

Borrowing Blind: Why Uganda's Real Debt Crisis is the Lack of Oversight



A Spring meeting session in Washington DC hosted by the International Monetary Fund (IMF) and the World Bank. Source (Net File)

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As global finance ministers and central bank governors gather this week for the World Bank-IMF Spring Meetings, the official agenda is dominated by inflation, growth forecasts, and fiscal consolidation. But in the corridors and side sessions, a more uncomfortable conversation is unfolding: the world is losing the battle on debt accountability.

At a high-level session on “Closing the Debt Accountability Gap,” one statistic stopped the room: nearly half of the world’s population now lives in countries where debt servicing costs more than health and education combined. Uganda is rapidly approaching that precipice.

With public debt hovering around **52%** of GDP—already above the East African Community’s convergence threshold of **50%**—and **42%** of domestic revenue consumed by debt repayment, the warning lights are flashing. Yet, as the discussions here in Washington made clear, Uganda’s biggest problem isn’t the debt-to-GDP ratio. It’s a silent, systemic failure: weak accountability over how borrowing decisions are made.

For years, the global debate has focused on how much countries borrow. That has shifted. The real question now is: who decides, under what scrutiny, and for what purpose?

In Uganda, the system looks functional on paper. Parliament has the constitutional mandate to approve loans. The Ministry of Finance produces debt strategies. The Auditor General exists to check. But in practice, these institutions are trapped in what can only be called an “approval trap.”

Members of Parliament are frequently presented with loan requests under extreme pressure, sometimes with just 24 hours’ notice. Framed as urgent national priorities, these borrowings leave no room for interrogation. Politically, it is nearly impossible to say no. The result is a legislature reduced to a rubber stamp, approving debt without understanding the true costs, risks, or alternatives.

Even when transparency exists on paper, it is rarely used. Debt strategies and borrowing plans are often tabled too late for debate or never linked to the annual budget. Critical information—loan covenants, contingent liabilities from state-owned enterprises, risks from public-private partnerships—remains hidden from both Parliament and the public.

Uganda is already paying the price. Millions are lost to commitment fees on loans that have remained undisbursed for more than five years. Some borrowed money is not financing new roads or hospitals, but recurrent expenditures, leaving future taxpayers with a bill for no lasting asset. This is not just inefficient. It is unjust.

Why does weak oversight persist? The session in Washington offered a blunt answer: debt is deeply political. Executive dominance has steadily eroded checks and balances. Borrowing decisions are shaped by power, not just spreadsheets.

There is also a growing fairness deficit. When the government borrows heavily while tax compliance among high-income groups remains low, ordinary citizens end up paying—through inflation, reduced services, or future tax hikes—for decisions they never influenced. This erodes trust and breaks the social contract.

Closing the accountability gap does not require new laws. It requires making existing institutions work. For Uganda, that means three immediate shifts: First, full disclosure before approval. Parliament must receive complete loan terms, risk assessments, and alternatives—in time to debate, not just nod. Secondly, value-for-money audits. The Auditor General should move beyond financial compliance to ask: Did this loan deliver what it promised? Third, citizen engagement. Borrowing affects every taxpayer. Civil society and citizens must have a seat at the table, not just as observers but as watchdogs.

As we leave the Spring Meetings, one message is clear: Uganda can no longer afford to borrow blindly. With nearly half of domestic revenue already going to debt service, every unscrutinized loan is a gamble with essential services—health, education, and agriculture.

The Civil Society Budget Advocacy Group (CSBAG) will intensify its advocacy, tracking undisbursed loans, exposing hidden liabilities, and linking debt to service delivery outcomes. But Parliament, the Ministry of Finance, and development partners must act too. Accountability is not a bureaucratic detail.

It is the missing link between borrowing and development. Without it, Uganda will not face a debt crisis tomorrow. It is already living one today.

About IMF/World Bank Spring Meetings 2026: The International Monetary Fund (IMF) and World Bank Spring Meetings, taking place from April 11th to April 18th, 2026, in Washington, D.C., has brought together Finance Ministers, Central Bank Governors, Civil Society observers, and Development Partners from across the globe to confront one of the most pressing fiscal challenges of our time: the imperative to deliver better public services with shrinking national budgets. Delegates are examining how governments can navigate tightening fiscal space, rising debt costs, and mounting climate pressures — not by raising more revenue or borrowing further, but by fundamentally improving the quality and efficiency of what they already spend. The gathering marks a significant shift from debates over how much governments allocate to what they actually achieve with every dollar, shilling, or rupee spent.