GOVT EYES CONCESSIONAL FINANCING AFTER SETBACKS

By Sarah Nabakooza

Government is seeking to return to concessional borrowing as part of efforts to manage the rising public debt and ease pressure on more expensive commercial financing, the permanent secretary and secretary to the treasury, Ramathan Ggoobi, told legislators.

Ggoobi, who led the finance ministry technical team, made the remarks last week while appearing before Parliament's Public Accounts Committee (PAC), chaired by Gorreth Namugga (Mawogola county).

The officials were responding to issues raised in the Auditor General's (AG) report on the Government of Uganda consolidated financial statements for the financial year 2024/25.

According to the report by the Office of the AG, Uganda's total public debt has risen significantly over the past five years, from sh69.2 trillion in June 2021 to sh115.403 trillion in June 2025. This represents an overall growth of about 66.76% over the period.

He further noted a sharp rise in domestic debt, which increased from sh39.16 trillion in June 2024 to sh59.02 trillion in June 2025. As a result, domestic borrowing has now surpassed external debt, raising its share of the total public debt portfolio to 51.14%, up from 41.83% in the previous financial year.

External debt has also continued to grow over the years, though at a relatively slower pace. The report indicates that external debt rose from sh43.997 trillion in the financial year 2020/21 to sh56.384 trillion in the financial year 2024/25, representing a cumulative increase of sh12.387 trillion.

The AG observed that while the debt stock continues to rise, the pattern shows a steady but gradual accumulation over time.

While responding, Ggoobi assured legislators that the country's debt remains sustainable, despite the rising figures.

He explained that government was taking deliberate steps to improve the structure of its borrowing in order to reduce short-term repayment pressure.

"The average time to repay the debt, particularly domestic debt, has improved to eight years from 4.3 years, and the debt due within one year has also reduced to 13.5% from 36.8%," Ggoobi said.

He also disclosed that government was working to restore access to concessional financing following the suspension of new projects by the World Bank.

According to Ggoobi, concessional loans remain critical for developing countries because they come with favourable repayment terms compared to commercial borrowing.

"This is financing which is patient (about 50 years), with no interest and long grace periods of about 10 to 15 years before repayment of the principal begins," he said.

Ggoobi added that such financing arrangements also come with minimal charges, making them more sustainable for government, compared to commercial loans.

He said restoring concessional financing "will help us to reduce further on the commercial debt".

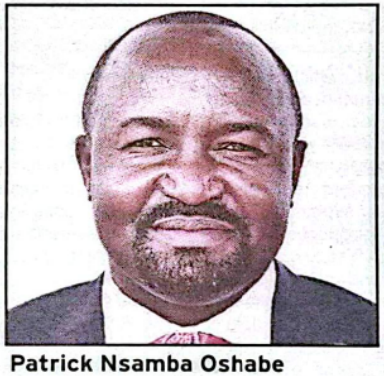
Patrick Nsamba Oshabe (Kassanda North) noted that parliament generally supports government efforts to secure concessional financing from external partners because such loans carry more favourable terms compared to domestic borrowing.

Xavier Kyooma Akampurira (Ibanda North) also raised questions about whether Uganda would be able to attract concessional financing given the country's growing debt obligations.

Kyooma cautioned that Uganda's growing debt obligations and increased domestic borrowing could raise concerns among lenders about the country's ability to manage its debt sustainably.



Ramathan Ggoobi



Patrick Nsamba Oshabe



Gorreth Namugga

BETWEEN THE LINES

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