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The Treasury Single Account Reform and Government Borrowing in Uganda: A Comparative Analysis of Domestic Debt Trends in Sub-Saharan and East African Countries

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ABSTRACT

Uganda introduced a Treasury Single Account (TSA) in October 2013, later given statutory force through the Public Finance Management Act (PFMA) 2015, as part of a broader public financial management (PFM) reform agenda aimed at consolidating fragmented government bank accounts, minimising idle cash balances, and improving the efficiency of domestic borrowing through Treasury Bills and Bonds. This study examines the relationship between Uganda's TSA reform and trends in government domestic borrowing and debt servicing between 2013 and 2026. It draws on secondary data from the Bank of Uganda, the Ministry of Finance, Planning and Economic Development (MoFPED), the International Monetary Fund (IMF), and peer reviewed and grey literature, and extends the analysis to Kenya, Tanzania, Rwanda, Ethiopia, Nigeria, Ghana, and South Sudan for comparative insights. Findings indicate that the TSA enhanced the quality, transparency, and predictability of Uganda's cash and debt management, reflected in more coherent borrowing plans and a shift toward longer dated domestic securities. However, it did not restrain the overall growth of public debt, which rose from approximately UGX 34 trillion in 2017 to over UGX 130 trillion by January 2026, with domestic debt overtaking external debt for the first time in June 2025. Budgeted interest payments increased from UGX 4.69 trillion in FY2022/23 to a projected UGX 12.4 trillion in FY2026/27. Comparative evidence suggests Rwanda and Kenya achieved the most complete TSA consolidation in East Africa, while Nigeria's larger 2015 rollout produced partial but measurable effects on borrowing channels. The study concludes that a TSA should be understood primarily as a cash management instrument rather than a fiscal deficit correction tool. It can improve efficiency and transparency in borrowing decisions. Still, it cannot, on its own, offset structural drivers of debt accumulation such as infrastructure financing needs, declining donor grants, and exogenous interest rate shocks.

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KEYWORDS: *Treasury Single Account; public financial management; government borrowing; Treasury Bills; Treasury Bonds; domestic debt; Uganda; Sub-Saharan Africa; East African Community.*

1. INTRODUCTION

Public financial management (PFM) reform has occupied a central place in fiscal policy agendas across developing countries over the past two decades. Weak cash-management practices, fragmented government bank accounts, poor visibility of aggregate cash positions, and idle balances have imposed avoidable costs on states, often leading to unnecessary short-term borrowing (Pattanayak & Fainboim, 2010; Lienert, 2009). The Treasury Single Account (TSA) has emerged as the principal institutional response: a unified structure of government bank accounts that provides the treasury with a consolidated, near-real-time view of cash resources, enabling more efficient allocation, monitoring, and more disciplined borrowing decisions (International Monetary Fund, 2011).

Uganda introduced its TSA in October 2013, following major public-fund misappropriation scandals in the Office of the Prime Minister and the Ministry of Public Service, which had prompted several donor governments to suspend budget support in 2012 (Uganda Radio Network, 2013). The reform, later entrenched in the Public Finance Management Act (PFMA) 2015, consolidated more than 2,000 previously scattered bank accounts into a centrally controlled structure at the Bank of Uganda. More than a decade later, Uganda offers a useful case for examining whether and how TSA implementation has shaped the trajectory of government domestic borrowing through Treasury Bills and Bonds, and debt-servicing obligations.

This study addresses three research questions:

1. What has been the trajectory of Uganda's domestic borrowing and debt-servicing costs since the introduction of the TSA in 2013?
2. To what extent can changes in this trajectory be plausibly linked to the TSA reform, as distinct from other structural and macroeconomic drivers of public debt?
3. How does Uganda's experience compare with that of other Sub-Saharan African and East African Community (EAC) countries that have implemented similar reforms?

By addressing these questions, the study contributes an updated, data-grounded assessment of a reform frequently asserted in both policy and academic literature to reduce government borrowing costs, but for which country-specific, longitudinal evidence remains limited. Uganda's case thus provides an important lens for understanding the role of TSA reforms in shaping debt dynamics in low-income and emerging economies.

2. Literature Review

2.1. The Treasury Single Account: Concept and Rationale

The Treasury Single Account (TSA) is defined by the IMF as "a unified structure of government bank accounts that gives a consolidated view of government cash resources" (Pattanayak & Fainboim, 2010, p. 4). Its primary objective is to ensure effective aggregate control over government cash balances by eliminating idle funds scattered across ministries, departments, and agencies (MDAs) and consolidating them into a single account, typically domiciled at the central bank (IMF, 2011). The underlying cost-minimisation logic is straightforward: because government borrowing costs are almost invariably higher than the returns earned on idle deposits, aggregation reduces the need for short-term borrowing to cover deficits that may not exist at the consolidated level (Jönsson, 2018).

Beyond this direct cash-versus-debt trade-off, the literature identifies several secondary benefits of TSA adoption. These include improved bank reconciliation and fiscal-data quality, more efficient coordination between cash management, debt management, and monetary policy, reduced transaction costs during budget execution, and enhanced transparency that constrains corruption-driven leakage of public funds (Fainboim & Pattanayak, 2010; Yiadom & Otieku, 2018)

2.2. Empirical Evidence from Sub-Saharan Africa

Empirical assessments of TSA effects on government debt are most developed in Nigeria, where a government-wide rollout began in August 2015. Using Central Bank of Nigeria data for 2011–2020, Igbekoyi (2022) found that the TSA had a statistically significant negative effect on specific debt-financing channels, notably advances from commercial banks and external debt finance charges, though its effect on central bank overdrafts was insignificant. Similarly, Ezeala and Agbata (2022) reported that consolidating cash resources enabled the Nigerian government to make more informed borrowing decisions based on a clearer view of total available resources.

Ghana's experience, where the TSA was implemented alongside the Ghana Integrated Financial Management Information System (GIFMIS) from 2010, is framed in similar terms: as a mechanism to reduce "the tendency of the government from borrowing at high-interest rates, while funds are sitting idle in the various accounts" (Ahinsah-Wobil, 2020).

Evidence from South Sudan provides a cautionary counterpoint. Reat and Peter (2023) found that while TSA implementation reduced corruption and financial leakage in MDAs, it also reduced short-term operational efficiency, illustrating that the benefits of TSA reform are contingent on institutional capacity and are not automatic or costless.

2.3. Regional (East African) Comparative Assessments

Regional comparative studies highlight variation in TSA implementation across East Africa. A 2018 IMF East AFRITAC workshop assessed TSA adoption using the Public Expenditure and Financial Accountability (PEFA) cash-consolidation indicator (PI-21(i)). Rwanda and Kenya recorded the strongest scores, reflecting well-developed centralised structures with daily sweeping of sub-account balances. Uganda scored in the upper-middle range,

while Tanzania and Ethiopia lagged, with substantial government cash still held outside the consolidated structure (Jönsson, 2018; Seeds, 2018).

This regional benchmarking provides the comparative frame for the present study, situating Uganda's TSA reform within broader East African trajectories and highlighting both the potential and limitations of TSA adoption in contexts of uneven institutional capacity.

2.4. Gap in the Literature

Despite a substantial theoretical and cross-country literature on TSA design (Pattanayak & Fainboim, 2010; Lienert, 2009) and country-specific studies for Nigeria, Ghana, and South Sudan, there is comparatively little longitudinal, data-driven analysis of Uganda's TSA experience, particularly in relation to Treasury Bill and Bond issuance and debt-servicing trends. Existing Uganda-focused PFM studies, such as the MoFPED-commissioned review of 2012–2014 reforms, predate more than a decade of subsequent debt accumulation and do not capture the post-2020 period, during which Uganda's domestic debt profile changed substantially. This study addresses that gap by providing a country-specific, longitudinal assessment of TSA implementation and its relationship to domestic debt dynamics.

3. Theoretical Framework

This study draws on the cash-and-debt-management integration framework articulated in IMF technical guidance (Pattanayak & Fainboim, 2010; Williams, 2017). The framework posits that government cash balances and government debt are two sides of the same balance-sheet problem. Under fragmented banking arrangements (the pre-TSA baseline), idle cash balances coexist with new borrowing because the treasury lacks the informational and institutional capacity to net the two against each other.

A TSA addresses this by enabling:

- Daily consolidation of cash balances, ensuring visibility of aggregate resources.
- Fungibility of cash across the general government, allowing flexible allocation.
- Integration of cash forecasting with aggregate borrowing plans, aligning issuance with actual liquidity needs.

The framework predicts that, holding the fiscal deficit constant, TSA adoption should reduce the volume of debt issuance required to fund operations and improve the composition and timing of that issuance. Critically, however, it does not predict that a TSA will reduce the fiscal deficit itself, nor prevent debt growth driven by expansionary fiscal policy, exogenous shocks, or declining concessional financing. This distinction is central to the interpretation of findings in this study: the TSA is a cash-management instrument, not a fiscal-deficit correction tool.

4. Methodology

4.1. Research Design

This study adopts a desk-based, documentary research design relying on secondary quantitative and qualitative data. This approach is appropriate given the study's objective of establishing a longitudinal trend analysis (2013–2026) using official, publicly disclosed fiscal and debt data. Unlike primary survey or interview methods, this design ensures consistency, comparability, and reliability by drawing on authoritative institutional sources.

4.2. Data Sources

To ensure triangulation and validity, the study draws on multiple categories of secondary sources. Core fiscal and debt data were obtained from the Bank of Uganda, including State of the Economy Reports and public debt statistics, and from the Ministry of Finance, Planning and Economic Development (MoFPED), through its Quarterly and Annual Debt Statistical Bulletins and Debt Sustainability Analysis Reports. International perspectives were incorporated from the International Monetary Fund (IMF), notably Article IV consultations, Extended Credit Facility (ECF) review reports, and commentary from the IMF's Public Financial Management (PFM) Blog. Legal and regulatory context was provided by the Public Finance Management Act (2015) and Treasury Instructions (2017), while regional comparative insights were drawn from East AFRITAC/IMF technical assistance workshop materials (2018).

Additional evidence was sourced from parliamentary reporting, including Parliament Watch and official budget records of the Parliament of Uganda, as well as national and business media outlets such as Daily Monitor, The Independent, NTV Uganda, and AllAfrica. Finally, the study engaged with academic and policy literature, including peer-reviewed articles and working papers on TSA implementation in Nigeria, Ghana, and South Sudan, to situate Uganda's experience within broader Sub-Saharan and East African debates.

4.3. Analytical Approach

Quantitative debt and debt-servicing figures were compiled into time series covering different reference periods: total public debt (May 2017–January 2026), debt-to-GDP ratios (2019–2025), and budgeted interest payments (FY2022/23–FY2026/27). These series were visualised to identify trends coinciding with and following key TSA implementation milestones, including its 2013 introduction, legal

entrenchment under the Public Finance Management Act (2015), and subsequent extensions of coverage to extra-budgetary entities and donor-funded projects as documented in IMF Extended Credit Facility reviews. To complement this quantitative analysis, a comparative qualitative assessment was conducted of TSA structures and reported borrowing effects in seven additional Sub-Saharan African countries. The PEFA PI-21(i) cash-consolidation indicator was employed as a common benchmark where available, enabling cross-country comparison of TSA depth and its reported impact on borrowing practices.

4.4. Limitations

As a desk-based study relying exclusively on secondary data, the analysis is subject to several limitations. Data were reported at different reference points fiscal year-end, calendar year-end, and intra-year snapshots and sometimes employed different methodological bases, such as currency-of-issuance versus residency-based classifications of domestic and external debt. Consequently, the resulting time series should be interpreted as illustrative of directional trends rather than as a fully reconciled dataset. Moreover, the study is observational rather than causal in design: it documents temporal associations between TSA milestones and debt trends but does not implement econometric identification strategies such as difference-in-differences or synthetic control to isolate the TSA's causal effect from concurrent macro-fiscal developments. Recognising these constraints, the study flags econometric evaluation of TSA impacts as a priority for future research, particularly in the context of Uganda's evolving debt dynamics.

5. Background: Uganda's Treasury Single Account Reform

5.1. Pre-Reform Context

Before 2013, Uganda's public finance system was characterised by extreme fragmentation, with more than 2,000 government bank accounts held at the Bank of Uganda alone, many of which were dormant and vulnerable to misuse (Uganda Radio Network, 2013). High-profile scandals including the loss of approximately UGX 60 billion from the Office of the Prime Minister and UGX 340 billion to "ghost pensioners" in the Ministry of Public Service prompted several donor governments to suspend budget support in 2012 (MoFPED, 2014). These events provided the political impetus for reform, highlighting the urgent need for stronger cash management and accountability mechanisms.

5.2. Institutional and Legal Design

The Treasury Single Account was introduced in October 2013 under the leadership of the Secretary to the Treasury, Keith Muhakanizi, as part of a broader reform package that included an upgraded Integrated Financial Management System (IFMS), closure of redundant accounts, cash-withdrawal limits, and payroll reforms through the Integrated Personnel and Payroll System (MoFPED, 2014). The reform was subsequently formalised under the Public Finance Management Act (2015), which designated the Bank of Uganda as the sole depository of government cash and established the Consolidated Fund as the central account for public resources (Republic of Uganda, 2015).

Structurally, Uganda operates a centralised "core" TSA. The Uganda Consolidated Fund (UCF) account receives all tax revenue, non-tax revenue, and proceeds from Treasury Bills and Bonds. From the UCF, a TSA holding account is funded against quarterly limits, while MDA sub-accounts are financed on a just-in-time basis and swept back daily to the central account (Jönsson, 2018). Coverage has been progressively extended to extra-budgetary entities and, more recently, externally financed donor projects, although extension to local governments remains incomplete (IMF, 2023).

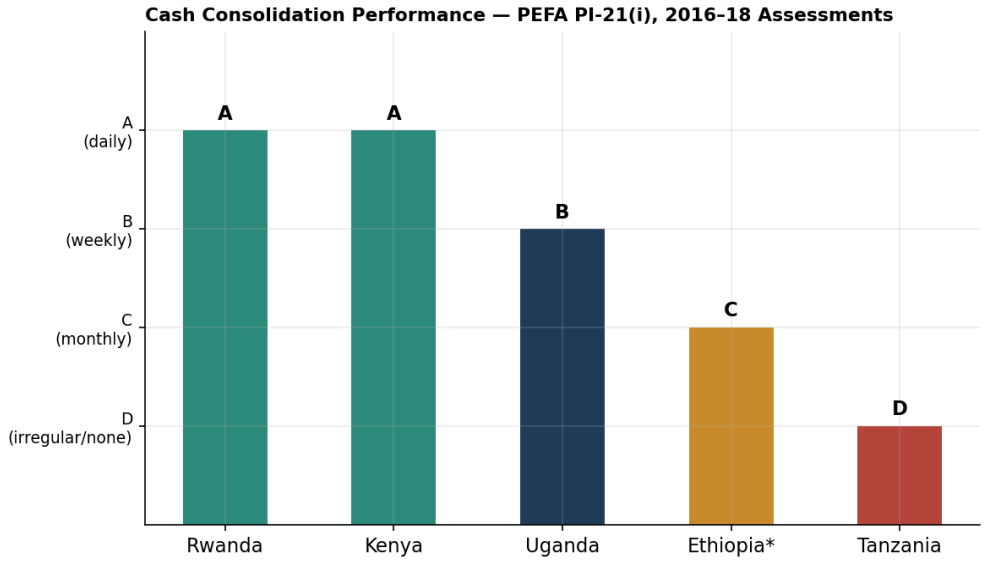


Figure 1. Cash-consolidation performance across East African countries, PEFA indicator PI-21(i), 2016–18 assessments (Ethiopia assessed under the earlier PEFA framework). Source: compiled from East AFRITAC/IMF regional PFM workshop materials (Jönsson, 2018; Seeds, 2018).

6. Results: Trends in Domestic Borrowing and Debt Servicing

6.1. Total Public Debt Stock, 2017–2026

Uganda's total public debt stock increased substantially over the study period, rising from approximately UGX 34.0 trillion in May 2017 to UGX 130.2 trillion by January 2026—a nearly fourfold nominal expansion. The trajectory reveals a temporary plateau between June 2023 and June 2024, when debt levels declined from UGX 96.1 trillion to UGX 89.5 trillion. This moderation reflected GDP-driven ratio effects and fiscal consolidation measures reported by Uganda's Parliamentary Budget Committee. However, the trend reversed sharply from December 2024 onward, coinciding with a large issuance of domestic securities to recapitalise the Bank of Uganda.

This pattern underscores two key dynamics. First, while TSA implementation improved cash visibility and borrowing coordination, it did not restrain the overall growth of debt, which continued to rise in response to structural financing needs. Second, the sharp acceleration in late 2024 highlights the sensitivity of Uganda's debt trajectory to discrete fiscal events, particularly central bank recapitalisation, which can override incremental gains in cash-management efficiency.

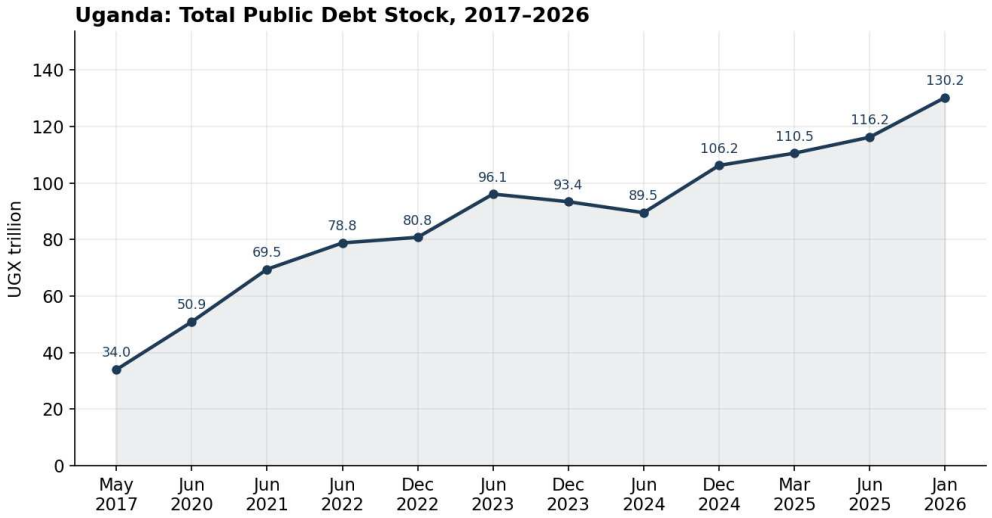


Figure 2. Uganda's total public debt stock, UGX trillion, May 2017 – January 2026. Sources: Bank of Uganda State of the Economy Reports; MFPED Debt Statistical Bulletins; Parliament Watch Uganda; Daily Monitor and The Independent (Uganda) reporting.

6.2. Public Debt as a Share of GDP

Uganda's public debt-to-GDP ratio increased markedly over the study period, rising from 38.5 percent in 2019 to a peak of 53.9 percent in 2022. This represented a significant deterioration in debt sustainability indicators, reflecting both rising nominal debt and slower real GDP growth. From 2023 through 2025, the ratio declined marginally to a range of 51–52 percent (Figure 3). However, this moderation was attributed principally to nominal GDP growth driven in part by inflationary pressures rather than to any reduction in absolute debt levels (AllAfrica, 2023).

This trend underscores the distinction between ratio effects and substantive debt reduction. While headline debt-to-GDP figures suggest a modest improvement after 2022, the underlying debt stock continued to expand. The apparent stabilization therefore reflects macroeconomic conditions rather than structural fiscal consolidation. For Uganda, this highlights the importance of interpreting debt sustainability metrics cautiously, as improvements in ratios may mask continued accumulation of liabilities.

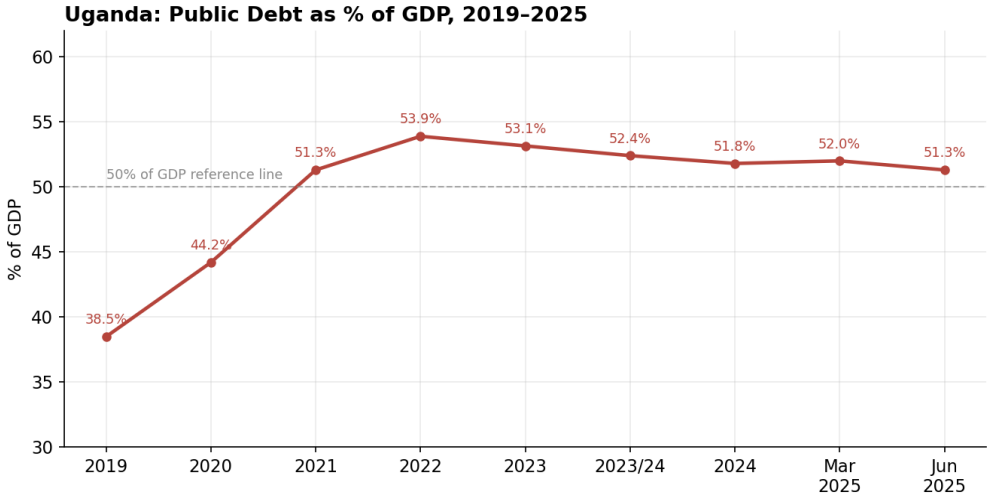


Figure 3. Uganda's public debt as a percentage of GDP, 2019–2025. Sources: World Bank/FRED Central Government Debt series; Trading Economics; MFPED Debt Sustainability Analysis Report (December 2024).

6.3. 6.3 Composition of Debt: The Rising Share of Domestic Borrowing

A central finding of this study is the growing share of domestic debt within Uganda's total public debt portfolio, particularly through Treasury Bills and Bonds. Domestic debt nearly doubled between June 2022 and June 2025, rising from UGX 30.7 trillion to UGX 60.3 trillion. For the first time, domestic debt exceeded external debt, which stood at UGX 55.9 trillion as of June 2025. This marked a significant structural shift in Uganda's debt composition, underscoring the increasing reliance on domestic capital markets to finance government operations.

The Permanent Secretary/Secretary to the Treasury attributed this trend to a deliberate strategy of deepening the domestic capital market in order to secure more predictable financing (Daily Monitor, 2025). Importantly, this shift was not presented as a direct consequence of TSA operations. Rather, it reflects broader fiscal policy choices aimed at reducing exposure to external shocks and enhancing the role of domestic investors in public debt financing.

This finding highlights a critical distinction: while the TSA improved cash visibility and coordination, the rising share of domestic borrowing is better understood as a policy-driven response to financing needs than as a mechanical outcome of TSA implementation. The result illustrates how TSA reforms interact with, but do not determine, broader debt-management strategies.

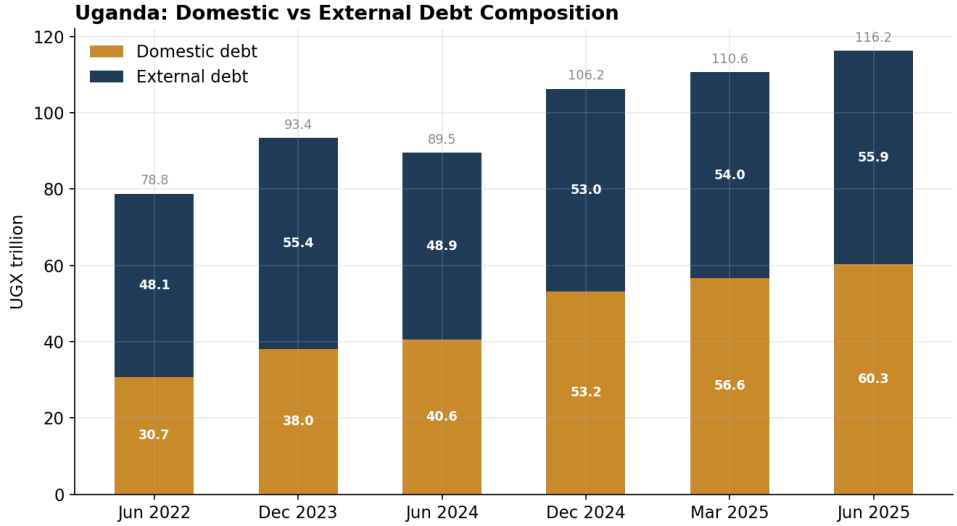


Figure 4. Composition of Uganda's public debt: domestic versus external, UGX trillion, June 2022 – June 2025. Sources: MFPED Quarterly/Annual Debt Statistical Bulletins; Parliament Watch Uganda; AllAfrica budget reporting. Note: external-debt figures for June 2024 and December 2024 are derived as residuals between reported total and domestic debt.

Consistent with the theoretical prediction that improved cash-forecasting capacity supports more strategic debt issuance (Section 3), the composition of Uganda's domestic securities shifted toward longer-dated instruments over the review period. By FY2021/22, Treasury bonds accounted for approximately three-quarters of domestic government securities, with non-bank investors holding roughly 70 percent of bonds, while banks continued to dominate Treasury bill holdings (IMF, 2023). This shift reflects a deliberate effort to lengthen maturities and diversify the investor base, thereby reducing rollover risk.

6.4. Debt Servicing and Interest Payments

Budgetary data further highlight the growing burden of debt servicing. Interest payments on public debt rose from UGX 4.69 trillion in FY2022/23 to a projected UGX 12.4 trillion in FY2026/27—a 2.6-fold increase over four fiscal years (Figure 5). When combined with principal repayments and domestic refinancing, debt-related expenditure has consistently constituted the single largest line item in Uganda's national budget. In FY2021/22, it absorbed approximately 40 percent of total expenditure, a share projected to recur in the FY2026/27 budget proposal (Figure 6).

These findings underscore the fiscal implications of Uganda's debt trajectory. While TSA reforms have improved cash visibility and facilitated more strategic issuance, they have not mitigated the structural drivers of rising debt-servicing costs. The dominance of debt-related expenditure within the national budget highlights the extent to which fiscal space is constrained, limiting resources available for development priorities and service delivery.

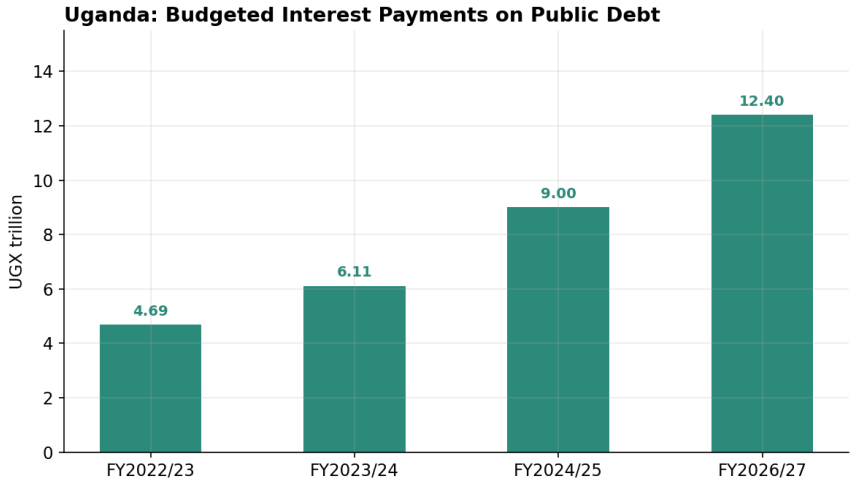


Figure 5. Uganda's budgeted interest payments on public debt, UGX trillion, FY2022/23–FY2026/27. Sources: AllAfrica Uganda budget reporting; Budget Speech FY2024/25; NTV Uganda budget coverage (June 2026).

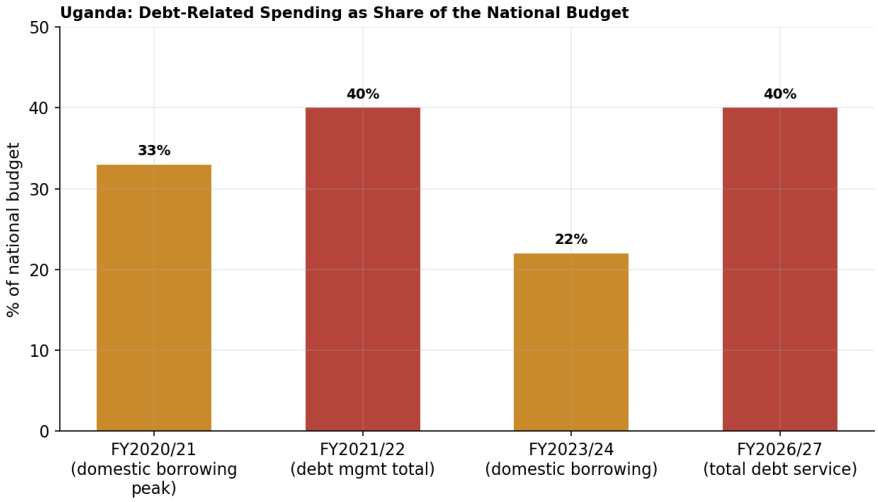


Figure 6. Debt-related spending as a share of Uganda's national budget, selected fiscal years. Sources: UNICEF Uganda National Budget Brief (FY2023/24); NTV Uganda (June 2026).

Complementary indicators corroborate the rising burden of debt servicing. The Bank of Uganda's December 2023 State of the Economy Report noted that approximately UGX 32 of every UGX 100 in revenue collected was allocated to debt service, underscoring the extent to which debt obligations crowd out other fiscal priorities. Its March 2026 report further projected that interest payments on public debt would rise to 4.7 percent of GDP in FY2025/26, up from 3.7 percent in FY2024/25 (Bank of Uganda, 2026). These figures highlight the growing fiscal rigidity associated with debt servicing, reinforcing the finding that debt-related expenditure has become the dominant component of Uganda's budgetary structure.

6.5. Summary of Key Figures

Date	Total public debt (UGX tn)	Domestic debt (UGX tn)	External debt (UGX tn)	Debt / GDP
May 2017	34.0	n/a	n/a	n/a
Jun 2020 (FY19/20)	50.9	n/a	n/a	38.5%
Jun 2021 (FY20/21)	69.5	n/a	n/a	51.3%
Jun 2022 (FY21/22)	78.8	30.7	48.1	53.9%
Dec 2022	80.8	n/a	n/a	53.1%
Jun 2023	96.1	44.6	~51.5	~52%
Dec 2023	93.38	38.01	55.37	52.4%
Jun 2024	89.5	40.6	~48.9	51.8%
Dec 2024	106.22	53.22	~52.99	52.1%
Mar 2025	110.55	56.60	53.95	52.0%
Jun 2025	116.2	60.3	55.9	51.3%
Jan 2026	130.22	n/a	n/a	n/a

Note. Figures are drawn from multiple official and news sources reporting at different reference dates and using slightly different methodological bases; they should be interpreted as illustrative of directional trends rather than a single reconciled series.

7. Comparative Analysis: Sub-Saharan and East African Experiences

Table 2 situates Uganda's experience within a wider set of Sub-Saharan African TSA reforms, drawing on the East AFRITAC (2018) regional assessment and country-specific literature.

Country	TSA introduction / legal basis	Structure	PEFA cash-consolidation performance	Reported effect on borrowing
Uganda	Oct 2013; PFMA 2015	Centralised core TSA at Bank of Uganda; UCF + holding account + just-in-time sub-accounts, daily sweeps	Strong (A/B range), 2016–18	Improved cash-flow forecasting and borrowing-plan preparation; shift to longer bonds; overall debt still rising due to non-TSA pressures

Kenya	PFM Act 2012	Exchequer Account + Debt Management Account + MDA accounts at CBK; automated just-in-time exchequer releases	Among the strongest in the region	PFM Act frames TSA explicitly as a tool to reduce borrowing costs; counties run separate county-level TSAs, limiting full national consolidation
Tanzania	Ongoing reform since the 2010s	Majority of accounts centralised at Bank of Tanzania; EFT for most central payments	Lower than Uganda/Kenya, 2016–18	Reform still in progress as of late 2010s; full TSA structure still under consideration
Rwanda	Treasury Main Account + linked MDA/district sub-accounts at NBR	Centralised payments by MINECOFIN via EFT; donor accounts included	Strongest in 2016–18 regional comparison	Most complete EAC implementation; associated with comparatively lower government borrowing costs/yields
Ethiopia	Central Treasury Account at National Bank of Ethiopia	CTA + Zero-Balance Accounts at Commercial Bank of Ethiopia	Weaker; balances not swept back, many accounts outside TSA	Limited demonstrated effect given incomplete consolidation
Nigeria	Aug 2015 government-wide rollout	Centralised TSA at Central Bank of Nigeria covering federal MDAs, oil and non-oil revenue	N/A (outside EAC PEFA set)	2015–2023 studies find a negative (reducing) effect on some borrowing channels (bank advances, external debt finance charges); overall public debt still rising for unrelated reasons
Ghana	GIFMIS from 2010, TSA consolidation through the 2010s	IFMIS-underpinned consolidation	N/A	Framed in PFM literature as reducing the tendency to borrow at high interest while cash sits idle in agency accounts
South Sudan	More recent, partial implementation	MDA-level consolidation attempts	Weak	Reduced some leakage but reduced short-term operational efficiency of MDAs

Three clear patterns emerge from the comparative evidence. First, the completeness of cash consolidation, as proxied by the PEFA PI-21(i) indicator, appears associated with the strength of the reported link between TSA operation and disciplined borrowing. Rwanda and Kenya, which achieved the most complete implementations, are consistently described as having translated TSA adoption into lower borrowing costs. By contrast, Tanzania and Ethiopia, where consolidation remains incomplete, exhibit weaker documented effects.

Second, Nigeria's larger-scale, federally structured TSA provides the most direct quantitative evidence of debt-reducing effects on specific financing channels. Igbekoyi (2022) found reductions in advances from commercial banks and external debt finance charges, though aggregate public debt continued to rise, mirroring Uganda's experience, where TSA reforms improved cash management but did not restrain overall debt accumulation.

Third, South Sudan's experience demonstrates that TSA benefits are not automatic. Reat and Peter (2023) reported that while TSA adoption reduced corruption and financial leakage in ministries, departments, and agencies, it also imposed short-term operational costs, reducing efficiency. This underscores the importance of institutional capacity: TSA reforms can generate transparency and discipline, but their effectiveness depends on the broader administrative environment.

8. Discussion

The findings support a nuanced interpretation of the TSA's role in shaping Uganda's government borrowing. Consistent with the theoretical framework outlined in Section 3, several outcomes align with the TSA's intended cash-management function. The IMF's Fourth ECF Review (2023) explicitly linked the continued extension of TSA coverage to "an

improvement in the accuracy of monthly cash flow forecasting and preparation of an aggregate borrowing plan, considering the government's consolidated cash position," thereby connecting TSA operation directly to more disciplined Treasury Bill and Bond issuance planning. The observed shift in domestic debt composition toward longer-dated Treasury bonds, and away from the volatile short-term borrowing associated with pre-reform cash management, is similarly consistent with enhanced planning capacity.

However, the study's central finding is that these qualitative and compositional improvements coexisted with, rather than constrained, substantial growth in the absolute volume of domestic borrowing and debt-servicing costs. This outcome reflects the theoretical distinction drawn in Section 3: a TSA operates on the asset (cash) side of the government balance sheet, improving the efficiency of financing a given deficit, but it does not constrain the size of the deficit itself. Uganda's post-2013 debt growth is more plausibly attributed to sustained infrastructure and energy-sector investment, the fiscal response to the COVID-19 pandemic, a reported 80 percent decline in donor grants and concessional financing, and, most recently, a one-off domestic securities issuance of UGX 7.7 trillion to recapitalise the Bank of Uganda in FY2024/25 (Parliament Watch, 2025).

This interpretation is reinforced by the Nigerian comparison. Despite quantitative evidence of TSA-associated reductions in specific borrowing channels (Igbekoyi, 2022), Nigeria's aggregate public debt has continued to rise sharply, driven by oil-revenue volatility and persistent fiscal deficits (Nigeria Housing Market, 2026). Uganda's experience is structurally similar, suggesting that TSA reforms across the region have been more successful at improving the process and composition of borrowing than at restraining its scale. This distinction is critical for policymakers who may otherwise expect PFM cash-management reforms to substitute for fiscal consolidation.

A further point of discussion concerns incomplete TSA coverage. IMF reviews of Uganda's PFM reforms have repeatedly flagged unfinished extension of the TSA to local governments and the full universe of donor-funded projects as a constraint on the reform's potential benefits (IMF, 2023). This indicates that some of the borrowing-efficiency gains theoretically available from a fully consolidated TSA may not yet have been realised in Uganda. Extending coverage therefore remains a relevant policy lever complementary to, but distinct from, fiscal consolidation measures aimed at addressing the deficit itself.

9. Conclusion and Policy Implications

This study examined the relationship between Uganda's Treasury Single Account (TSA) reform, introduced in October 2013 and formalised under the Public Finance Management Act (2015), and subsequent trends in government domestic borrowing and debt servicing. The evidence indicates that the TSA achieved its core institutional objectives: consolidating government cash resources, improving cash forecasting, and enabling more coherent aggregate borrowing plans. These gains were reflected in a compositional shift toward longer-dated Treasury bonds and more predictable issuance planning. However, the TSA did not prevent Uganda's total public debt from rising nearly fourfold between 2017 and 2026, nor domestic debt from overtaking external debt in mid-2025, nor budgeted interest payments from more than doubling between FY2022/23 and FY2026/27.

Comparative analysis across Kenya, Tanzania, Rwanda, Ethiopia, Nigeria, Ghana, and South Sudan reinforces the conclusion that TSA reforms are best understood as cash-management instruments that enhance efficiency, transparency, and borrowing discipline, rather than as fiscal-deficit-correction tools capable of restraining debt accumulation. For Uganda and similar economies, this implies that TSA reform should be pursued as a complement to, rather than a substitute for, fiscal consolidation, domestic revenue mobilisation, and prudent debt-management frameworks.

Three policy implications follow. First, Uganda's authorities should prioritise completing TSA coverage, particularly extending it to local governments and the full range of donor-funded projects, to maximise the reform's potential benefits for borrowing-plan accuracy, as highlighted in IMF technical assistance reports. Second, given that TSA gains are compositional and procedural rather than volumetric, fiscal authorities and oversight bodies, including Parliament, should evaluate debt sustainability using indicators of debt-servicing burden (e.g., interest payments as a share of revenue and GDP) alongside standard debt-to-GDP ratios, since these better captures the deterioration in Uganda's fiscal position. Third, cross-country learning within the East African Community, particularly from Rwanda's and Kenya's more complete TSA implementations, may provide valuable institutional design lessons for accelerating Uganda's remaining consolidation agenda.

Limitations and Directions for Future Research

As noted in Section 4.4, this study is observational and descriptive, relying on secondary data reported on varying bases. It does not establish causal identification of the TSA's independent effect on borrowing outcomes net of concurrent macro-fiscal developments. Consequently, the findings should be interpreted as documenting temporal associations rather than isolating causal impacts.

Future research could employ econometric techniques such as interrupted time-series analysis, synthetic control methods, or panel data models across multiple TSA-adopting countries. These approaches would allow more rigorous isolation of the TSA's marginal effect on borrowing costs and debt composition, while controlling for confounding factors such as GDP growth, donor-financing flows, exchange-rate movements, and global interest-rate cycles. In addition, primary data collection, including structured interviews with Ministry of Finance and Bank of Uganda debt-management officials, would usefully complement the documentary evidence presented here. Such qualitative insights would deepen understanding of the operational linkages between TSA cash positions and aggregate borrowing-plan formulation, which IMF review documents describe only at a high level.

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