

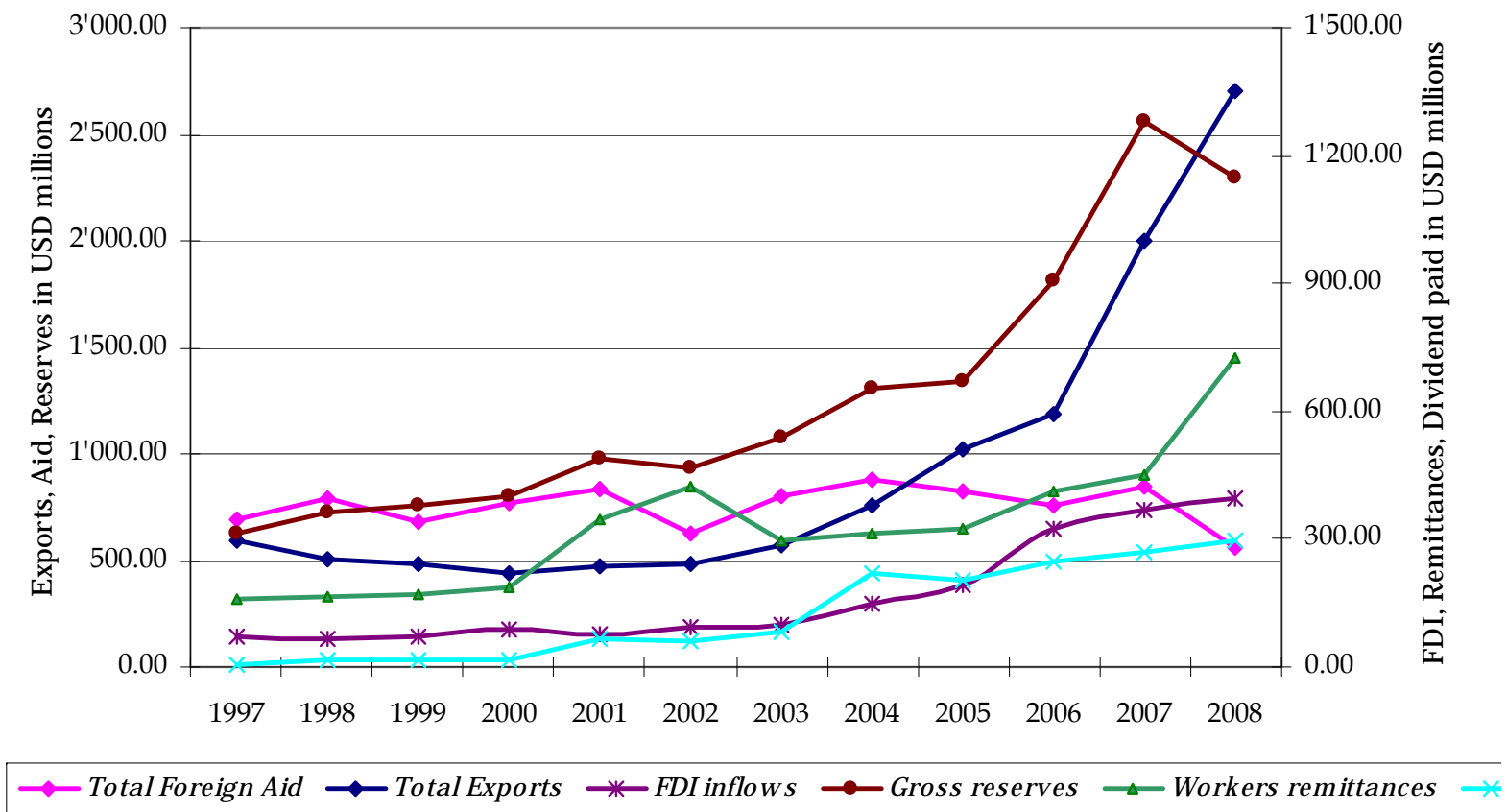
Key Challenges for Designing and Implementing
Public Debt Strategy
Fourth OECD FORUM ON
African Debt Management

Paris 26-27, November 2009
Geneva

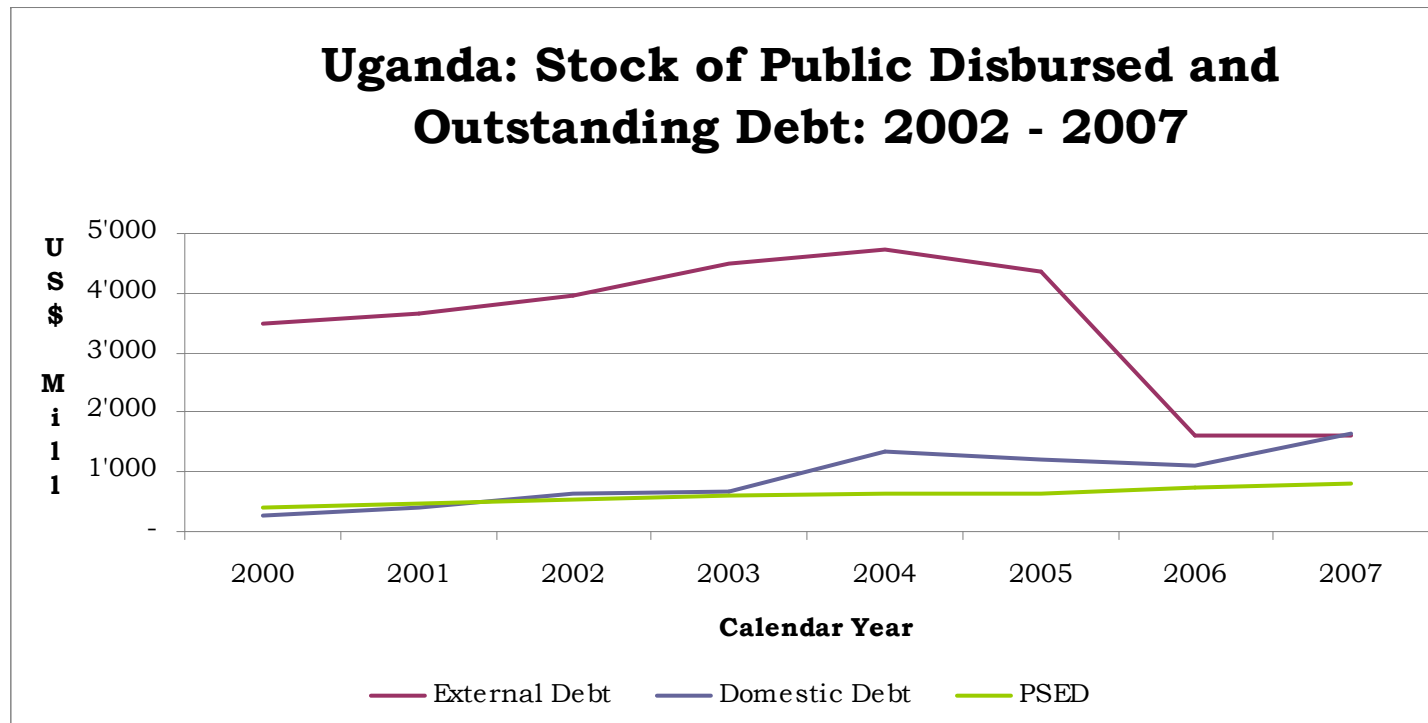
9-11 November 2009

Mr Wasswa Y Kajubi
Director Statistics,
Bank of Uganda

Effects of Financial Crisis



Status of Public and Private Sector Debt



Concerns about Managing Total Debt

- Uganda's exports are largely agriculture. Global warming is affecting the reliability of their ability to adequately service debt in the future.
- The task of narrowing gaps of providing irrigation for exports, infrastructure (roads, schools, hospitals, etc.) requires significant financing.
- The new club of lenders will invariably link their debt to the privilege of exploration mineral wealth and this will dilute to ability to negotiate favorable terms, if the borrowing is excessive.
- The capacity of oil discoveries to service debt could become over estimated because of over supply in the region.

Highlights of Uganda's Debt Management Strategy

- All borrowing must be approved by parliament
- Borrowing is restricted to priority areas: agriculture energy, infrastructure, education and health.
- Preferred borrowing is on concessionary terms(IDA)
- Enhancing capacity to record and analyze both public and private sector debt (DMFAS, V6, World Bank-DeMPA, MTDS, IMF, MEFMI- Sovereign Liability Risk Model, OECD.
- Established Debt Management Committee

Session 2: Expansion and maintaining the investor base

Domestic Investors

- Liberalized pension industry to allow more professional managers of long term savings to operate.
- Lowering statutory contributions for both employers and employees to allow investors to manage risks through diversification of instruments and managers.
- Introduce voluntary payroll deductions to address three misconceptions discouraging Domestic Investors from participating in financial markets:

You need a lot of money, you have to be an market expert and you have no control as to when you can exit the market.

- Introduce more workable KYC protocols : Bio Identifications.
- Financial literacy programs

International Investors

- Market information, Sovereign ratings