debt portfolio with the most optimum cost and prudent risk in the next 4 years.



The Government remains resolute in its commitment to transparent, accountable, and prudent management of public debt. The successful implementation of this strategy will be critical in supporting Uganda's continued economic transformation, sustaining investor confidence, and advancing the country's development aspirations.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.

Ramathan Ggoobi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY



EXECUTIVE SUMMARY

This Medium-Term Debt Management Strategy (MTDS) outlines the Government's approach to financing its fiscal operations and managing public debt for FY2026/27 and the medium term. The strategy provides a structured framework for mobilizing resources needed to support the national budget while maintaining a sustainable level of public debt. It also guides decisions on the appropriate mix of domestic and external borrowing in order to balance financing costs with potential risks.

Preparation of the annual MTDS is guided by the requirements of the Public Finance Management Act (PFMA), Cap 171 in Section 12(10)a(iv) which requires Government to present a plan for managing public debt and related financial liabilities as part of the annual budget process. In this regard, the strategy plays a key role in informing borrowing decisions and ensuring that public debt remains manageable over time.

The main objective of the FY2026/27 strategy is to secure the resources required to finance Government programmes at the lowest possible cost while maintaining a prudent level of risk. Achieving this objective involves carefully selecting borrowing instruments and determining an appropriate balance between domestic and external sources of financing.

This strategy aims at achieving the following specific objectives:

- i. Minimizing the share of interest payments to domestic revenue in order to reduce debt service burden on the budget.
- ii. Managing refinancing risk to attain a smooth and predictable debt maturity profile that minimizes rollover pressure.
- iii. Supporting development of the domestic debt market to avail more financing at minimal cost.
- iv. Informing the resource envelope on the optimal composition of borrowing for financing the fiscal deficit.



In developing this strategy, Government assessed several possible borrowing options based on macroeconomic assumptions consistent with those used in the December 2025 Debt Sustainability Analysis (DSA). These assumptions take into account projected economic growth, fiscal performance, interest rate movements, and expected developments in both domestic and international financial markets.

Four alternative financing scenarios were analyzed, each representing a different combination of domestic and external borrowing. These options were evaluated to determine their implications for the cost and risk profile of the public debt portfolio.

These scenarios included:

- 1. Strategy 1 (S1) Baseline scenario:** This mirrors the on-going borrowing structure being implemented by Government, with an average financing mix of 34% external borrowing and 66% domestic borrowing over the medium term.
- 2. Strategy 2 (S2) Increased Domestic Borrowing:** The scenario represents significant increase in domestic borrowing to a share of 77% and external financing reduced to 23%.
- 3. Strategy 3 (S3) Gradual Increase in External Borrowing:** This scenario increases the share of external borrowing to 38%, while domestic borrowing declines to 62%, on average over the medium term.
- 4. Strategy 4 (S4) Reduction in Domestic borrowing:** This strategy significantly reduces the share of domestic borrowing to 59% while reducing external borrowing to 41%, on average in the medium term.

Following the assessment of the proposed scenarios, the preferred strategy 3 (S3), was identified as the one that moderately increases the share of external borrowing while gradually reducing reliance on domestic financing. This plan provides a more feasible approach and balances borrowing costs and associated risks, while supporting diversification of financing sources.



The total gross financing requirement for FY2026/27 is projected at Ushs 34.58 trillion. Government plans to mobilize these resources through a combination of domestic and external financing sources in a ratio of 65% domestic borrowing and 35% external borrowing.

Despite the planned borrowing strategy, several risks could affect the successful implementation of the MTDS. These include the possibility of higher-than-expected new expenditure needs, which could increase the fiscal deficit and require additional borrowing. In addition, unfavourable movements in financial markets, such as rising interest rates or exchange rate depreciation, may increase borrowing costs and the overall debt service burden.

To mitigate these risks, it is important that Government aligns borrowing decisions with the financing framework outlined in this strategy. Effective implementation of the MTDS will support sustainable public debt management, strengthen confidence in Government's fiscal framework, and contribute to overall macroeconomic stability.

The document is structured in two main sections. The first section presents the FY2026/27 Debt Financing and Management Strategy, while the second section reviews the performance of previous strategies, including the FY2024/25 MTDS outcomes and the half-year implementation results for FY2025/26, together with an analysis of the public debt portfolio as at the end of December 2025.

SECTION ONE

- **INTRODUCTION**
- **FY 2026/27 DEBT FINANCING AND MANAGEMENT STRATEGY**



1 INTRODUCTION

1.1 Introduction

In accordance with Section 12(10)(a)(iv) of the Public Finance Management Act (PFMA), CAP. 171, Government of Uganda develops an annual Medium-Term Debt Management Strategy (MTDS) outlining a plan for public debt and any other financial liabilities in relation to the annual budget.

The strategy provides a medium-term framework for acquiring both external and domestic debt, with the objective of maintaining a Government debt portfolio that minimises costs while keeping risks at a prudent level. The borrowing requirement for each financial year is determined by the annual fiscal deficit, which represents the Government's financing needs.

The mix of external and domestic funding sources is determined by assessing which combination best meets the Government's financing needs at the lowest cost and with acceptable risk over the medium term. The practicality of the proposed borrowing mix is also evaluated, taking into account factors such as the ease of access, availability, and the speed with which funds can be mobilized from the selected financing sources or instruments within the required timeframe.

Four alternative borrowing scenarios with varied proportions of external and domestic borrowing are evaluated to determine Government's most feasible debt management strategy for the medium term. The feasibility of a borrowing strategy is determined by its ability to secure financing within the required timeframe, the conditionalities attached to the financing instruments, and the associated cost and risk implications, along with other key considerations affecting implementation.

The FY2026/27 Medium-Term Debt Management Strategy represents the 12th edition of this annual publication. It has been developed with the overarching objective of meeting Government's financing requirements at the lowest possible cost, while maintaining a prudent level of risk. The strategy is based on macroeconomic assumptions consistent with those used in the December 2025 Debt Sustainability Analysis (DSA), including forecasts for Gross Domestic Product (GDP), Government revenues and expenditures, and international reserves.



1.2 Overall Objective

The overall objective of the FY 2026/27 MTDS is to meet Government's financing needs at the lowest possible cost that is consistent with a prudent level of risk by selecting an optimal balance between domestic and external borrowing sources.

1.2.1 Specific objectives

Through implementation of this strategy, Government intends to achieve the following:

- i. To minimize the share of interest payments to domestic revenue in order to reduce debt service burden on the Government budget.
- ii. To manage refinancing risk to attain a smooth and predictable debt maturity profile that minimizes rollover pressure.
- iii. To support development of the domestic debt market to avail more financing at minimal cost.
- iv. To inform the resource envelope on the optimal composition of borrowing for financing the fiscal deficit.

1.3 Scope of the Strategy

This strategy covers loans and debt instruments contracted by the Central Government, including borrowing on behalf of Local Governments (LGs) and State-Owned Enterprises (SOEs) under the oversight of the Ministry of Finance, Planning and Economic Development (MoFPED). It does not include Government-guaranteed debt, which represents less than 0.1% of GDP (approximately USD 48 million). Other financial obligations, such as currency and deposit liabilities, pensions, standardized guarantee schemes, and other accounts payable, are not covered in this strategy.



2 FY 2026/27 DEBT FINANCING AND MANAGEMENT STRATEGY

Four alternative financing scenarios were proposed during the formulation of the FY 2026/27 Medium-Term Debt Management Strategy. Each scenario reflected a different combination of external and domestic borrowing, as follows:

1. **Strategy 1 (S1) Baseline scenario:** This strategy is the borrowing plan that Government is implementing currently in FY 2025/26. It is composed of 34% external borrowing and 66% domestic.
2. **Strategy 2 (S2) Increased Domestic Borrowing:** The scenario represents a significant increase in domestic borrowing to a share of 77% from 66% in S1, and a reduction of external financing from 34% to 23%.
3. **Strategy 3 (S3) Gradual Increase in External Borrowing:** This scenario increases the share of external borrowing to 38%, while domestic borrowing declines to 62% on average over the medium term.
4. **Strategy 4 (S4) Reduction in Domestic borrowing:** This strategy significantly reduces the share of domestic borrowing to 59% while increasing external borrowing to 41% on average in the medium term.

The four financing options were evaluated using medium-term macroeconomic assumptions consistent with those applied in the December 2025 Debt Sustainability Analysis (DSA). The projected borrowing requirement is derived from the fiscal deficit estimates presented in Table 1.

Similar domestic and external interest rate assumptions were applied across all four borrowing proposals to assess which mix would deliver the lowest cost and the most prudent risk profile. The interest rate projections were based on prevailing conditions and expected trends in both domestic and international financial markets.



2.1 Key Macro Economic Assumptions

2.1.1. Real GDP growth

Uganda's economy is projected to expand by 6.6% in FY2025/26, with growth expected to accelerate to 10.2% in FY2026/27, before stabilizing at an average of slightly above 7% annually over the medium term. This performance is anticipated to be driven by broad-based growth across major sectors of the economy.

Economic activity is expected to gain further momentum from developments in the oil and gas sector, particularly with the anticipated commencement of first oil production in FY2026/27. In addition, improved agricultural productivity and agro-processing are projected to support growth, largely driven by the implementation of the Parish Development Model, expanded access to irrigation equipment and agricultural machinery, enhanced extension services, and improved access to regional and international markets.

The services sector is projected to grow, underpinned by investments in tourism infrastructure and the hosting of high-profile international events, including the Africa Cup of Nations. Similarly, the industrial sector is expected to expand, driven by continued infrastructure development and improved energy access, which are anticipated to catalyze manufacturing activity.

Growth in the medium term will further be supported by implementation of the a ten-fold growth strategy focused on Agro-industrialization, Tourism, Mineral development including oil and gas, and Science and technology. These sectors have been identified as having strong multiplier effects and are expected to raise medium-term growth to above 7% per year on average.

2.1.2. Fiscal deficit

The fiscal deficit is projected to rise to 7.9% of GDP by the end of FY 2025/26. However, as a result of Government's investments and resultant growth prospects, the deficit is expected to decline to 3.5% by FY 2029/30.

The decline in the fiscal deficit is majorly attributed the growth in revenues majorly from the anticipated oil revenues expected to start coming in FY2026/27 and will increase in the medium term.



2.1.3. Revenue and grants

Revenue and grants as a percentage of GDP are expected to increase to 16.0% in FY 2025/26 from 14.7% in FY 2024/25. This is projected to increase steadily over the medium term to 18.3% in FY 2029/30. This positive outlook is attributed to Government of Uganda's efforts to implement the Domestic Revenue Mobilisation Strategy (DRMS) and expected returns from investments in the oil and gas sector. Table 1 provides detailed macroeconomic assumptions.

Table 1: Macroeconomic Assumptions, Ushs Trillions

FY	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Macro Indicators	Outturn	Projections				
Indicators in Nominal terms						
Total revenue and grants	33.43	39.86	46.12	56.17	64.34	74.62
o/w Revenue	32.08	37.25	44.64	54.91	63.25	73.69
Total Expenditure	47.15	59.57	63.56	72.40	79.69	88.89
o/w Interest payments	8.39	11.64	13.47	15.87	17.29	18.53
o/w Primary Expenditure	38.76	47.93	50.09	56.53	62.39	70.36
Overall Fiscal deficit	-13.72	-19.71	-17.44	-16.23	-15.35	-14.28
Primary deficit	-5.32	-8.07	-3.96	-0.36	1.94	4.26
As percent of GDP						
Total revenue and grants	14.7%	16.0%	16.0%	17.3%	17.7%	18.3%
o/w Revenue	14.1%	14.9%	15.5%	16.9%	17.4%	18.1%
Total Expenditure	20.7%	23.9%	22.0%	22.3%	21.9%	21.9%
o/w Interest payments	3.7%	4.7%	4.7%	4.9%	4.7%	4.6%
o/w Primary Expenditure	17.0%	19.2%	17.4%	17.4%	17.1%	17.3%
Overall Fiscal deficit	-6.0%	-7.9%	-6.0%	-5.0%	-4.2%	-3.5%
Primary deficit	-2.3%	-3.2%	-1.4%	-0.1%	0.5%	1.0%
Memorandum items						
Real GDP growth	6.3%	6.6%	10.2%	7.8%	7.2%	6.7%
Nominal GDP	227.87	249.36	288.49	325.23	364.43	406.64

Source: Macro Economic Policy Department (MEPD), MoFPED



2.2 Financial Market Rates Assumptions

2.2.1 External interest rates assumptions

Assumptions regarding external borrowing were informed by current and anticipated conditions in international financial markets, taking into account historical patterns and the overall market outlook. The analysis also incorporated key benchmark reference rates commonly used for variable-rate loans, including the six-month Secured Overnight Financing Rate and the Euro Interbank Offered Rate, as well as expected global interest rate trends and lender-specific pricing margins. These rates were applied in estimating costs for non-concessional and commercial loans with variable interest rates.

It is expected that new financing from World Bank (WB) and African Development Fund (AfDB) windows will be secured at current fixed interest rates on concessional terms. The same rates will apply for committed and pipeline loans on concessional, semi-concessional and non-concessional borrowing throughout the medium term.

2.2.2 Domestic interest rates assumptions

Projections for domestic debt interest rates on new financing over the next five years were based on:

- i. The weighted interest rates for the half year and prevailing secondary market interest rates for FY 2025/26 and;
- ii. Anticipated GDP growth, inflation path, fiscal deficit and improvements in the domestic financial market.

2.3 Analysis of the Proposed Financing Strategies

Table 2 presents the projected cost and risk indicators for each of the four proposed strategies as at FY2029/30, based on the applied macroeconomic and financial market assumptions. The table uses a color-coded system to highlight the range of outcomes, with **green** representing the lowest cost and risk levels and **red** indicating the highest.



Table 2: Cost and Risk of the Four Proposed Strategies at end 2030

		2025	As at end 2030			
		Outturn	S1	S2	S3	S4
Cost Indicators						
Nominal debt as percent of GDP		50.86	48.49	48.67	48.21	48.16
Interest payment as percent of GDP		4.53	4.32	4.46	4.19	4.18
Risk Indicators						
Refinancing risk	<i>Debt maturing in 1yr (percent of total)</i>	10.90	11.70	16.60	9.76	9.48
	<i>ATM External Portfolio (years)</i>	9.84	10.81	10.63	10.72	10.81
	<i>ATM Domestic Portfolio (years)</i>	7.40	8.87	7.82	9.82	9.79
Interest rate risk	<i>ATR (years)</i>	8.24	8.95	8.33	9.49	9.47
	<i>Debt refixing in 1yr (percent of total)</i>	19.13	26.94	28.40	23.83	24.85
	<i>Fixed rate debt (percent of total)</i>	83.99	79.74	78.62	82.47	81.39
FX risk	<i>FX debt as % of total</i>	47.94	45.79	39.38	46.91	48.20
	<i>ST FX debt as % of reserves</i>	25.88	15.55	15.30	16.23	16.28

Source: Debt Policy and Issuance Department (DPID), MoFPED

Key

- Lowest Cost and Risk
- Second Lowest
- Third Lowest
- Highest Cost and Risk

2.3.1 Strategy 1 (S1): Baseline strategy (34:66)

Strategy 1 reflects the plan that Government is implementing this FY 2025/26. It is based on the current macroeconomic framework. On average, it highlights a borrowing mix of external and domestic in a ratio 34:66 in the next four years. This Strategy provides a moderate foreign exchange rate risk however it exposes Government to high interest costs.

It provides a high debt-to-GDP ratio of 48.49%, a moderate foreign currency risk with a share of foreign debt as a percent of total at 45.79%, and short-term foreign currency debt to reserves of 15.55% in the medium term.



2.3.2 Strategy 2 (S2): Increased domestic borrowing (23:77)

This Strategy assumes a reduction in external borrowing to a share of 23% and a significant increase in domestic borrowing to 77%, on average over the medium term.

Strategy 2 projects a debt-to-GDP ratio of 48.67% and interest payments-to-GDP ratio of 4.46% by end June 2030. It carries the highest interest costs, refinancing risks, and interest rate risks. Nonetheless, its emphasis on local currency borrowing minimizes foreign exchange risk, yielding the lowest short-term forex debt as a percentage of reserves of 15.30%, the smallest share of foreign debt in total debt, and the lowest proportion of fixed-rate debt relative to total debt.

This borrowing mix, however, risks crowding out private sector credit and escalating interest costs due to heightened domestic Government borrowing.

2.3.3 Strategy 3 (S3): Gradual Increase in external borrowing (38:62)

This strategy assumes a gradual increase in external borrowing to a share of 38%, and reduces domestic to 62%. The reduction in domestic borrowing is primarily intended to reduce the debt service burden on Government by reducing the interest cost associated with domestic borrowing as well as prevent crowding out of credit to the private sector.

This strategy leverages non-traditional financing options, thereby aligning with the Public Investment Financing Strategy's (PIFS) objectives. The PIFS seeks to mobilize additional funding from innovative sources to address the Government's growing development needs.

Strategy 3 delivers a combination of moderate levels of interest costs, refinancing risks, and interest rate risks. By end of FY 2029/30, it projects a nominal debt-to-GDP ratio of 48.21%, interest payments to GDP of 4.19%, and debt maturing within one year at 9.76%. It also provides the longest average time to maturity for the domestic debt portfolio at 9.82 years, average time to refixing at 9.49 years, and the highest share of fixed rate debt as a percent of total at 82.47%.



However, due to increased external borrowing, the strategy poses the highest risk of short-term foreign currency debt as a percent of reserves at 16.23%. This is because most of the expected funding sources were considered to be from short term instruments like international bonds.

2.3.4 Strategy 4: Ideal Strategy (41:59)

This strategy considers a radical reduction in domestic borrowing to 59% and significant increase in the share of external borrowing to 41%.

Strategy 4 emerges with the least cost of public debt with a nominal debt to GDP of 48.16% and interest payment to GDP of 4.18%. In addition, it provides the least debt maturing in one year and longest average time to maturity of external and total debt and smallest share of T-bills as a percent of total, thus giving the most preferred risks of the mentioned indicators by FY 2029/30. This is attributed to the significant reduction in domestic borrowing in this scenario.

However, due to the radical increase in external borrowing, the strategy performs poorly in interest rate risks and poses the highest foreign currency debt as a percent of total at 48.20%. This is mainly as a result of the significant shift to external funding sources that mainly are commercial in nature with variable interest rates. The implementation of this scenario is hindered by the difficulty in accessing and securing adequate funding from the external debt market, especially considering that it proposes a significant increase in external financing relative to the Government's current practice.

2.4 Recommended Debt Financing and Management Strategy

Of the four alternatives, **Strategy 3** was found as the most feasible plan with a borrowing mix that gradually reduces domestic borrowing while increasing external borrowing in the medium term. This Strategy provides a borrowing composition of 38% external and 62% domestic borrowing, on average in the medium term although in FY 2026/27, it will provide a ratio of 35:65 for external to domestic borrowing respectively.



This strategy provides the most affordable balance in cost and risk of the debt portfolio. It is designed to progressively incorporate alternative financing sources such as Islamic financing as elaborated in the Public Investment Financing Strategy (PIFS).

2.5 FY 2026/27 Borrowing Plan

Table 3 provides the FY 2026/27 borrowing plan which was generated from strategy 3. The plan provides a share of 35:65 for external to domestic borrowing respectively.

Table 3: FY 2026/27 Borrowing Plan and Financing Sources

Creditor Category	Creditors	Gross Financing
ADF_Fixed	IDA/ADF	6.37%
Concessional_Fx	AFD, JICA, BADEA, IDB, IFAD	4.33%
Semi-Concessional_Fx	IMF, OPEC FUND, ADB Fx, BADEA, IDB	3.90%
Non-Concessional_Fx	China Fx, KFW, JBIC, Spain	1.15%
Non-Concessional_Var	KFW, AKA, COMMERZ, UKEF, ECAs,	2.34%
Commercial_Fx	Panda Bond, Sukuk Bond, BADEA	0.16%
Commercial_Var	ADB, ECAs	14.00%
Highly-Commercial_Var	Commercial Banks and DFIs	2.76%
Total External financing		35.00%
T-Bills		20.80%
2-Tbond		3.25%
3-Tbond		4.55%
5-Tbond		5.20%
10-Tbond		6.50%
15-Tbond		7.80%
20-Tbond		10.40%
25-Tbond		6.50%
Total Domestic Financing		65.00%
Total Gross Financing		100.00%

Source: Debt Policy and Issuance Department (DPID), MoFPED

The annual borrowing plan for the FY 2026/27 as indicated in table 3 details the financing sources by instrument that Government will utilise to meet its financing requirement during the year. The plan supports securing cost-effective funding, promotes market stability and development through enhanced transparency and innovative borrowing approaches.



The FY 2026/27 total gross financing requirement is estimated at UGX 34.58 trillion and Government is expected to secure this amount through a combination of external and domestic funding sources in a ratio of 35:65 respectively as indicated in table 3.

From the external debt market, Government will secure 10.7% financing on concessional terms, 3.9% at semi concessional terms and 20.4% at non-concessional and commercial terms. External financing includes both the planned disbursements for project financing and the new commitments for pipeline projects and budget financing.

Treasury Bills and Bonds will constitute 20.8% and 44.2% respectively of the total borrowing requirement in the financial year 2026/27. Treasury Bonds share is larger due to the deliberate effort by Government to manage refinancing risks through issuing more securities with longer maturity periods. These shares cover borrowing for principal repayments on Government securities as well as new funding for financing the budget.

In addition to the conventional financing sources outlined above, Government will explore and utilize alternative financing instruments, such as Development Policy Operations by Multilateral Creditors to leverage additional financing at a cheaper cost, sukuk instruments, syndicated loans and panda bonds, among others. Government will also undertake liability management operations to manage the cost of debt subject to prevailing market conditions.

2.6 Operational Targets FY 2026/27

The FY 2026/27 operational targets were set to indicate cost and risk thresholds that are consistent with the specific debt management objectives elaborated in this strategy document.

To manage the cost of debt in the debt portfolio, Government intends to maintain the weighted average external interest rate at 3.05% and domestic at 15.09%.

In addition, refinancing risk in terms of external and domestic debt maturing within one year should not exceed 6.28% and 13.21%, respectively.



Short term forex debt as a share of Government’s reserves should remain within 21.46% benchmark.

In aligning the selected strategy with the 2023 PDMF debt service thresholds, memorandum indicators that relate to interest payments as a ratio of domestic revenues have been embedded. In FY 2026/27, the limit on external and domestic interest payments to revenues have been set at 4.05% and 23.54%, respectively.

Table 4 details the operational benchmarks against which minimising the cost and risk parameters of debt will be assessed in FY 2026/27 and the medium term.

Table 4: Operational Targets for FY 2026/27

	Jun-25	FY2026/27 Benchmark	FY2029/30 Benchmark
External Implied Interest rate	2.30%	3.05%	3.50%
Domestic Implied Interest rate	14.40%	15.09%	14.90%
External Debt maturing in one Year (as a percent of total)	6.80%	≤ 6.28%	≤ 5.57%
Domestic Debt Maturing in one year (as a percent of total)	14.80%	≤13.21%	≤ 13.46%
Short Term forex debt/Reserves	25.90%	≤ 21.46%	≤ 16.23%
Memorandum Items			
External interest payment to revenue	4.16%	≤ 4.05%	≤ 3.86%
Domestic interest payment to revenue ¹	22.01%	≤ 23.54%	≤ 19.29%

Source: Debt Policy and Issuance Department (DPID), MoFPED

2.7 Constraints to Implementation of the FY 2026/27 Debt Strategy

1. Failure to adhere to the approved budget resulting into supplementary budgets hence a higher deficit and more borrowing compared to the approved FY2026/27 Debt Management Strategy.
2. Lengthy process that includes negotiations and approval for mobilising external funding that may result in delayed inflows.
3. Increase in the market interest rates over and above the projected strategy rates.

¹ Revenue excludes grants



2.8 Recommendations for Successful Implementation of FY2026/27 Strategy

Despite implementing the MTDS over recent years, challenges such as rising borrowing costs and elevated risks persist. To facilitate the effective operationalization of this strategy, Government will undertake the following measures:

1. Utilise the recommended strategy to inform the resource envelope borrowing mix.
2. Strengthen revenue mobilisation to ensure that the targets are met.
3. Undertake policy actions to leverage concessional financing from the World Bank and IMF to finance the general budget.
4. Sequence Government borrowing to lower debt service costs and risks.
5. Focus on meeting conditions precedent within the various financing agreements, ensure adequate project preparation and availability of counterpart funds, in order to unlock undisbursed external borrowing.
6. Utilize commercial loans for projects that generate high return on investment to achieve value for money. For example, projects under Agro-industrialization, Tourism, Mineral development, Science, technology, and innovation (ATMS) in the implementation of the Tenfold Growth Strategy.
7. Invest in increasing production, value addition, identify and promote nontraditional exports to increase export earnings out of which Government can build more forex reserves.

2.9 Conclusion

During FY 2026/27, the Government of Uganda will implement Strategy 3, which provides a borrowing mix of 35:65 external and domestic borrowing respectively.

Domestic market borrowing will primarily involve issuing longer-term securities from 5 to 25 years at fixed interest rates. The substantial principal repayment needs on domestic debt will predominantly be refinanced through such borrowing, justifying the 65% allocation. To fund ongoing social projects, the Government will,



in addition to accessing new concessional windows, draw on undisbursed balances from concessional multilateral and bilateral creditors at fixed interest rates.

Major infrastructure investments, including the Standard Gauge Railway, oil roads, energy transmission lines, and multipurpose water projects, will be funded through a combination of semi-concessional, non-concessional, and commercial financing arrangements at variable interest rates. This approach is particularly advantageous in a declining interest rate environment, where variable rate instruments tend to offer greater cost efficiency relative to fixed-rate alternatives.

SECTION TWO

- **FY 2024/25 MTDS PERFORMANCE**
- **HALF-YEAR FY 2025/26 MTDS OUTCOMES**
- **PUBLIC DEBT PORTFOLIO ANALYSIS, DECEMBER 2025**



3 FY 2024/25 MTDS PERFORMANCE

The performance of the MTDS is assessed against operational targets, nominal domestic financing amounts and external debt disbursements of on-going projects and new commitments.

3.1 Outcomes of FY 2024/25 MTDS by financing instrument

In FY 2024/25, Government planned a debt financing composition of 40% borrowing from external and 60% domestic sources. However, the borrowing mix at the end of the financial year resulted to a ratio of 15.3% and 84.7% for external and domestic financing respectively as indicated in Table 5. This indicates a drastic increase in domestic debt financing during the period from the planned borrowing.

Table 5: Outcomes of the FY 2024/25 MTDS Borrowing Mix

	Projected Borrowing		Original Share %	Actual Borrowing		Actual Share %	Deviation (USD million)
	UGX Trillion	USD Million		UGX Trillion	USD Million		
External Debt Instruments							
IDA/ADF_Fx	1.74	465.54	8.3%	1.89	513.85	6.8%	48.31
Concessional_Fx	1.71	458.41	8.2%	0.85	229.79	3.0%	-228.62
Semi-Concessional_Fx	1.02	274.35	4.9%	0.79	216.13	2.9%	-58.22
Non-Concessional_Fx	0.70	186.88	3.3%	0.20	55.13	0.7%	-131.75
Non-Concessional_Var	0.92	245.51	4.4%	0.01	3.53	0.0%	-241.98
Commercial_Var	0.95	254.12	4.5%	0.04	11.36	0.2%	-242.76
Highly Commercial_Var	1.33	356.92	6.4%	0.46	124.11	1.6%	-232.81
Total External	8.37	2,241.73	40.0%	4.24	1,153.91	15.3%	-1,087.82
Domestic Debt Instruments							
T-Bills	4.77	1,277.79	22.8%	8.45	2,298.35	30.4%	1,020.56
2yr Tbond	0.75	201.76	3.6%	1.62	440.47	5.8%	238.71
3yr Tbond	0.88	235.38	4.2%	1.12	303.81	4.0%	68.43
5yr Tbond	1.26	336.26	6.0%	2.80	762.64	10.1%	426.38
10yr Tbond	1.38	369.89	6.6%	3.23	878.97	11.6%	509.08
15yr Tbond	1.63	437.14	7.8%	3.16	859.41	11.4%	422.27
20yr Tbond	1.88	504	9.0%	3.13	851.93	11.3%	347.93
Total Domestic	12.56	3,362.59	60.0%	23.52	6,395.57	84.7%	3,032.98
Total Gross Borrowing	20.93	5,604.32	100.0%	27.76	7,549.48	100.0%	1,945.16

Source: Debt Policy and Issuance Department (DPID), MoFPED

The significant increase in the share of domestic debt was mainly attributed to Government's decision to settle all outstanding obligations to Bank of Uganda through the issuance of a treasury bond instrument. The reduction in the share of external borrowing was as a result of the non-disbursement of the budget financing and delayed disbursements for on-going projects.



External borrowing (disbursements for on-going projects and newly committed loans) amounted to UGX 4.24 trillion which was approximately UGX 4.13 trillion (USD 1.09 billion) lower than expected. This shortfall was mainly due to non-disbursements for key projects like the Standard Gauge Railway project financing, Hoima oil refinery and budget financing.

3.2 Outcomes of FY 2024/25 MTDS operational targets

3.2.1 Cost of debt

As at end of June 2025, external debt interest payments as a proportion of GDP were recorded at 0.7%, remaining within the established threshold of $\leq 0.98\%$. However, domestic debt interest payments as a proportion of GDP stood at 3.8%, exceeding the stipulated target of $\leq 2.57\%$.

Consequently, the implied interest rate embedded within the public debt portfolio closed the period at 8.9%, surpassing the set benchmark of $\leq 8.10\%$. This breach is largely attributable to higher-than-projected domestic borrowing undertaken during the financial year.

Table 6: Outcomes of FY 2024/25 MTDS Operational Targets

Cost and Risk exposures	Cost and Risk Indicators	Jun-24	Target Ranges FY2024/25	FY2024/25 Performance
Cost of debt	External Debt Interest payment as percent of GDP	0.6	≤ 0.98	0.7
	Domestic Debt Interest payment as percent of GDP	2.9	≤ 2.57	3.8
	Total Interest payment as percent of GDP	3.5	≤ 3.49	4.5
	Total Implied Interest rate (percent)	7.5	≤ 8.10	8.9
Refinancing risk	External Debt maturing in 1 yr (percent of total)	5.5	≤ 6.31	5.9
	Domestic Debt maturing in 1 yr (percent of total)	26.5	≤ 24.24	14.8
	Total Debt Maturing in one year (percent of total)	14.7	≤ 13.19	9.9
Interest rate risk	Total Fixed Rate Debt Portfolio including T-bills (as percent of total debt)	88.2	≥ 83.3	89.6

Source: Debt Policy and Issuance Department (DPID), MoFPED



3.2.1 Refinancing risk

The proportion of external and domestic debt maturing within one year was recorded at 5.9% and 14.8% respectively, both remaining within their respective thresholds of $\leq 6.31\%$ and $\leq 24.24\%$. This performance is largely attributable to a higher volume of Treasury bill issuances relative to other domestic debt instruments during the period.

3.2.2 Interest rate risk

Total fixed-rate debt as a share of total debt, including Treasury bills, stood at 88.2%, exceeding the prescribed benchmark of $\geq 85.92\%$. This performance is primarily attributed to the increase in domestic borrowing during the year, which was secured at comparatively low fixed interest rates.



4 HALF-YEAR PERFORMANCE OF THE FY 2025/26 MTDS

4.1 Half-year outcomes of the FY 2025/26 MTDS by instrument

In FY 2025/26, Government aimed at achieving a financing mix of 32% from external and 68% domestic borrowing. By the end of the first half of the financial year, the financing mix reflected a predominance of domestic borrowing, which represented 80% of the total amount mobilized, with external sources contributing the remaining 20%.

Notably, Government had borrowed Ushs 16.60 trillion by end of December 2025 compared to the projection of Ushs 29.87 trillion, indicating a 55.6% performance. Out of this, external borrowing contributed Ushs 3.32 trillion and Ushs 13.28 trillion was on account of domestic borrowing as highlighted in table 7.

Table 7: Half-Year Outcomes of the FY 2025/26 MTDS by Instrument

	Projected Borrowing	Projected share %	Half year Actual Borrowing	Actual share %
	(UGX Trillion)		(UGX Trillion)	
External debt Instruments				
IDA/ADF_Fx	2.08	7.0%	0.70	4.2%
Concessional_Fx	0.70	2.3%	0.23	1.4%
Semi-Concessional_Fx	1.80	6.0%	0.09	0.6%
Non-Concessional_Fx	0.58	2.0%	0.03	0.2%
Non-Concessional_Var	1.26	4.2%	0.05	0.3%
Commercial_Fx	0.57	1.9%	0.00	0.0%
Commercial_Var	0.57	1.9%	0.16	0.9%
Highly-Commercial_Var	1.99	6.7%	2.06	12.4%
Total External	9.56	32.0%	3.32	20.0%
Domestic Debt Instruments				
T-Bills	9.14	30.6%	4.79	28.9%
2yr Tbond	1.22	4.1%	0.43	2.6%
3yr Tbond	1.22	4.1%	0.55	3.3%
5yr Tbond	1.83	6.1%	0.38	2.3%
10yr Tbond	2.03	6.8%	2.39	14.4%
15yr Tbond	2.23	7.5%	3.02	18.2%
20yr Tbond	2.64	8.8%	1.07	6.5%
25yr Tbond	-	-	0.63	3.8%
Total Domestic	20.31	68.0%	13.28	80.0%
Total Gross Borrowing	29.87	100.0%	16.60	100.0%

Source: Debt Policy and Issuance Department (DPID), MoFPED



4.2 Half-year outcomes of FY 2025/26 MTDS operational targets

Total interest payment to GDP breached the set threshold for the FY 2025/26 by end of the first half of the year. The remaining indicators on interest to domestic revenue, debt maturing in one year and short-term forex as a percent of reserves are still within the stipulated benchmarks as indicated in table 8.

Table 8: Half-year Cost and Risk Outcomes of FY 2025/26

	June 2025 Outturn	FY2025/26 Benchmark	Dec-25 Outturn
Total interest payment to GDP	4.53	≤ 4.45%	5.02%
External interest payment as percent of revenue	4.16%	≤ 5.35%	1.91%
Domestic interest payment as percent of revenue	22.01%	≤ 25.16%	12.03%
Total interest payment as percent of revenue	26.17%	≤ 30.51%	13.94%
External debt maturing in one year (as a percent of total)	6.82%	≤ 7.00%	5.86%
Domestic debt maturing in one year (as a percent of total)	14.82%	≤ 22.50%	19.27%
Short-term forex debt/Reserves	25.88%	≤ 40.65%	15.49%

Source: Debt Policy and Issuance Department (DPID), MoFPED



5 PUBLIC DEBT PORTFOLIO ANALYSIS DECEMBER 2025

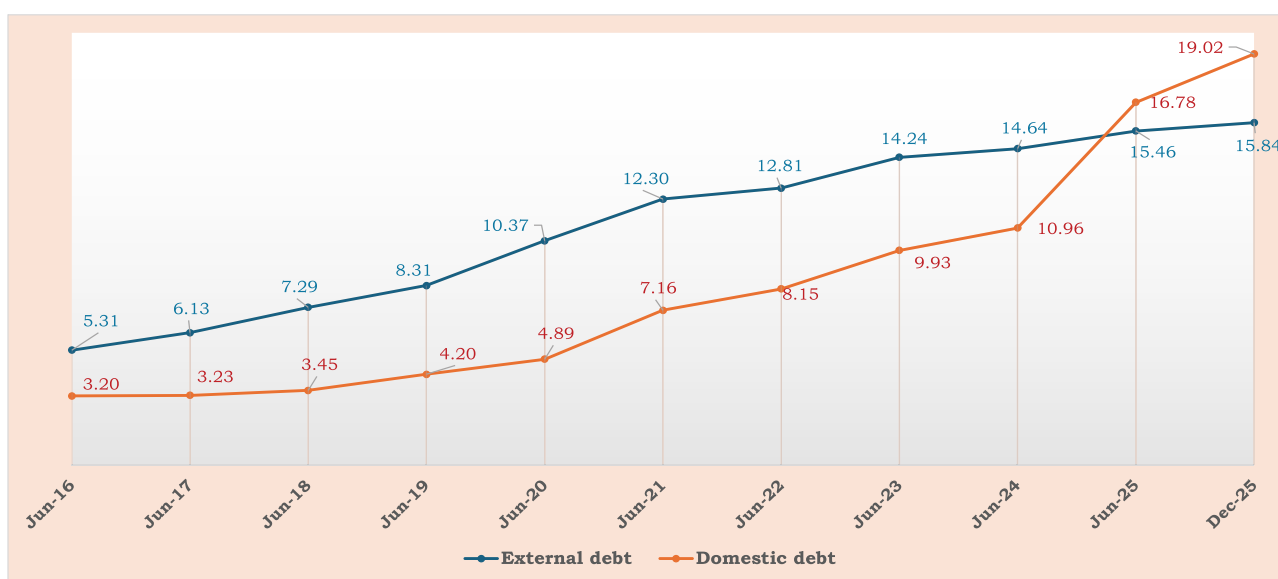
5.1 Level of Government Domestic and External Debt

As of December 2025, the total public debt stood at USD 34.86 billion (Ushs 126.19 trillion), up from USD 25.59 billion (Ushs 94.86 trillion) in June 2024. This marks a 33.03% increase in the debt stock, amounting to an additional USD 9.27 billion over the period.

The growth in the stock of debt was primarily due to increased domestic borrowing in FY 2024/25 which resulted from Government's decision to settle all outstanding obligations to Bank of Uganda through the issuance of a treasury bond, in addition to additional financing needs arising during the period.

Notably, nominal debt-to-GDP ratio increased from 46.8% in June 2024 to 52.7% in December 2025. The trend of public debt stock between June 2016 and December 2025 is illustrated in Figure 1.

Figure 1: Trend of Public Debt Stock in USD Billions to December 2025



Source: Debt Policy and Issuance Department (DPID), MoFPED

Both domestic and external debt stocks have been increasing with domestic debt stock consistently lower than the external debt stock, by USD 3.8 billion on average during the past 9 years.



During the earlier years (June 2016 - 2019) of the period under review, growth in domestic debt was gradual and rising marginally. This indicates that Government's financing needs were largely being met through external financing as evidenced by the relatively higher growth in external debt stock recorded at the time. More reliance on domestic borrowing is thereafter seen during and post-COVID-19 pandemic occasioned by revenue shortfalls and increased expenditure needs to curb the effects of the pandemic.

The most pronounced surge in domestic debt, however, is noted between June 2024 and December 2025, surpassing external debt stock by USD 3.18 billion. Domestic debt rose sharply from USD 10.96 billion in June 2024 to USD 19.02 billion in December 2025; an increase of approximately USD 8.06 billion within just one and a half years.

This substantial rise in domestic debt is attributed to increased Government's reliance on domestic borrowing. This was primarily driven by the decision to settle all outstanding obligations to the Bank of Uganda through the issuance of a Treasury Bond, alongside increased domestic securities issuances undertaken to finance the budget deficit during the period.

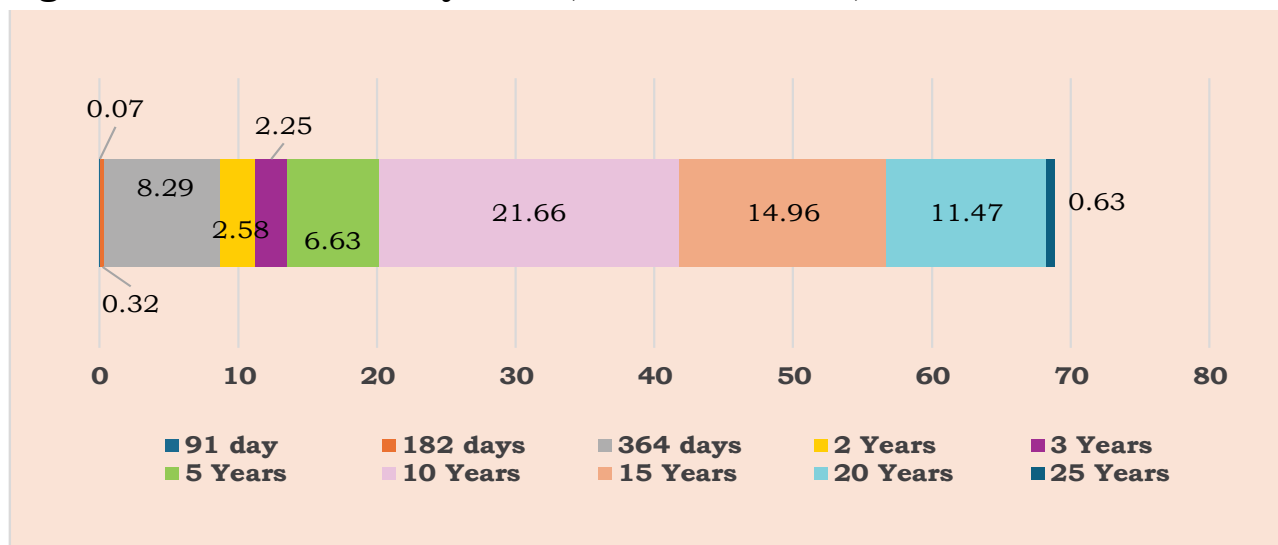
5.2 Composition of Government Debt as at end December 2025

5.2.1 Domestic debt composition

At the close of December 2025, the total domestic debt stock stood at UGX 68.86 trillion, of which short-term instruments (Treasury bills) represented 12.6% of the portfolio. Long-term instruments in the form of Treasury bonds accounted for the predominant share at 87.4%. A detailed breakdown of the instrument composition by maturity profile is presented in Figure 2.



Figure 2: Domestic Debt by Tenor, December 2025, Trillion Ushs



Source: Debt Policy and Issuance Department (DPID), MoFPED

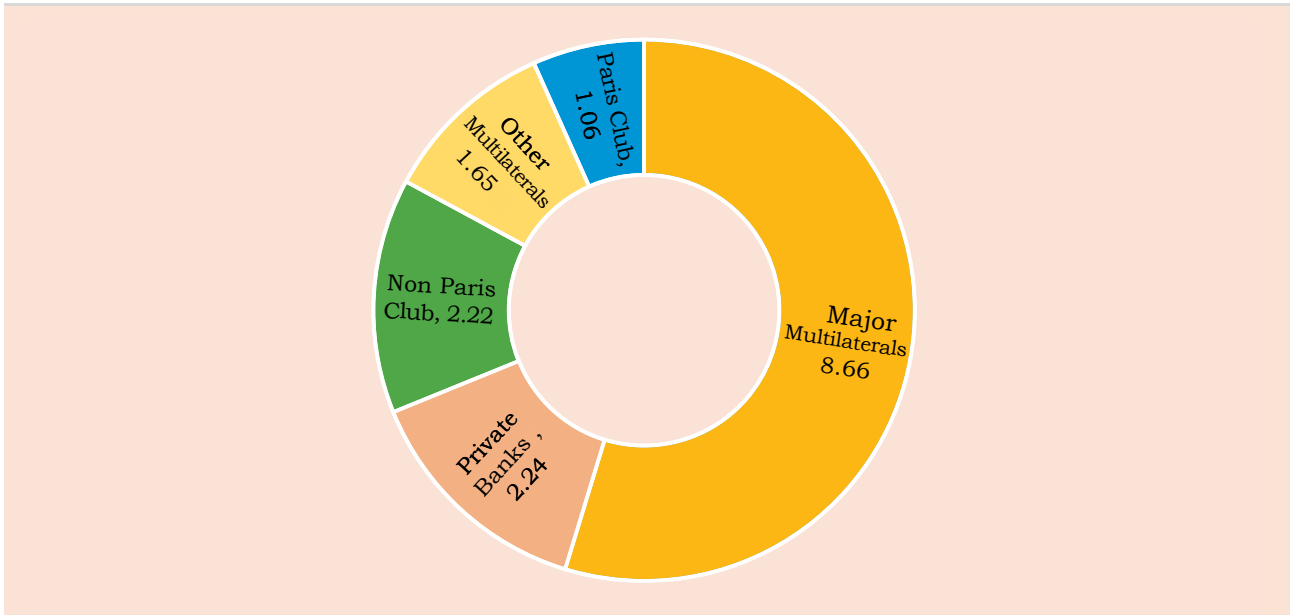
5.2.2 External debt composition

As at end-December 2025, the total external debt stock amounted to USD 15.84 billion, equivalent to Ushs. 57.33 trillion. The portfolio was predominantly held by major multilateral institutions, namely the World Bank, the International Monetary Fund, and the African Development Fund, which collectively constituted the largest share at 54.71% (USD 8.66 billion) of the total external debt stock.

Paris Club and non-Paris Club bilateral creditors, accounted for 6.68% (USD 1.06 billion) and 14.04% (USD 2.22 billion) respectively, while private commercial banks represented 14.15% (USD 2.24 billion) of the overall portfolio. Refer to figure 3 for an illustration of the composition of external debt stock by creditor.



Figure 3: External Debt Composition by Creditor in USD Billion

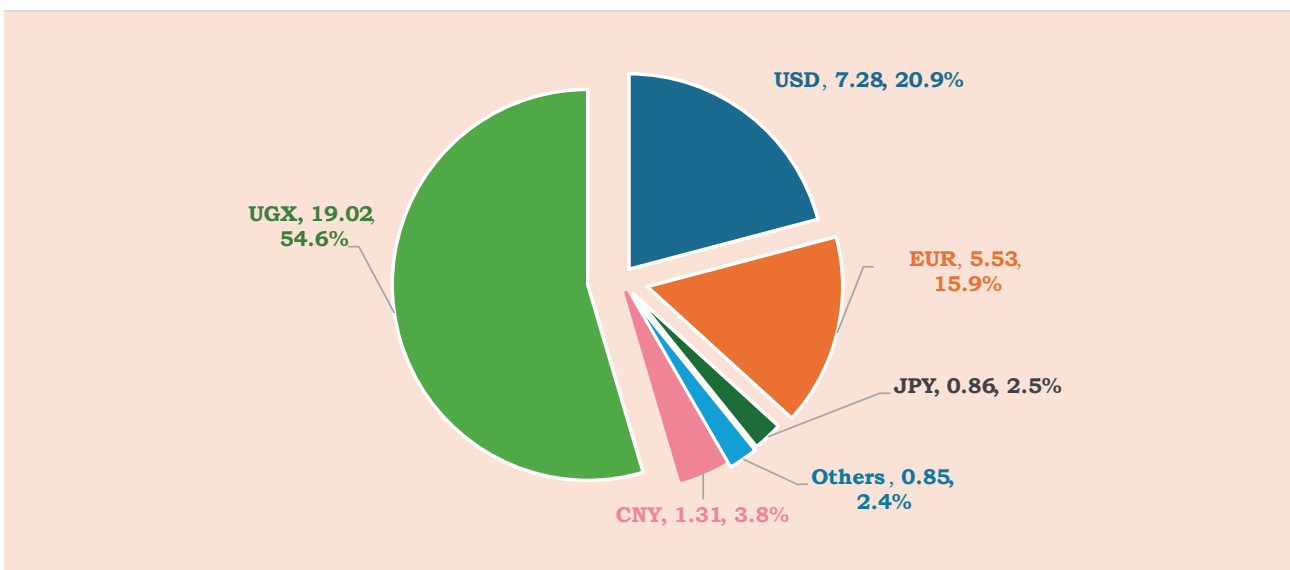


Source: Debt Policy and Issuance Department (DPID), MoFPED

5.3.3 Public debt by currency composition

Local currency debt dominated the total debt portfolio by end December 2025, constituting 54.6% of the overall stock, equivalent to Ushs 68.86 trillion (USD 19.02 billion). USD-denominated debt represented the second largest currency composition at 20.9%, equivalent to USD 7.28 billion, with the remaining portfolio distributed across other currencies as illustrated in Figure 4.

Figure 4: Debt by Currency Composition December 2025, Billion USD; %



Source: Debt Policy and Issuance Department (DPID), MoFPED



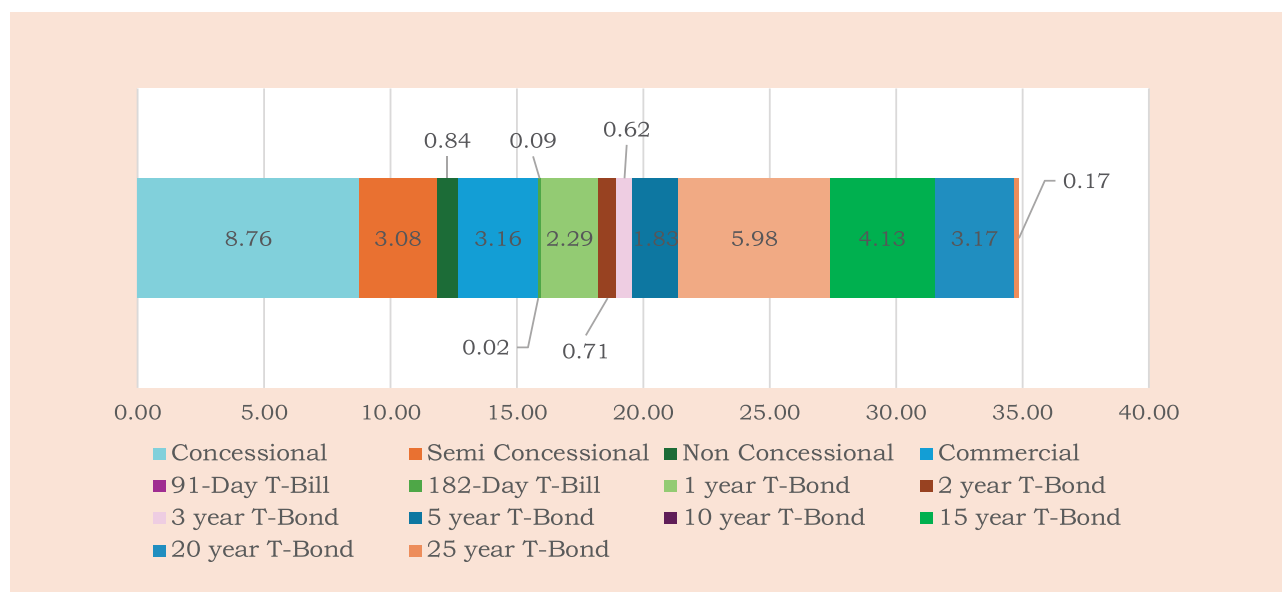
4.2.4 Public debt composition by interest rate type

The share of fixed-rate debt in the total public debt portfolio has recorded a notable increase, rising from 88.2% in June 2024 to 90.2% by end December 2025. This upward movement is largely attributable to the increase in domestic borrowing, which is predominantly fixed-rate in nature.

5.3.5 Public debt composition by instrument type

Concessional borrowing constituted the largest share of the total public debt portfolio as at end December 2025, amounting to USD 8.76 billion, followed by the 10-year Treasury bond at USD 5.98 billion. The 91-day and 182-day Treasury bills recorded the smallest shares, of the portfolio composition, holding USD 0.02 billion and USD 0.09 billion respectively. A detailed breakdown of the portfolio composition by instrument is presented in Figure 5.

Figure 5: Public debt composition by instrument type, USD Billion



Source: Debt Policy and Issuance Department (DPID), MoFPED



5.3 Cost and Risk Indicators of Public Debt

Table 9: Public Debt Portfolio Cost and Risk, December 2025

Risk Indicators		Jun-24			Dec-25		
		External	Domestic	Total	External	Domestic	Total
Nominal debt as % GDP		26.8	20.1	46.9	24.0	28.8	52.7
PV as % of GDP		19.7	20.1	39.9	17.8	28.8	46.6
Cost of debt	<i>Interest payment as % GDP</i>	0.6	2.9	3.5	0.6	4.4	5.0
	<i>Weighted Av. IR (%)</i>	2.4	14.4	7.5	2.4	15.5	9.5
Refinancing risk	<i>ATM (years)</i>	9.9	7.5	8.9	9.7	7.6	8.6
	<i>Debt maturing in 1yr (% of total)</i>	5.5	26.5	14.7	5.9	19.3	13.2
	<i>Debt maturing in 1yr (% of GDP)</i>	1.5	5.5	7.0	1.4	5.5	7.0
Interest rate risk	<i>ATR (years)</i>	9.1	7.5	8.4	8.9	7.6	8.2
	<i>Debt refixing in 1yr (% of total)</i>	24.1	26.5	25.1	24.9	19.3	21.8
	<i>Fixed rate debt (% of total)</i>		100.0	88.2	78.5	100.0	90.2
FX risk	<i>FX debt (% of total debt)</i>			56.3			45.4
	<i>ST FX debt (% of reserves)</i>			19.6			15.5

Source: Debt Policy and Issuance Department (DPID), MoFPED

5.4.1 Cost of debt

Total interest payments as a share of GDP increased to 5.0% in December 2025 from 3.5% in June 2024. This is primarily attributed to increased issuances of domestic debt securities to finance the budget and the decision to clear outstanding obligations to Bank of Uganda through government securities during the period.

5.4.2 Rollover risks

Key refinancing risk indicators include debt maturing within one year as a percentage of total public debt and average time to maturity (ATM). ATM represents the average years required for the Government to repay principal borrowing. A longer ATM signals lower portfolio risk, as principal repayments are distributed over an extended timeframe, reducing budgetary strain.

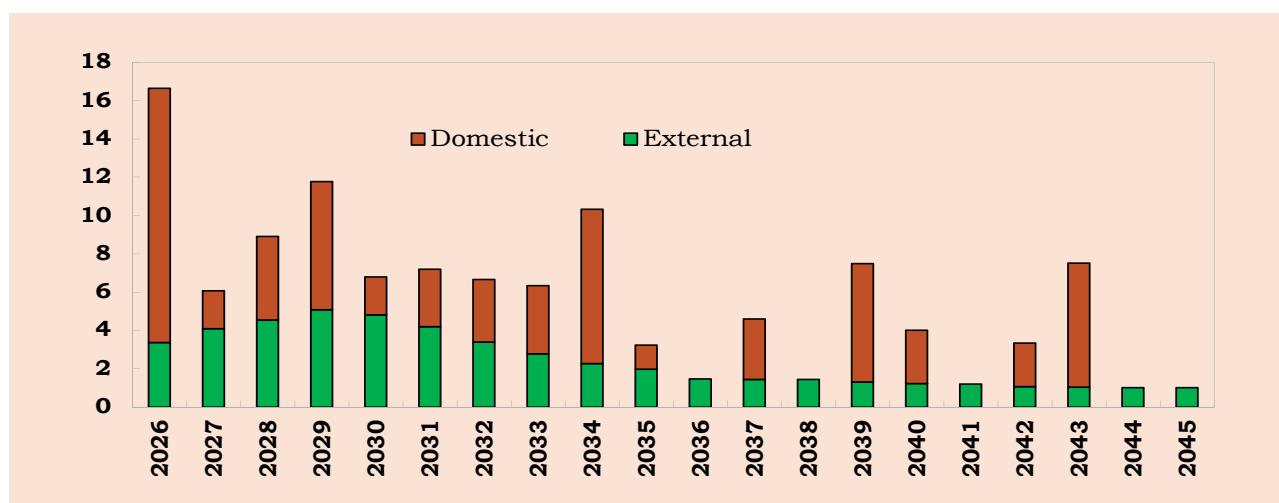
By end December 2025, the average time to maturity of the external debt portfolio reduced to 9.9 years from 9.7 years in June 2024. This was on account of increased disbursement of loans on non-concessional and commercial terms that have shorter maturity periods.



The domestic debt ATM lengthened marginally over the review period, increasing from 7.5 years as at end-June 2024 to 7.6 years by end-December 2025. This development is largely underpinned by the heightened issuance of long-dated instruments, most notably the 25-year Treasury bond, over the assessment period. Over the review period, the ATM of the overall public debt portfolio (external and domestic debt) reduced from 8.9 years to 8.6 years.

The proportion of domestic debt maturing within one year declined notably from 26.5% in June 2024 to 19.3% in December 2025, reflecting an improvement in the short-term refinancing risk profile of the domestic debt portfolio. Conversely, external debt maturing within one year as a proportion of total external debt edged upward from 5.5% to 5.9% over the same period.

Figure 6: External and domestic Principal Payment; Ushs Trillion



Source: Debt Policy and Issuance Department (DPID), MoFPED

As illustrated in Figure 6, the total public debt redemption profile spans the period 2026 to 2045, with the highest concentration of principal payments recorded in 2026. These are driven mainly by domestic debt maturities. Other repayment peaks are observed in 2029 and 2034, still largely on account of domestic debt obligations. Beyond these near-term pressures, the redemption profile is broadly well-distributed, with no significant clustering of debt service obligations over the medium to long term. This reflects a prudent approach to refinancing risk management by Government.

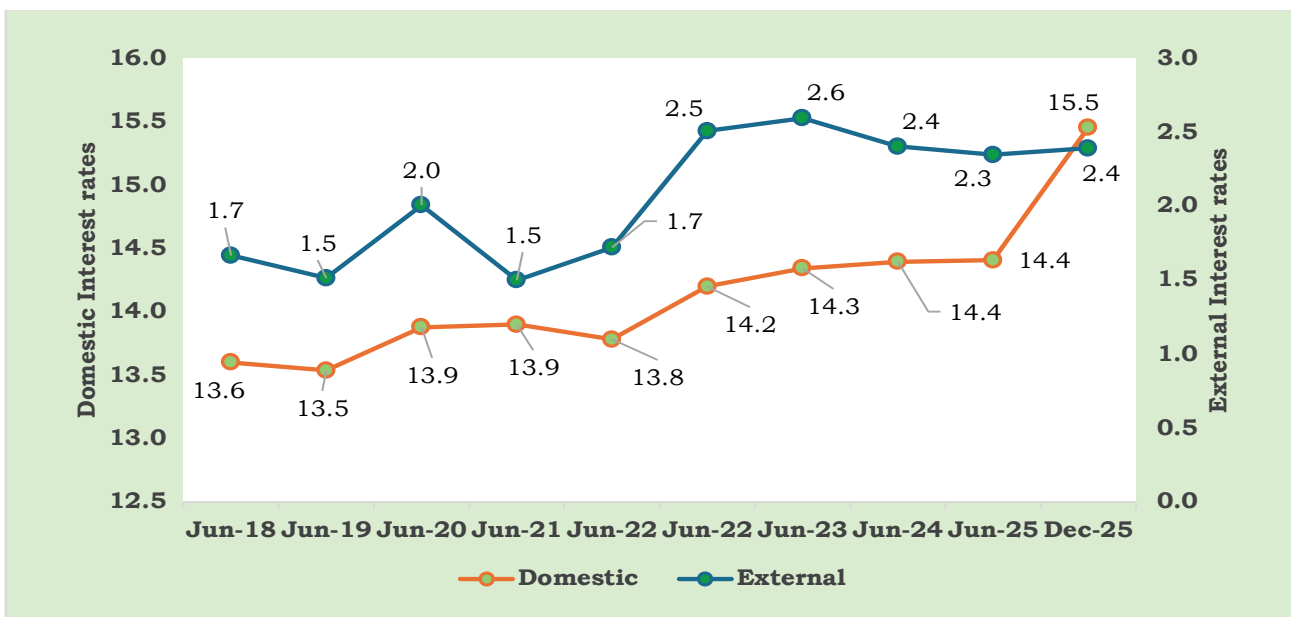


Nonetheless, external debt principal payments exhibit a gradual upward trend over the medium term, attributed to the increasing acquisition of non-concessional and commercial loans with shorter maturity profiles.

5.4.3 Interest rate risks

The average time to refixing (ATR) serves as the primary measure of interest rate risk in the debt portfolio, representing the total duration required for interest rates across the portfolio to change. Figure 7 indicates that the weighted average interest rate for domestic debt increased to 15.5% in December 2025 from 14.4% in June 2024. External debt weighted average interest rates remained unchanged at 2.4% during the period.

Figure 7: Weighted Average Interest Rates December 2025



Source: Debt Policy and Issuance Department (DPID), MoFPED

As at end December 2025, the external debt stock was predominantly composed of fixed-rate debt at 78.5%, with variable-rate debt accounting for the remaining 21.5% of the portfolio. The Average Time to Re-fixing (ATR) of the total public debt portfolio, encompassing both external and domestic debt, declined marginally from 8.4 years as at end June 2024 to 8.2 years by end December 2025.

The risk implications of this indicator are closely linked to the prevailing interest rate movements in the market. A shorter ATR poses heightened refinancing risk in



a rising interest rate environment, as debt is re-priced more frequently at higher rates. On the other hand, in a declining interest rate environment, a shorter ATR is advantageous, as it enables the Government to benefit from lower re-pricing costs relative to a longer ATR.

5.4.4 Exchange rate risk

The proportion of foreign currency debt as a share of total debt declined notably from 56.3% in June 2024 to 45.4% by end December 2025, largely driven by the rise in domestic borrowing denominated in local currency. Concurrently, short-term debt as a percentage of foreign reserves recorded a significant reduction from 19.6% to 15.5% over the same period, underpinned by a substantial increase in foreign reserves from USD 3.2 billion in June 2024 to USD 6.0 billion by end December 2025.

ANNEX



ANNEX: Glossary of Debt Terms

Average time to maturity (ATM): This provides an indicator for the average life of debt. It measures the average length of time it takes for debt instruments to mature and, therefore, the extent of the refinancing risk exposure. A long ATM implies lower refinancing risk exposure, and vice versa.

Average time to refix (ATR): ATR provides a measure for the average length of time it takes for interest rates to be reset. The longer the period, the lower the interest rate exposure.

Bilateral creditor: A type of creditor in the context of external debt. Official bilateral creditors include governments and their agencies, autonomous public bodies, or official export credit agencies.

Borrower (debtor): The organization or the entity defined as such in the loan contract, which usually is responsible for servicing the debt.

Bullet repayment: The repayment of the principal in a single payment at the maturity of the debt.

Concessional loans: These are loans extended on terms substantially more generous than market loans. Concessionally is achieved either through interest rates below those available on the market or by longer *grace periods*, or a combination of these. Concessional loans typically have a long grace period.

Creditor: The organisation or entity that provides money or resources and to whom payment is owed under the terms of a loan agreement. It is an entity with a financial claim on another entity.

Debt default: Failure to meet a debt obligation payment, either *principal* or *interest*.

Debt disbursed and outstanding: The amount that has been disbursed from a loan commitment but has not yet been repaid or forgiven.



Debt refinancing: Debt refinancing involves the replacement of an existing debt instrument or instruments, including any arrears, with a new debt instrument or instruments.

Debt service: Refers to payments in respect of both *principal* and *interest*. Actual debt service is the set of payments made to satisfy a debt obligation, including the principal, interest, and any late payment fees. Scheduled debt service is the set of payments, including the principal and interest, which is required to be made through the life of the debt.

Debt: All liabilities that are debt instruments such loans and debt securities.

Disbursed loans: The amount that has been disbursed from a loan but has not yet been repaid or forgiven.

Domestic debt stock/GDP: This is a commonly used measure of the level of domestic debt relative to the size of the economy.

Domestic debt stock/Private sector credit (PSC): This ratio helps monitor the extent to which government borrowing may be crowding out the provision of credit to the private sector.

Domestic debt: Debt liabilities owed by residents to residents of the same economy.

Domestic interest cost/Domestic revenue (excluding grants): This ratio captures the budget sustainability of the domestic debt burden. The benchmark captures the relatively higher risk of accumulation of domestic debt in Uganda due to the relatively low level of domestic revenue to GDP.

Domestic interest cost/Total government expenditure: This ratio describes the share of total government expenditure that is directed to pay domestic interest costs. This, therefore, provides an indication of the extent to which available resources are used to meet finance costs at the expense of growth-enhancing activities. The higher the ratio, the higher will be the risk of holding back economic growth.



External debt: At any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of interest and/or *principal* by the *debtor* at some point(s) in the future and that are owed to non-residents by residents of an economy.

Face value: Face value is the undiscounted amount of principal to be paid to the holder at maturity (e.g., the redemption amount of a bond).

Gross Domestic Product (GDP): Essentially, the sum of the gross value added of all resident producer units plus that part (possibly the total) of taxes on products, less subsidies products, that is not included in the valuation of output.

Interest: This is a form of investment income that is receivable by the owner of financial assets for putting such assets and other resources at the disposal of another institutional unit.

International Monetary Fund (IMF): Following the Bretton Woods Accords and established in 1945, the IMF is a cooperative intergovernmental monetary and financial institution with 187 member countries. Its main purpose is to promote international monetary cooperation so to facilitate the growth of international trade and economic activity more generally. The IMF provides financial resources to enable its members to correct payments imbalances without resorting to trade and payments restrictions.

International Development Association (IDA): IDA, established in 1960, is the concessional lending arm of the World Bank Group. IDA provides low-income developing countries (economies) with long-term loans on highly concessional terms, typically a 10-year grace period, a 40-year repayment period, and only a small servicing charge.

Multilateral creditors: These creditors are multilateral financial institutions such as the IMF and the World Bank, as well as other multilateral development banks.

Nominal value: The nominal value of a debt *instrument* is the amount that at any moment in time the *debtor owes* to the *creditor* at that moment;



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

Percent maturing in one year: This is the share of debt maturing in the next 12 months. High proportions are indicative of high levels of interest rate or rollover risk. The risk is more pronounced in less liquid markets.

Present value (PV): The present value (PV) is the discounted sum of all future *debt service* at a given rate of *interest*. If the rate of interest is the contractual rate of the debt, by construction, the *present value* equals the *nominal value*; whereas if the rate of interest is the market interest rate, then the present value equals the market value of the debt.

Principal repayment: The payments that are made against the *drawn* and outstanding amount of the loan.

Share of bonds/bills: A target for the share of treasury bonds to bills outstanding within the domestic debt stock acts as a useful rule of thumb to help in achieving the benchmarks for managing refinancing risk.

Short-term debt: Debt that has maturity of one year or less. Maturity can be defined on either an original or a remaining basis.

Spread (margin): A percentage to be added to some defined base interest rate, such as LIBOR, to determine the rate of interest to be used for a loan.

Stock of debt: The amount outstanding as of a moment of time.

Treasury bills: Negotiable securities issued by the government. In general, these are short-term obligations issued with maturity of one year or less. They are traded on a discount basis.

Treasury bonds: Longer-term securities compared to treasury bills. Usually more than a year.



Plot 2 -12 Apollo Kaggwa Road
P. O. Box 8147, Kampala - Uganda
www.finance.go.ug