INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

UGANDA

Initiative for Heavily Indebted Poor Countries
Completion Point Document

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I. INTRODUCTION

1. In April 1997, the Executive Boards of IDA and the Fund decided in principle on Uganda's qualification for assistance under the HIPC Initiative, on a one-year interval to reach the completion point, and on the amounts of their respective assistance at the completion point subject to satisfactory assurances of participation by Uganda's other creditors.[2] Furthermore, the Executive Board of the Fund made the completion point conditional on approval of a new three-year arrangement under the Enhanced Structural Adjustment Facility (ESAF) for Uganda and the first annual arrangement thereunder, and on completion of the midterm review under the first annual arrangement under the ESAF. The first condition was met on November 10, 1997 when the Fund approved a new three-year ESAF arrangement and the first annual arrangement thereunder. With a view to meeting the second condition, the staff and management have recommended that the Fund's Executive Board complete the midterm review of the ESAF.[3] Assistance by IDA under the HIPC Initiative was made conditional on structural and social development performance criteria agreed with the authorities to be monitored under IDA-supported programs. The first tranche of the Third Structural Adjustment Credit (SAC III) was disbursed upon satisfactory compliance with conditionalities of effectiveness, and progress on reforms required for disbursement of the remaining tranches is satisfactory.[4] With respect to the social sector reforms discussed in the IDA President's Report on the HIPC Initiative dated April 11, 1997, [5] progress also remains satisfactory, as strategies in the areas of health, education, and rural finance have been developed and are being implemented.

2. This document summarizes performance in connection with the midterm ESAF review, under IDA's SAC III, and in social reforms (Section II). It updates the debt sustainability analysis (DSA), calculates the actual net present value (NPV) of debt-to-exports ratio at end-June 1997 after assistance under the HIPC Initiative committed at the decision point, and compares it with the target of 202 percent (plus or minus 10 percentage points) determined by the two Executive Boards in April 1997 (Section III). The paper goes on to

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[2] The decision point document was "Uganda–Final Document on the Initiative for Heavily Indebted Poor Countries (HIPC)" EBS/97/71, 4/11/97 and Report No. P7109–UG, 4/11/97.

[3] See the accompanying staff report on the 1998 Article IV consultation and midterm review under the first annual arrangement under the ESAF.

[4]The maximum import duty was reduced, overall budgetary allocations for priority areas increased in the 1997/98 budget, and a framework for greater accountability at the control and district levels has been worked out.

[5] Report No. P7109-UG "Assistance to the Republic of Uganda Under the Heavily Indebted Poor Countries Debt Initiative" and "Final Document on the Initiative for Heavily Indebted Poor Countries."

report on the status of creditor participation in the HIPC Initiative for Uganda, and on the amounts and proposed delivery profiles of assistance (Section IV). Conclusions are presented in the Section V.

II. Summary of Economic Performance and Social Reforms

A. Economic Performance

The 1997/98 ESAF-supported program

3. The broad objectives of the 1997/98 (July–June) program were to achieve real GDP growth of 7.5 percent, contain inflation to 5 percent, and maintain gross international reserves at 4.6 months of imports of goods and services. Structural reforms were to be strengthened in the areas of the civil service, public enterprise restructuring, privatization, the financial sector, and in trade and capital account liberalization.

4. Developments during the first half of 1997/98 indicate that the government adhered to programmed policies and measures, and a number of the program's targets and objectives were achieved or exceeded. However, torrential rains (associated with El Niño) reduced agricultural production and seriously disrupted transportation, with adverse consequences for growth and inflation. With the expected return to normal weather conditions, real GDP growth is likely to pick up in the second half and reach 5 percent for 1997/98 as a whole. Inflation, which accelerated to 10.5 percent in January owing to higher food prices, is expected to fall to 7.5 percent by the end of the year as food supplies gradually improve; underlying (nonfood) inflation has remained low (below 3 percent) during the last 12 months.

5. The overall fiscal deficit for the first half of 1997/98 was broadly in line with the program, as were revenues and expenditures. The government implemented the program's revenue measures to improve customs and tax administration and to broaden the tax base, at the same time as the tax and incentive structures were reformed through reductions in import tariffs and excise tax rates, and replacement of tax holidays with accelerated depreciation allowances. Expenditure on program priority areas and defense were close to programmed amounts, while overruns on nonwage "other" recurrent expenditures were largely offset by lower wage payments, owing to delays in placing teachers hired under the Universal Primary Education (UPE) program on the government's payroll. A program to phase out teachers' salary arrears has been agreed in the context of IDA's proposed Education Sector Adjustment Credit (ESAC). Notwithstanding satisfactory performance "above-the-line" and implementation of programmed measures, net credit to government in December 1997 was higher than the program's ceiling owing to a more rapid liquidation of domestic nonbank liabilities than projected, primarily in the form of reduced check float. For the year as a whole, the programmed target of 5.8 percent of GDP for the overall fiscal deficit (on a commitment basis, excluding grants) is achievable, provided that the authorities continue to implement the programmed measures, and assuming a return to normal weather conditions.

6. Performance in the monetary and external sectors remains broadly on track. In light of some uncertainty regarding the rate of decline in prices, the authorities have tightened moderately their money and credit targets for end-June 1998. Weather-related shortfalls in exports of coffee and other agricultural products were largely offset by weaker imports (following disruption of transportation caused by the rains) and by increased private transfers, reflecting higher foreign direct investment (which is provisionally included in transfers). The external reserve target for December was met and remains achievable for the year as a whole. The exchange rate is market determined, and the authorities continue to carefully monitor its effects on export competitiveness. External arrears to multilateral creditors have been cleared either through concessional rescheduling (US$10.6 million) or in cash payments (amounting to US$4.9 million). The remaining arrears are to non-Paris Club bilateral creditors, for which the authorities remain fully committed to seek settlement on terms comparable to those of the Paris Club as soon as possible. They have recently reached agreement in some instances (for example, with Tanzania) and have repeatedly contacted other bilateral creditors with a view to reactivating and/or accelerating negotiations in the context of the HIPC Initiative.

7. Implementation of structural reforms has been satisfactory. In the trade area, maximum import tariffs were reduced from 30 percent to 20 percent, and preparations are on track to lift the import bans on beer, soft drinks, and batteries effective April 1, 1998; this should make Uganda's trade regime one of the most open in sub-Saharan Africa. The capital account was liberalized at the beginning of the program period. With a view to reducing the size of government and in light of decentralization, the civil service was further cut without compromising the level of staffing required to implement the UPE program; moreover, the government decided on a comprehensive restructuring plan that will significantly reduce the number of ministries. In the financial sector, agreement was reached on the sale of the Uganda Commercial Bank and on the final recapitalization of the Bank of Uganda, the latter's supervision of commercial banks was strengthened, and commercial banks engaged in greater provisioning and recapitalization. With regard to public enterprises, the Uganda Telecommunications Corporation was offered for sale, a license was awarded to a second national operator in telecommunications, and restructuring of the Uganda Electricity Board was undertaken, involving significant staff retrenchment. Satisfactory progress was made under the privatization program. In the remainder of the fiscal year, the government intends to continue with its ambitious structural reform agenda.

IDA-supported structural reforms

8. The SAC III supports continued reform in the areas of public expenditure management, revenue mobilization and trade reform, parastatal reform, and the financial sector. Following successful fulfillment of conditionalities for effectiveness, the first tranche of SAC III was released in October 1997, and satisfactory progress is being made for the latter tranches. A second tranche review is planned for summer 1998; no waiver of the SAC III conditions for HIPC assistance will be required. It is expected that the second tranche will be released on schedule, following the approval of the 1998/99 budget. The key issues that are focused on in the SAC III are detailed in Box 1.

Box 1. Uganda: IDA-Supported Structural Reforms

Reduce maximum import duty to 20 percent and announce specific actions and timetable for further trade liberalization to reduce anti-export bias.

The maximum non-COMESA import duty rate was lowered from 30 percent to 20 percent in June 1997. All remaining nontariff barriers, with the exception of cigarettes, are lifted, effective April 1, 1998.

Increase budgetary allocation beginning in July 1997 for agriculture research and extension, primary health, and primary education at least at the rate of increase of nominal GDP.

Increases for the priority areas noted above in the 1997/98 budget amounted to 26 percent. Most of the increases were in primary education to support the universal primary education (UPE) initiative.

Adopt rules for the conditional and equalization budgetary grants to districts and establish adequate monitoring programs.

The Ministry of Finance has issued a circular setting out the framework for the administration of *conditional grants*. Under this framework, the line ministries in the strategic sectors are to issue guidelines for the conditions, disbursement, and monitoring of these grants. To date, guidelines have been issued by the Ministries of Health, Local Government, and Education. The implementation of UPE is detailed under the IDA-funded Education Sector Adjustment Credit (ESAC).

In order to adopt rules for *equalization grants*, at least three main pieces of information are needed—minimum package of services to be delivered in each priority sector, resource flows to each district, including donor funding, and unit costs of service delivery. Owing to the complexity of the information required for a thorough analysis when designing equalization grants, IDA has agreed with the government on a revised implementation plan. Work is under way to collect and assess the required information.

Design and begin implementing an action plan to improve financial accounting and auditing for central and local governments. Make necessary arrangements to begin timely publication and dissemination of district budgets, Local Government Public Accounts Committee Reports, and audits of district accounts.

In the context of the Second Economic and Financial Management Project, the government and IDA have agreed to a program for strengthening the accounting and accountability processes which include, inter alia, strengthening financial management skills and information systems. Implementation of this program is commencing with the specification of the information system requirements. This in turn will result in acquisition of appropriate information systems. Similarly, detailed staff development plans are under development for addressing critical shortages in staffing skills in financial management.

The Decentralization Secretariat of the Ministry of Local Government has been assembling and publishing district budgets since 1996/97.

A letter dated 21 May 1997 from the Auditor General's office to the Ministry of Finance and a letter dated June 16, 1997 from the Acting Director of Audit to the Permanent Secretary of the Ministry of Finance outline the responsibility and timetable for audits of local government records and accounts. Releases of conditional and unconditional grants are now published by the press.

Complete sale of the Uganda Commercial Bank (UCB) and implement policy regarding the Uganda Development Bank (UDB) to stop losses and minimize budgetary costs.

Agreement was reached on the sale of forty-nine percent of UCB shares with an option for an additional 2 percent to a private foreign investor. A business plan has been drawn up for UDB to eliminate direct government subsidies.

The medium-term program

9. Uganda's ongoing reform strategy focuses on poverty alleviation and sustainable growth by maintaining macroeconomic stability, liberalizing and diversifying the economy, increasing private sector participation, and improving the efficiency and impact of its poverty programs. The balance of payments and external debt are discussed in Section III below in the context of the DSA. In the fiscal area, the strategy is to bring about a gradual but sustained reduction in the overall fiscal deficit (on a commitment basis, excluding grants). Toward this end, the remaining reform agenda places high priority on developing a sustainable domestic resource base through steady increases in revenues as a proportion of GDP. This is to be achieved by improving tax and customs administration, broadening the tax base, and restructuring the tax system so as to rely less on excise taxes on petroleum and other products and import tariffs, and more on the VAT and income taxes. Assistance under the HIPC Initiative will release resources that the government intends to devote to meeting the country's increasing requirements for expenditures in the social sectors (especially health and education). The launching of the UPE program is a manifestation of this approach. Other expenditure priorities would be to develop the country's physical infrastructure and power facilities. The medium-term fiscal profile envisages continued but reduced reliance on external donor (aid) support, but it does not envisage further exceptional financing.

10. Structural reforms in the medium term will be geared to completing the agenda on trade liberalization, civil service restructuring, and the privatization program. Financial sector reform has been virtually completed, but there will be a need for continuous improvement in bank supervision and oversight. Further progress is envisaged in restructuring those public utilities (for example, power and railways) that will remain in the public sector. There will also be a continuing need to build up technical and administrative capacity, the statistical base, and the legal and judicial frameworks. There have been encouraging developments with regard to governance, as reflected in the strengthening of the Office of the Inspector General of Government, the increase in the number of investigations and prosecutions, proposals to strengthen the leadership code, and generally a more open attitude within official and private circles to the discussion of governance issues. Strengthening public accountability, particularly at the district level, will need to be continuously pursued in the medium term.

11. The authorities are committed to implementing a prudent external debt strategy—seeking grant financing to the maximum extent possible, limiting new concessional borrowing to IDA, or better, terms with a strict annual cap (US$10 million) on nonconcessional borrowing for use on a very exceptional basis. In addition, significant attention is paid in integrating external debt management into the formulation of macroeconomic policy, as well as in developing technical expertise through the updating of the DSA projections. Reports on external debt developments are made regularly to the macroeconomic management team in the Ministry of Finance, as well as forming part of the regular discussions with donors.

B. Social Reforms

12. To address poverty and poor social conditions, the government adopted in June 1997 the Poverty Eradication Action Plan and is now finalizing a strategy for its implementation. The plan emphasizes maintaining a policy of macroeconomic stability, together with measures to increase incomes and improve the quality of life of the poor through, inter alia, developing rural infrastructure, promoting small and micro enterprises, increasing job creation, and improving health services and education.

13. Under the ESAF-supported program, increased emphasis has been placed on expenditures in the social areas. The benchmark for December 1997 on minimum nonwage priority expenditures on health and education was achieved. Monitoring of social output indicators also form part of the program; these focus on annual targets for net primary school enrollment and completion rates, primary school gender ratio, immunization of children and pregnant women, as well as access to clean water (Table 1).

14. A major focus of IDA's work has been in education. The government's implementation of the UPE program resulted in a dramatic increase of primary school enrollment, which was estimated at 5.3 million in August 1997. The government's Letter of Education Sector Policy dated February 12, 1998 sets out the government's strategy for the education sector, including the definition of a minimum package of government services centered on the provision of universal primary education. Funding for the UPE initiative increased by 37 percent in the 1997/98 budget and included a wage bill contingency to finance an increase of primary school teachers. The proposed ESAC supports the UPE effort and contains conditionalities to ensure improved planning, funding, and monitoring of primary education program.

15. A number of surveys and studies have been carried out in the health sector over the past few years, directed at providing the basis for improving health services. In 1995, a baseline National Service Delivery Survey was undertaken to collect data on key services, including health, in order to improve the efficiency of public services. Household surveys collect and analyze socioeconomic statistics. The World Bank carried out a study which tracked public expenditure in the health sector in 1996. One of the more important findings of the study was that, while government expenditures increased in the social sectors, the amounts received by schools and clinics were much less. As a result of this study, a more transparent process of the transfer of public funds from the center to the service facilities has been instituted. A minimum health package has been defined at the various local levels, and is detailed in a Ministry of Health document entitled "Towards Defining and Costing a Basic Package of Health Services for Uganda." Moreover, the Ministry of Health is drafting a Five-Year Health Plan Framework that defines basic services and a timetable for their implementation.

16. The government has recognized the need for an effective monitoring system of public spending on health and education at the district level, including service delivery surveys. In this regard, the government, through donor funding, carried out the National Service Delivery Survey and a district-based statistics project focusing primarily on the social sectors. The IDA-financed Second Economic and Financial Management Project (EFMP II) will finance the implementation of a common financial management system to be used by the central and local governments.

17. Micro-financial institutions and rural financial intermediaries are crucial for addressing the needs of small savers and borrowers. A report entitled "First Draft Report of the Technical Committee for Coordination of Micro-financing Initiatives in Uganda" dated December 1997 summarizes the current situation and puts forward recommendations for coordinating micro financing initiatives in Uganda, including the establishment of a policy board, capacity building, regulatory framework, appropriate mechanisms for credit delivery, and the incentive structure. A major conference on micro-finance, supported by the Economic Development Institute and other donor agencies and engaging a range of international actors, is scheduled for May 1998.

III. NPV CALCULATION FOR END-JUNE 1997 AND DEBT SUSTAINABILITY ANALYSIS

18. At Uganda's decision point in April 1997, a target of 202 percent (plus or minus 10 percentage points) was agreed for the NPV of debt-to-exports ratio (based on end-June 1997 actual data, the latest available before the completion point) after assistance under the HIPC Initiative. This section describes the outcome of the updated NPV calculations, including the actual NPV of debt-to-exports ratio as compared with the agreed target range, and summarizes the updated DSA.

A. NPV of Debt-to-Exports Ratio for End-June 1997

19. The NPV of debt disbursed as at end-June 1997 was calculated on a loan-by-loan basis, using end-period exchange rates and updated currency-specific discount rates (six-month-average commercial interest reference rates (CIRRs), ending June 1997), and after applying at least comparable terms on eligible debt to non-Paris Club creditors as those granted by Paris Club creditors under the 1995 stock-of-debt operation. The export denominator was also updated using actual data for the three-year average (ending June 1997) of exports of goods and nonfactor services. Before assistance under the HIPC Initiative, the NPV of debt-to-exports ratio at end-June 1997 stood at 243 percent. The NPV of debt after HIPC assistance indicates an **NPV of debt-to-exports ratio of 196 percent**, about 6 percentage points lower than projected in the HIPC decision point document but still well within the agreed target range of 192–212 percent (Table 2). Details on the amount and delivery profile of assistance are discussed in Section IV.

20. The lower NPV ratio—compared with the projection for end-June 1997 included in the HIPC decision point document—reflects a number of partly offsetting, but largely exogenous factors. **Factors reducing the NPV ratio** included: actual export performance (based on a three-year average ending June 1997) was better than projected relative to that included in the HIPC decision point document by about 4 percent[6]; the U.S. dollar was stronger vis-à-vis most other currencies at end-June 1997 as compared with end-June 1996 (lowering the U.S. dollar value of debt-service flows denominated in most other currencies); the U.S. dollar discount rate (six-month-average CIRR, ending June 1997) was 0.4 percentage points higher relative to that used in the NPV calculations on U.S. dollar denominated external debt presented in the HIPC decision point document, which were based on the six-month-average U.S. dollar CIRR, ending June 1996; and, as a result of the data reconciliation exercise, arrears on public enterprise debt reassigned to private entities following privatization/restitution were taken off the stock of public and publicly guaranteed debt as at end-June 1997. **Factors increasing the NPV ratio** included: the SDR discount rate (six-month-average CIRR, ending June 1997) was 0.2 percentage points lower relative to that used in the NPV calculations on SDR-denominated external debt presented in the HIPC decision point document, which were based on the SDR six-month-average CIRR, ending June 1996; and, remaining arrears as at end-June 1997 were higher than projected in the final HIPC document, reflecting debt reconciliation and interest accumulated on arrears over 1996/97.

B. Summary of Debt Sustainability Analysis

21. An updated DSA was prepared jointly by the staffs of the World Bank and the Fund with the authorities. The agreed balance of payments projections assume a continuation of adjustment policies, a return to more normal weather conditions, and a generally favorable external environment. The main assumptions of the 20-year scenario are described in Box 2, and the results in Table 3. With the exception of incorporating working estimates of the cash-flow implications of the HIPC Initiative, as described below, no major changes have been made to the underlying assumptions of the DSA that was included in the HIPC decision point document. The medium-term balance of payments projections and macroeconomic framework discussed with the authorities are based on the working cash-flow estimates of HIPC assistance of US$30 million annually, which reflected indications available in February 1998

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[6]Merchandise exports in 1996/97 were about 14 percent higher than projected, reflecting mainly higher coffee export volumes (4.4 million kg. bags as compared with 4 million expected). However, this was a year of high coffee exports resulting from sharp increases in coffee production, owing to the impact of structural reforms and good weather. Exports of goods in 1997/98 are projected to decline by 23 percent (19 percent lower than programmed), owing to the unexpected effects of "El Niño."

from creditors of the delivery profile of assistance. Since then, the disbursement profile of HIPC assistance has been revised upward for the first five years by US$8–10 million annually (in the range of 0.1– 0.2 percent of GDP), owing to front-loading of the assistance from IDA. The authorities have indicated that HIPC assistance would be allocated toward social sector spending. The additional HIPC assistance could be accommodated within the medium-term fiscal program consistent with the inflation objective; it could involve a slight increase in the overall fiscal deficit (excluding grants) over the period, and may also involve a slightly higher external reserve accumulation. The medium-term framework will be updated again with the authorities during the forthcoming mission to update the Policy Framework Paper (PFP) in the summer.

22. The main conclusion of the DSA is that, with assistance under the HIPC Initiative, Uganda's debt situation would become sustainable and Uganda would exit from the debt-rescheduling process. The scenario assumes that gross international reserves would accumulate to 4.9 months of imports of goods and nonfactor services by 1998/99 from 4.6 months in 1996/97. Thereafter, they would remain at around 4 months through 2016/17. The economy is expected to become more diversified over time (noncoffee exports would constitute more than two-thirds of total merchandise exports by 2016/17 compared with one-third in 1995/96). As regards the debt indicators, the NPV of debt-to-exports ratio (with exports calculated as a three-year average) would decline from 243 percent in 1996/97 to 196 percent following the delivery of assistance under the HIPC Initiative;[7] it would remain firmly below 200 percent from 2001/02 onward. Based on current-year exports, the NPV ratio would fall below 200 percent by 1998/99. The debt-service ratio (before HIPC assistance) would decline from about 27 percent in 1997/98 to below 21 percent in 1998/99, and fall to about 9 percent at the end of the period. The debt-service ratio (after HIPC assistance) would fall to about 17 percent in 1998/99 and to about 13 percent by 2000/01, and remain about or below 10 percent thereafter.

[7]The NPV of debt-to-exports ratio rises in 1997/98–1999/00 because of the impact of the temporary sharp decline in exports in 1997/98 on the export denominator, which is based on a three-year average. As exports recover, the NPV of debt-to-exports ratio resumes a declining trend.

Box 2. Uganda: Assumptions Used in the Debt Sustainability Analysis (DSA)

- An annual average real GDP growth of 5 percent is projected in 1997/98, 7 percent in 1998/99–2000/01, and 5 percent thereafter.
- An average real export growth of 5.1 percent a year is projected throughout the projection period. Following the sharp, weather-induced, drop in 1997/98, noncoffee exports are projected to rebound through 1998/99–2000/01 and then to grow on average by 9 percent in real terms per annum onward; prices are assumed to increase broadly in line with world inflation. Coffee exports are projected to grow in volume terms by about 2 percent annum from 1999/2000, following a projected recovery in 1998/99. Coffee prices are projected to rise to US$1.49 per kg in 1997/98, decline to US$1.4 per kg in 1998/99–1999/2000, and to remain constant in real terms thereafter.
- Import growth is projected to rise over the period by close to the growth rate of real GDP. The income elasticity of imports is assumed to be 0.9 in 1997/98 and 0.95 thereafter.
- Follow the sharp rise in estimated private transfers in 1997/98, private transfers are assumed to grow on average by about 4 percent in real terms. Most of these transfers are assumed to constitute foreign direct investment and other capital flows, which Uganda is assumed to continue to attract in the future.
- Inflows of donors assistance are projected to grow by about 9.4 percent in 1997/98, and to remain broadly constant in real terms thereafter; such assistance is projected to decline gradually from 10 percent of GDP to less than 4 percent at the end of the projection period. General balance of payments support is assumed to be phased out by 2006/07.
- New financing (i.e., financing above the amounts already committed before end-June 1997) is expected to continue to be highly concessional, with 80 percent assumed to be contracted on IDA terms (40-year maturity with a 10-year grace period at an interest rate of 3/4 of 1 percent), and the remaining 20 percent on less favorable but still highly concessional terms (23-year maturity with a 6-year grace period, at 2 percent interest).
- Following the stock-of-debt operation (Naples terms) with Paris Club creditors in February 1995, the projections assume that non-Paris Club bilateral and commercial creditors provide debt restructuring on at least comparable terms. In addition to assistance under these traditional debt mechanisms, the projections incorporate a profile of the additional cash-flow assistance under the HIPC Initiative of about US$30 million to US$22 million per annum (see section IV).

IV. Assistance Under the HIPC Initiative

A. Status of Creditor Participation

23. The assistance from the Fund and IDA committed to Uganda at the decision point under the HIPC Initiative is conditional, inter alia, on satisfactory assurances of commensurate action by Uganda's other creditors.

Multilateral creditors

24. Uganda's multilateral creditors have confirmed that, at the completion point, they will provide assistance to reduce the NPV of their claims in accordance with the decision taken by the Boards of the IDA and the Fund at the decision point (see Box 3). All arrears to

multilateral creditors have been cleared either in cash payments or rescheduled on a concessional basis as part of those institutions' participation in the Initiative.[8]

Box 3. Uganda: Stylized Assumptions for Debt Relief from MDBs

As a follow-up to the meeting of multilateral development banks (MDBs) held on March 2–3, 1998, the following list of stylized assumptions describe how the MDBs plan to deliver their debt relief to Uganda.

IDA	HIPC Trust Fund Grant representing the first tranche of the proposed ESAC Repurchase of IDA debt, starting with the oldest credits outstanding. Servicing a portion of debt service owed to IDA.
IMF	ESAF/HIPC Trust Grant deposited into an escrow account in the name of the government to be used to meet Uganda's debt service to the Fund under an agreed schedule. Assistance to be slightly front loaded and spread over the life of current obligations.
AfDB/AfDF	HIPC Trust Fund Funds will likely be used to repurchase AfDB debt, which is the least concessional. Five of the six loans will be repurchased completely, and the sixth will be repurchased partially.
EIB/EDF	The EU will likely use an internal source of funds to prepay EDF Special loans.
IFAD	IFAD has approved a self-administered facility, which would provide debt service relief to Uganda.
IsDB	The IsDB will likely use a concessional rescheduling by extending the repayment period.
NDF	HIPC Trust Fund Contribution will cover 100 percent of debt service to the NDF as it falls due until the contribution is exhausted.
BADEA	To provide a concessional rescheduling of arrears (10 year maturity with two years grace at zero interest).
OPEC Fund	Proposes to provide Uganda with a US$5 million balance-of-payments loan with an NPV of US$3 million at the completion point.
EADB and PTA Bank	During the final data reconciliation process, it was learned that the claims of these two creditors on private borrowers are guaranteed by the Ugandan government. These creditors have been contacted to request their participation in the Initiative for Uganda. Their combined claims account for less than 0.5 percent of the total NPV debt at end-June 1997.

[8] During the final reconciliation process, it was learned that the claims of two African-based multilateral creditors (EADB and PTA Bank) on private borrowers are in fact guaranteed by the Ugandan government and therefore subject to action under the HIPC Initiative. These creditors have been contacted to request their participation. Their combined claims in Uganda account for less than 0.5 percent of the total NPV of debt at end-June 1977. Their assistance under the HIPC Initiative together would amount to about US$1.6 million in NPV terms.

Bilateral creditors

25. Paris Club creditors agreed at their March 5, 1998 meeting to top up Uganda's Naples terms stock-of-debt operation to Lyon terms (80 percent NPV reduction), once Uganda reaches its completion point under the HIPC Initiative. They also agreed that the coverage of this stock-of-debt operation should be comprehensive, including the debt rescheduled on London terms, on the assumption that this is needed, in the context of equitable burden sharing, to provide their contribution to the agreed assistance.

26. Regarding the rescheduling of Uganda's arrears and current maturities with non-Paris Club bilateral creditors, the authorities have contacted these creditors with a view to receiving terms at least comparable to those granted by Paris Club creditors (on Naples terms), and now the Lyon terms that the Paris Club has agreed to implement soon. An agreed minute was reached with Tanzania on the settlement of Uganda's arrears at a significant discount; however, agreements have yet to be reached with the remaining bilateral creditors.[9]

B. Amounts and Delivery Profile of Assistance

27. The amount of assistance under the HIPC Initiative for Uganda at the completion point has been updated; it is now estimated at US$347 million in NPV terms (which is comparable to the US$338 million estimated at the decision point given updated exchange rates and discount rates), comprising multilateral contributions of US$274 million and bilateral contributions of US$73 million.[10] [11]Consistent with proportional burden sharing as projected at the decision point, the estimated amount of assistance is based on multilateral creditors providing the equivalent of 21 percent of the NPV of their claims outstanding as at end-June 1996, Paris Club creditors topping up all eligible debt to Lyon terms involving an 80 percent

[9]Uganda has made efforts to reach settlement on remaining arrears to the Abu Dhabi Fund, China, India, Iraq, Libya, Pakistan, Burundi, Democratic People's Republic of Korea, Nigeria, and some commercial creditors.

[10]For multilateral creditors, their overall contribution is equivalent to 20 percent of their claims (in NPV terms) outstanding at end-June 1997; the bilateral creditors' contribution is equivalent to 18 percent of their claims (in NPV terms) outstanding at end-June 1997. The changes in the relative shares reflect actual versus projected disbursements between the decision and completion points as well as the use of updated exchange rates and discount rates.

[11]The nominal debt service covered by HIPC assistance is estimated at around US$650 million.

NPV reduction, and other bilateral and commercial creditors providing assistance on terms comparable to those of Paris Club creditors. The resulting NPV of debt-to-exports ratio, after HIPC assistance, would stand at 196 percent.

28. Uganda's projected debt-service ratios are generally below 20 percent prior to HIPC assistance except in 1997/98, when the ratio is projected to rise, owing to the temporary decline in exports. In these circumstances, the delivery profile of assistance would not need to be tailored to achieve a specific reduction in the debt-service ratios. The staffs of the Fund and IDA derived working estimates of the overall cash-flow implications of creditors' delivery of HIPC assistance and incorporated them in the DSA. Significant cash-flow relief is expected to begin only in 1998/99 and would amount to about US$30 million annually through 2006/07 and to about US$22 million annually over the remainder of the 20-year balance of payments projections (Table 3). As the specific modalities to be employed by some multilateral creditors to generate the targeted debt relief still need to be finalized, these cash-flow estimates should be considered only as illustrative.

29. The assistance to be provided by IDA amounts to US$160 million in NPV terms (Table 4). This assistance will be delivered through three instruments: (i) a grant to be approved during the interim period (US$75 million in nominal terms or US$24 million in NPV terms), which is the first tranche of the proposed ESAC scheduled to be disbursed in May 1998; (ii) purchase and cancellation by the HIPC Trust Fund of outstanding IDA credits (US$181 million in principal and US$23 million in interest or US$84 million in NPV terms); and (iii) servicing by the HIPC Trust Fund of a portion of IDA credits through earmarking US$52 million in NPV terms in the HIPC Trust Fund until these resources, including interest earned, are exhausted.[12] The total debt service relief in nominal terms through these mechanisms will amount to approximately US$354 million. IDA's assistance under the HIPC Initiative would average US$18 million per annum during the first five years and US$8 million per annum until 2036/37.

30. The Fund's assistance of the SDR equivalent to US$68.9 million would take the form of a grant deposited in an escrow account in the name of the government to be used to meet Uganda's debt service to the Fund under an agreed schedule. Interest earned would accrue to the escrow account. Consistent with the general principles established by the IMF Executive Board at Uganda's decision point, namely, the assistance should be slightly front loaded and spread over the life of current obligations to the Fund, a profile for drawing down this account in terms of percentages of the amount deposited has been agreed with the authorities (Table 5). The Fund's assistance is currently estimated to amount to about US$16 million in 1998/99 before declining to about US$9–US$11 million through 1999/2000 to 2002/03 and tapering off to about US$3 million by 2006/07.

[12] Owing to the particular structure of Uganda's debt to IDA, a decision was made to include debt servicing as part of IDA's assistance. Because IDA's assistance will now come earlier than outlined at the decision point, owing to the inclusion of payment of debt service, the nominal debt service relief is less than the US$430 million envisaged in the decision point document, although in NPV terms it remains at US$160 million.

31. The African Development Bank and Fund (AfDB/F) will participate in the HIPC Initiative through the HIPC Trust Fund by buying back most of the AfDB (nonconcessional) loans with its own contribution, as well as through donor contributions. The Nordic Development Fund (NDF) will also participate through the HIPC Trust Fund by paying debt service falling due on behalf of the debtor rather than through a debt buyback. The Arab Bank for Economic Development in Africa (BADEA) has agreed with the Ugandan authorities to provide its HIPC assistance through a concessional rescheduling of arrears, over ten years with two years grace at zero interest. For the remaining multilateral creditors, which have not provided specific modalities, it has been assumed that either grants or concessional reschedulings would be used to deliver the required debt relief in NPV terms.

V. CONCLUSIONS

32. The staffs of the Fund and IDA are of the view that Uganda's economic performance under the ESAF and under SAC III has been satisfactory. The NPV of debt-to-exports ratio based on actual data for end-June 1997 is calculated at 196 percent, well within the target range of 202 percent plus or minus 10 percentage points. Multilateral creditors and the Paris Club, comprising the bulk of Uganda's debt, have provided satisfactory assurances of their participation in the HIPC Initiative for Uganda. Uganda has made strong efforts to settle remaining arrears to other bilateral creditors. Accordingly, the staffs of the Fund and the IDA recommend that Executive Directors agree that the conditions for reaching Uganda's completion point under the HIPC Initiative have been fulfilled.

Addendum

The Boards of the IMF and World Bank in April 1998 decided that all conditions had been met and that Uganda had reached the completion point under the HIPC Initiative. Creditors are providing assistance of US$347 million in present value terms, reducing the NPV of debt-to-exports ratio to 196 percent.

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Table 1. Uganda: Social Outcome Indicators, 1994/95–2004/05

(In percent)

	1994/95	1995/96	1996/97 Est.	1997/98	1998/99 Proj.	1999/2000	2004/05 Target
Net primary education enrollment rate 1/	55	56	83	85	90	95	100
Primary school completion rate 2/	30	35	37	40	45	50	60
Gender ratio (primary school) 3/	45	46	47	48	49	50	50
Immunization rates:							
Children 4/	47	50	55	60	65	70	80
Pregnant women 5/	80	83	86	89	92	95	95
Access to clean water 6/	37	38	39	45	50	55	75

1/ Ratio of net enrollment to cohort (i.e., enrollment within cohort limits). Data for 1996/97 are based on February 1997 data. Ministry of Education.

2/ Ratio of number of students completing P7 to number enrolled in P1 seven years earlier. Data for 1996/97 are based on February 1997 enrollment figures. Ministry of Education.

3/ Ratio of girls to total pupils enrolled in primary school; Ministry of Education.

4/ Immunization of six antigens of the Expanded Programme on Immunization; ratio derived from coverage survey on infants aged 12 to 23 months. Ministry of Health (UNEPI).

5/ Immunization of pregnant women for full protection of children against neonatal tetanus; ratio derived from surveys of women who have children below 11 months of age and produce evidence of having had required immunizations. Ministry of Health (UNEPI).

6/ Ratio of number of people served by protected sources of water to total population in rural areas; Ministry of Natural Resources, Directorate of Water Development.

Table 2. Uganda: NPV of Debt and NPVof Debt-to-Exports Ratio, End-June 199
(In millions of U.S. dollars, unless otherwise noted)

	1997 End-June
Total NPV of debt	1,796
Multilateral	1,357
IDA	790
IMF	323
AfDF	101
AfDB	35
Other multilaterals	108
BADEA 2/	16
European Investment Bank	28
EU Development Fund	4
IFAD	26
Islamic Development Bank	11
Nordic Development Fund	6
OPEC Fund	8
EADB	4
PTA	4
Bilateral	398
Paris Club	240
Post-cutoff-date debt	102
Pre-cutoff-date debt	138
Non-Paris Club	146
Post-cutoff-date debt	89
Pre-cutoff-date debt	57
Other	12
Arrears 3/	41
NPV of debt-to-exports ratio before assistance (in percent)	243
HIPC assistance (in millions of dollars)	347
NPV of debt-to-exports ratio after assistance (in percent)	196
Memorandum item:	
Exports of goods and nonfactor services 4/	739

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

1/ Using the six-month average CIRRs ending June 1997 and end-June 1997 exchange rates.

2/ Includes US$10.6 million in arrears to be subject to a concessional rescheduling as part of BADEA's contribution under the HIPC Initiative.

3/ After June 1997, US$4.9 million in arrears to multilateral creditors were cleared through cash payments. The remaining arrears are to bilateral creditors for which the authorities have sought comparable terms to those offered by Paris Club creditors.

4/ Three-year average.

Table 3. Uganda: Balance of Payments, 1994/95-2004/05
(In millions of U.S. dollars, unless otherwise indicated)

	1994/95	1995/96	1996/97	1997/98 Prog.	1997/98 Proj.	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
						Projections						
Current account	-141.6	-110.0	-53.4	-145.5	-162.9	-191.3	-227.6	-252.3	-257.0	-262.4	-257.7	-241.4
Trade balance	-490.2	-627.9	-575.4	-724.1	-815.0	-842.9	-918.8	-993.5	-1,053.9	-1,117.7	-1,183.6	-1,253.1
Exports, f.o.b.	595.3	590.3	670.9	642.8	519.7	597.1	652.2	717.2	774.0	835.3	903.1	976.4
Coffee	456.6	404.4	365.6	315.9	301.7	336.0	352.8	377.4	402.4	428.3	455.1	473.5
Noncoffee	138.7	185.9	305.2	326.9	218.0	261.1	299.4	339.9	371.6	407.0	448.0	503.0
Imports, c.i.f	1,085.5	1,218.3	1,246.3	1,367.0	1,334.7	1,440.0	1,571.1	1,710.8	1,827.9	1,953.0	2,086.7	2,229.5
Project-related	230.0	211.4	209.5	226.9	226.9	231.4	260.2	284.4	302.0	317.5	340.2	361.4
Other imports	855.5	1,006.8	1,036.8	1,140.1	1,107.8	1,208.6	1,310.9	1,426.4	1,525.8	1,635.5	1,746.5	1,868.1
Nonfactor services	-226.0	-247.3	-251.0	-257.4	-258.3	-258.3	-272.4	-285.8	-298.0	-308.9	-319.7	-321.4
Net interest	-33.7	-32.6	-6.1	-3.0	-7.2	-0.8	5.4	8.3	17.2	17.3	16.8	15.3
Private transfers	329.9	534.5	482.1	522.5	597.0	617.5	660.1	707.7	757.9	815.6	881.8	957.9
Of which: identified FDI	...	113.4	160.0	193.0	190.0	230.0	251.8	275.0	294.6	315.5	337.9	361.9
Of which: NGOs	...	81.8	85.9	87.8	90.2	92.0	103.5	113.1	120.1	126.2	135.3	143.7
Official transfers	302.7	276.6	307.4	329.1	329.1	306.4	316.6	332.9	346.3	360.3	378.6	393.9
Import support 1/	95.7	86.3	118.8	124.9	124.9	75.0	70.0	60.0	50.0	40.0	30.0	20.0
Project support	207.0	190.3	188.6	204.2	204.2	231.4	246.6	272.9	296.3	320.3	348.6	373.9
Other	-24.4	-13.2	-10.4	-12.6	-8.6	-13.1	-18.4	-21.9	-26.5	-29.0	-31.7	-34.0
Capital account	258.9	144.6	154.7	189.7	207.1	240.8	252.9	256.2	270.3	274.0	263.2	273.3
Official (net)	281.8	210.2	209.5	222.4	207.1	240.8	252.9	256.2	270.3	274.0	263.2	273.3
Disbursements	377.4	282.4	276.4	309.6	309.6	326.4	333.9	340.9	347.7	354.7	361.8	369.0
Import support	124.4	49.9	45.9	60.0	60.0	95.0	60.0	45.0	40.0	40.0	30.0	20.0
Project support	252.9	232.6	230.5	249.6	249.6	231.4	273.9	295.9	307.7	314.7	331.8	349.0
Amortization due	-95.6	-72.3	-66.9	-87.1	-102.5	-85.5	-81.0	-84.7	-77.4	-80.7	-98.6	-95.7
Private capital (net) 2/	-22.9	-65.6	-54.7	-32.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	117.3	34.6	101.3	44.2	44.2	49.6	25.3	3.9	13.4	11.6	5.5	31.9
Financing	-117.3	-34.6	-101.3	-44.2	-44.2	-49.6	-25.3	-3.9	-13.4	-11.6	-5.5	-31.9
From monetary authorities	-146.9	-73.0	-137.5	-71.1	-70.8	-103.7	-79.8	-57.5	-64.6	-57.3	-51.3	-65.9
Gross reserve change	-168.9	-91.5	-147.5	-66.0	-65.8	-90.7	-65.6	-9.1	-21.5	-12.7	1.1	-12.5
IMF (net)	22.5	18.5	10.0	-5.1	-5.1	-13.0	-14.2	-48.4	-43.1	-44.5	-52.5	-53.4
Short-term	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (net)	14.2	20.4	16.2	-316.1	-271.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing 3/	15.4	17.9	20.0	343.0	297.9	54.1	54.5	53.6	51.2	45.7	45.9	34.0
Toward arrears reduction	0.0	8.9	0.0	316.1	271.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current maturities	15.4	9.0	20.0	26.9	26.4	24.1	24.5	23.6	21.1	15.9	15.2	3.3
HIPC assistance	0.0	0.0	0.0	0.0	0.0	30.0	30.0	30.0	30.1	29.8	30.6	30.7
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Gross international reserves 4/	3.4	3.6	4.6	4.6	4.7	4.9	4.9	4.5	4.4	4.1	3.9	3.7
Net international reserves 4/	-0.4	0.4	1.5	1.9	2.0	2.5	2.7	2.8	2.9	3.0	3.1	3.1
Current account-to-GDP ratio (in percent)												
Including official transfers	-2.7	-2.0	-0.9	-2.2	-2.6	-2.7	-2.8	-2.9	-2.7	-2.6	-2.4	-2.1
Excluding official transfers	-8.4	-6.9	-6.1	-7.0	-7.7	-6.9	-6.8	-6.7	-6.4	-6.2	-5.9	-5.5
Excluding official transfers and FDI 5/	...	-9.0	-8.7	-9.9	-10.7	-10.2	-9.9	-9.8	-9.5	-9.3	-9.0	-8.6
Debt-service ratio 6/												
Before rescheduling (including IMF)	25.8	23.1	20.4	23.9	30.7	24.1	20.4	18.6	15.2	14.6	15.6	14.3
After rescheduling (including IMF) 3/	23.5	21.8	17.9	20.6	26.9	21.2	17.6	16.2	13.3	13.3	14.4	14.1
After HIPC	23.5	21.8	17.9	20.6	26.9	17.4	14.3	13.2	10.5	10.7	12.0	11.9
NPV of debt before HIPC (including IMF)	1,699.3	1,727.0	1,795.9	1,878.5	1,811.4	1,904.0	1,996.5	2,096.5	2,205.7	2,311.7	2,419.4	2,531.4
NPV of debt after HIPC (including IMF) 3/	...	...	1,448.9	...	1,510.3	1,608.2	1,711.7	1,823.5	1,943.5	2,061.6	2,182.6	2,305.8
NPV of debt/exports ratio (before HIPC; in percent)												
Current-year exports	254.7	238.0	217.7	229.6	258.4	224.4	213.2	201.6	195.4	189.7	183.0	175.2
Three-year export average	411.8	300.2	243.0	238.1	242.0	245.5	250.1	233.8	223.8	215.0	207.4	199.5
NPV of debt/exports ratio (after HIPC; in percent)												
Current-year exports	...	...	...	...	217.3	199.3	191.7	184.1	181.2	177.3	172.8	167.0
Three-year export average	...	...	196.0	...	201.8	207.3	214.4	203.3	197.2	191.7	187.1	181.7
Coffee price (in U.S. cents per kg)	257.0	172.1	138.2	130.0	149.0	140.0	140.0	142.9	145.8	148.7	151.7	154.7
Exports of goods, and nonfactor services 7/	412.7	575.3	739.2	842.0	748.5	775.6	798.4	896.9	985.5	1,075.3	1,166.3	1,269.0
Import support (in percent of GDP)	4.2	2.4	2.8	2.7	2.9	2.4	1.6	1.2	1.0	0.8	0.6	0.3
Total donor support (in percent of GDP)	12.9	10.0	9.8	9.5	10.0	8.8	8.1	7.7	7.4	7.1	6.9	6.6

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

1/ Excludes possible additional BOP support of about US$35 million in 1997/98.
2/ Includes private short-term capital flows, foreign direct investment, and errors and omissions.
3/ For 1996/97 and beyond, incorporates effects of Paris Club stock-of-debt operation and assumes rescheduling with non-Paris Club bilateral and commercial creditors on terms viewed by the authorities as comparable.
4/ In months of imports of goods and nonfactor services.
5/ The authorities have made preliminary estimates of the foreign direct investment component of private transfers for 1995/96. These estimates are currently being refined based on the recommendations of the recent STA technical assistance mission, and although preliminary, the available information does provide a better basis for projecting the evolution of private transfers.
6/ In percent of current-year exports of goods and nonfactor services.
7/ Three-year average

Table 3 (concluded). Uganda: Balance of Payments, 2005/06-2016/17
(In millions of U.S. dollars, unless otherwise indicated)

	2005/06	2006/07	2007/08	2008/09	2009/10	20010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
						Projections						
Current account	-220.1	-196.1	-167.3	-131.9	-88.4	-81.6	-103.6	-128.1	-154.8	-183.3	-216.1	-247.2
Trade balance	-1,326.4	-1,403.7	-1,485.2	-1,571.2	-1,661.7	-1,755.6	-1,854.2	-1,957.9	-2,066.9	-2,181.3	-2,294.4	-2,412.4
Exports, f.o.b.	1,055.7	1,141.4	1,234.1	1,334.3	1,442.7	1,559.8	1,686.5	1,823.4	1,971.5	2,131.6	2,304.7	2,491.8
Coffee	492.6	512.5	533.2	554.7	577.1	600.5	624.7	649.9	676.2	703.5	731.9	761.5
Noncoffee	563.1	629.0	700.9	779.6	865.5	959.4	1,061.8	1,173.5	1,295.3	1,428.0	1,572.7	1,730.3
Imports, c.i.f	2,382.1	2,545.1	2,719.4	2,905.5	3,104.4	3,315.4	3,540.7	3,781.4	4,038.4	4,312.8	4,599.0	4,904.2
Project-related	383.1	403.0	413.2	423.7	434.5	443.2	452.0	461.7	471.8	482.2	492.8	503.6
Other imports	1,999.0	2,142.1	2,306.1	2,481.8	2,669.9	2,872.2	3,088.7	3,319.6	3,566.5	3,830.6	4,106.3	4,400.6
Nonfactor services	-321.8	-320.0	-313.4	-304.9	-294.1	-279.6	-262.4	-242.1	-218.3	-190.7	-156.8	-117.8
Net interest	14.1	14.1	16.0	19.3	24.9	33.0	41.3	47.9	52.5	55.7	56.0	56.9
Private transfers	1,040.6	1,130.4	1,222.2	1,321.4	1,428.7	1,501.0	1,546.4	1,593.1	1,641.2	1,690.7	1,731.5	1,773.1
Of which: identified FDI	387.6	415.1	444.6	476.1	509.9	545.9	584.3	625.5	669.6	716.8	764.1	814.4
Of which: NGOs	152.3	160.3	164.3	168.5	172.8	176.2	179.7	183.6	187.6	191.7	195.9	200.2
Official transfers	409.8	422.2	434.9	448.0	461.6	470.8	480.2	489.8	499.6	509.6	519.8	530.2
Import support 1/	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project support	399.8	422.2	434.9	448.0	461.6	470.8	480.2	489.8	499.6	509.6	519.8	530.2
Other	-36.4	-39.0	-41.7	-44.7	-47.9	-51.3	-54.9	-58.8	-62.9	-67.4	-72.1	-77.2
Capital account	277.9	281.6	260.7	265.4	248.7	242.7	233.7	223.3	221.1	198.9	200.5	189.2
Official (net)	277.9	281.6	260.7	265.4	248.7	242.7	233.7	223.3	221.1	198.9	200.5	189.2
Disbursements	376.4	383.9	391.6	399.4	407.4	415.5	423.9	433.6	444.1	454.8	465.7	476.9
Import support	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project support	366.4	383.9	391.6	399.4	407.4	415.5	423.9	433.6	444.1	454.8	465.7	476.9
Amortization due	-98.5	-102.3	-130.9	-134.0	-158.7	-172.9	-190.1	-210.4	-223.0	-255.9	-265.3	-287.8
Private capital (net) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	57.8	85.5	93.5	133.5	160.2	161.0	130.1	95.2	66.2	15.6	-15.6	-58.1
Financing	-57.8	-85.5	-93.5	-133.5	-160.2	-161.0	-130.1	-95.2	-66.2	-15.6	15.6	58.1
From monetary authorities	-83.2	-108.2	-115.0	-150.3	-178.6	-177.5	-145.6	-110.5	-83.3	-30.6	-0.1	46.0
Gross reserve change	-34.0	-70.5	-89.9	-130.4	-173.0	-177.5	-145.6	-110.5	-83.3	-30.6	-0.1	46.0
IMF (net)	-49.3	-37.6	-25.1	-20.0	-5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing 3/	25.4	22.7	21.6	16.9	18.3	16.5	15.5	15.2	17.1	15.1	15.7	12.1
Toward arrears reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current maturities	-3.9	-4.4	-2.4	-5.0	-4.1	-5.4	-5.9	-6.2	-4.4	-6.5	-6.1	-10.0
HIPC assistance	29.3	27.1	23.9	21.8	22.4	21.9	21.4	21.4	21.5	21.6	21.8	22.1
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Gross international reserves 4/	3.6	3.6	3.7	3.8	4.1	4.3	4.4	4.4	4.3	4.1	3.9	3.6
Net international reserves 4/	3.2	3.4	3.6	3.8	4.1	4.3	4.5	4.4	4.4	4.1	3.9	3.6
Current account-to-GDP ratio (in percent)												
Including official transfers	-1.8	-1.5	-1.2	-0.9	-0.5	-0.5	-0.6	-0.6	-0.7	-0.8	-0.9	-0.9
Excluding official transfers	-5.1	-4.7	-4.2	-3.8	-3.4	-3.2	-3.1	-3.1	-3.1	-3.0	-3.0	-3.0
Excluding official transfers and FDI 5/	-8.2	-7.8	-7.4	-6.9	-6.5	-6.3	-6.3	-6.2	-6.2	-6.2	-6.1	-6.1
Debt-service ratio 6/												
Before rescheduling (including IMF)	13.2	11.8	11.8	10.8	10.5	10.1	10.1	10.1	9.8	10.0	9.5	9.3
After rescheduling (including IMF) 3/	13.4	12.0	11.9	11.1	10.7	10.4	10.3	10.3	9.9	10.2	9.7	9.6
After HIPC	11.5	10.4	10.6	10.0	9.7	9.4	9.5	9.5	9.2	9.6	9.1	9.0
NPV of debt before HIPC (including IMF)	2,659.2	2,804.5	2,966.1	3,130.2	3,294.8	3,457.1	3,616.0	3,772.6	3,926.8	4,075.6	4,223.4	4,236.0
NPV of debt after HIPC (including IMF)	2,442.5	2,597.1	2,765.8	2,936.0	3,108.0	3,277.8	3,444.4	3,609.6	3,773.0	3,932.1	4,091.1	4,114.4
NPV of debt/exports ratio (before HIPC; in percent)												
Current-year exports	167.8	161.4	156.0	151.2	146.4	141.3	136.1	130.7	125.2	119.7	114.2	108.8
Three-year export average	192.1	185.4	179.6	173.7	167.6	161.3	154.7	148.2	141.6	134.9	128.5	118.4
NPV of debt/exports ratio (after HIPC; in percent)												
Current-year exports	161.9	157.7	153.8	149.7	145.3	140.6	135.6	130.4	125.2	119.9	114.6	105.9
Three-year export average	176.4	171.7	167.5	162.9	158.1	152.9	147.4	141.8	136.0	130.2	124.4	115.0
Coffee price (in U.S. cents per kg)	157.8	161.0	164.2	167.5	170.8	174.2	177.7	181.3	184.9	188.6	192.4	196.2
Exports of goods, and nonfactor services 7	1,384.3	1,512.3	1,651.3	1,802.2	1,966.0	2,143.8	2,336.9	2,546.3	2,773.6	3,020.2	3,287.6	3,577.7
Import support (in percent of GDP)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total donor support (in percent of GDP)	6.3	6.1	5.8	5.6	5.3	5.1	4.8	4.6	4.4	4.2	4.0	3.9

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

1/ Excludes possible additional BOP support of about US$35 million in 1997/98.

2/ Includes private short-term capital flows, foreign direct investment, and errors and omissions.

3/ For 1996/97 and beyond, incorporates effects of Paris Club stock-of-debt operation and assumes rescheduling with non-Paris Club bilateral and commercial creditors on terms viewed by the authorities as comparable.

4/ In months of imports of goods and nonfactor services.

5/ The authorities have made preliminary estimates of the foreign direct investment component of private transfers for 1995/96. These estimates are currently being refined based on the recommendations of the recent STA technical assistance mission, and although preliminary, the available information does provide a better basis for projecting the evolution of private transfers.

6/ In percent of current-year exports of goods and nonfactor services.

7/ Three-year average

Table 4. Uganda: IDA HIPC Assistance, 1997/98-2008/09
(In millions of U.S. dollars)

	Totals	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
IDA Grant													
Principal	75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
Interest	15.3	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Cash flow	90.3	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	2.1	2.0
NPV	24.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IDA Buyback													
Principal	181.2		3.1	3.6	4.3	4.5	5.9	6.3	6.3	6.3	6.3	6.3	6.3
Interest	22.6		1.4	1.3	1.3	1.3	1.2	1.2	1.1	1.1	1.0	1.0	0.9
Cash flow	203.8		4.4	4.9	5.6	5.8	7.1	7.5	7.5	7.4	7.4	7.3	7.3
NPV	84.1		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service Fund													
Principal	38.2		6.2	7.0	8.7	8.7	7.5	0.0	0.0	0.0	0.0	0.0	0.0
Interest	22.2		4.0	4.2	4.8	4.7	4.6	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	60.4		10.2	11.2	13.5	13.4	12.0	0.0	0.0	0.0	0.0	0.0	0.0
NPV	51.9		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total IDA Assistance													
Principal	294.4	0.0	9.3	10.6	13.0	13.3	13.4	6.3	6.3	6.3	6.3	7.8	7.8
Interest	60.2	0.6	5.9	6.1	6.6	6.5	6.4	1.7	1.7	1.7	1.6	1.6	1.5
Cash flow	354.5	0.6	15.2	16.7	19.6	19.8	19.7	8.1	8.0	8.0	7.9	9.4	9.3
NPV	160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent Reduction in IDA Debt Service			53.6	50.6	50.6	44.2	37.6	13.0	11.2	10.9	10.8	10.2	10.0

Table 5. Uganda: Delivery of IMF Assistance Under the HIPC Initiative, 1998/99-2006/07 1/
(In millions of U.S. dollars, unless otherwise indicated)

		1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
IMF										
Amount of assistance 2/	68.9									
Profile of delivery (in percent of amount deposited in escrow account (principal))		22.0	15.0	13.0	12.0	11.0	9.0	8.0	6.0	4.0
Repayments falling due on current IMF obligations (in millions of SDRs)		42.8	37.0	34.8	31.0	32.1	32.1	26.4	19.4	11.0
IMF HIPC assistance (in millions of SDRs) 2/ 3/		11.3	10.3	8.3	7.5	6.7	5.4	4.7	3.4	2.4
Of which : principal		11.3	7.7	6.7	6.2	5.7	4.6	4.1	3.1	2.1
Proportion of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in escrow account (in percent)		26.5	20.9	19.2	19.9	17.7	14.4	15.6	15.9	18.7
Scheduled IMF debt service 4/		7.5	5.9	5.0	4.1	3.9	3.6	2.7	1.8	1.0
Of which: covered by IMF HIPC assistance		2.0	1.3	1.1	0.9	0.8	0.7	0.6	0.4	0.3
Memorandum item:										
Exports of goods and nonfactor services (current year)		807.1	893.1	990.6	1,072.9	1,162.6	1,263.4	1,380.9	1,508.6	1,647.3

1/ Uganda's fiscal year, beginning July 1.

2/ U.S. dollar amount to be deposited in SDRs in an escrow account at the completion point. The SDR equivalent is SDR 51.5 million on the basis of a SDR/U.S. dollar exchange rate of 0.747669 (April 8, 1998).

3/ It is assumed that the amounts in escrow earn a rate of return of 4.5 percent in SDR terms. Actual interest earnings may be higher or lower. Interest earned will be accumulated through the fiscal year (July-June) and be used toward payment of the first repayment obligation falling due in the following fiscal year, except in the final fiscal year, when it will be used toward payment of the final repayment obligation falling due that year.

4/ In percent of current-year exports of goods and services.