

BANK OF UGANDA



Plot 37/43 Kampala Road, P.O. Box 7120 Kampala. **Cable Address:** UGABANK, **Telex:** 61069/61244
General Lines: 0312-392000, 0414 258441/6, 258061/6 or 0417-302000 **Fax:** (+256-414) 233818
Website: www.bou.or.ug **E-mail:** info@bou.or.ug **Twitter:** @BOU_Official **Facebook:** Bank of Uganda

Government has not failed to pay Bank of Uganda

KAMPALA, September 20, 2022 – Reference is made to an article titled: “Govt fails to pay Shs11t BoU debt,” published in the *Saturday Monitor* of September 17, 2022. The article stated that Government of Uganda has excessively borrowed (UGX 11 trillion) from the Bank of Uganda (BoU) outside the permissible limits.

We would like to clarify as follows:

Section 4 of the Bank of Uganda Act, 2000 mandates BoU to perform the functions of **Banker to Government** and **Agent of Government in financial matters**.

As a Banker to Government, BoU can grant advances to Government in accordance with the Bank of Uganda Act, 2000 and the Public Finance Management Act, 2015 (as amended). In line with these laws, Government obtained an advance of UGX 2.1 trillion in FY 2020/21, which was subsequently repaid in full. Since then, no such borrowing has taken place. Therefore, Government has not borrowed UGX 8 trillion and there is no such outstanding loan from BoU as purported in the article.

As an Agent of Government in financial matters, BoU manages the issuance and redemption of domestic debt securities on behalf of Government. This entails prompt repayment of matured government securities to investors. The current outstanding amounts due from Government to BoU relate to reimbursables attributed to this role. As at 30 June 2021, the outstanding reimbursables to BoU stood at UGX 3.033 trillion. During the FY 2021/22, BoU made repayments of matured securities to investors worth UGX 11.940 trillion and received reimbursements from Government worth UGX 11.602 trillion. Therefore, Government’s outstanding reimbursables to BoU as at 30 June 2022 stood at UGX 3.371 trillion.

In the current financial year (FY 2022/23), BoU has made further repayments of matured securities worth UGX 2.510 trillion and received reimbursements from Government worth UGX 1.871 trillion; resulting in outstanding reimbursables of UGX 4.010 trillion as at 15 September 2022.

Detailed plans for Government to fully reimburse BoU, on account of this role, are in place.

Finally, the Service Level Agreement signed between Government and BoU is intended to operationalise the existing laws referred to above and does not purport to create or give any new mandate to BoU outside the law.

MANAGEMENT