



CLOSING THE REVOLVING DOOR: ODIIOUS DEBT, ILLICIT FINANCIAL FLOWS AND AFRICA'S TAX JUSTICE AGENDA

A Side Session at the 14th Pan-African Conference on Illicit Financial Flows and Taxation (PAC 2026)

CONCEPT NOTE

Date: 1st October, 2026 | Venue: Dakar, Senegal

Background

Sovereign debt and illicit financial flows (IFFs) are often treated as distinct policy challenges, addressed through separate institutions, advocacy communities, and multilateral processes. In reality, however, they are deeply connected. Across much of Africa, borrowing undertaken to close a development financing gap estimated at USD 200 billion a year¹ has, in numerous documented cases, ended up financing not development but capital flight, corruption and elite enrichment.² This session proceeds from that premise: that Africa's debt crisis cannot be resolved without confronting the IFFs it frequently conceals, and that curbing IFFs requires reckoning with the debt that so often finances them.

This vulnerability is compounded by a global sovereign debt architecture in which bargaining power is heavily skewed towards creditors. Geopolitical and profit-maximisation incentives, together with weak accountability among State representatives, operate largely unchecked by any binding international mechanism for responsible lending and borrowing.³ As debt-service obligations consume an increasing share of national budgets, African governments are routinely forced to choose between meeting creditor claims and financing healthcare, education, climate resilience and other public goods. By May 2025, more than twenty-five African countries faced a high risk of, or were already in, debt distress. In response, African Heads of State, Finance Ministers and central bank governors meeting in Lomé, Togo, adopted the Lomé Declaration,

¹ African Union, 'Declaration of the African Union Conference on Debt' (Lomé, 12–14 May 2025) preamble [https://au.int/sites/default/files/documents/44785-doc-](https://au.int/sites/default/files/documents/44785-doc-EN_Draft_Zero_Declaration_AU_Conference_on_Debt_Final.pdf)

[EN_Draft_Zero_Declaration_AU_Conference_on_Debt_Final.pdf](https://au.int/sites/default/files/documents/44785-doc-EN_Draft_Zero_Declaration_AU_Conference_on_Debt_Final.pdf) accessed 7 August 2026.

² Leonce Ndikumana and James K Boyce, *Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent* (Zed Books 2011).

³ African Forum and Network on Debt and Development (AFRODAD), 'An African Analysis of the Odious Debt Doctrine' (unpublished paper, 2025).

reaffirming the continent's resolve to pursue comprehensive debt management reform, including advocacy for a UN Framework Convention on Sovereign Debt.⁴

This is not a new concern. From the Organisation of African Unity's founding Charter in 1963, through the Monrovia Declaration on National and Collective Self-Reliance (1979) and the African Common Position on Africa's External Debt Crisis (1987), to Agenda 2063 and the 2025 Lomé Declaration, African States have consistently characterised external debt as a matter of sovereignty, justice and economic self-determination rather than as a narrow fiscal question.⁵ Yet notwithstanding decades of continental consensus at the policy level, African States continue to engage creditors individually and in fragmented fashion at the international level, a posture that plays into creditors' hands and perpetuates the very asymmetries these declarations sought to correct.⁶

The Odious Debt Doctrine (ODD) offers one avenue for confronting this asymmetry. First articulated by the Russian jurist Alexander Nahum Sack in 1927, the classical doctrine holds that where a despotic power incurs debt neither for the needs nor in the interest of the State, and the creditor is aware of this at the point of lending, the resulting debt is odious to the population and consequently unenforceable in international law.⁷ As subsequently refined, the doctrine rests on three elements: the absence of popular consent, the absence of benefit to the population, and creditor awareness of both.⁸ The remedy Sack prescribed was unenforceability, providing a legal basis for repudiation or cancellation. However, the doctrine's contested legal status persists: there remains no established international adjudicatory mechanism capable of conferring binding normative force on findings of odiousness.⁹

Critically, all existing iterations of the ODD are primarily Western or Eurocentric in origin and context, developed in the aftermath of European state and government succession disputes, and therefore fail to account for Africa's unique historical, social, political and economic realities.¹⁰ AFRODAD's research reconceptualises the doctrine from an African perspective by identifying

⁴ African Union (n 1) para 44.

⁵ Charter of the Organisation of African Unity 1963; OAU, 'Monrovia Declaration on National & Collective Self-Reliance, AHG/St.3(XVI)' (1979); OAU, 'African Common Position on Africa's External Debt Crisis' (1987); African Union, 'Agenda 2063: The Africa We Want' (2015).

⁶ OAU Council of Ministers, 'Report of the Contact Group on the International Seminar on the African Common Position on Africa's External Debt Crisis' CM/1587 (LI) (1990).

⁷ Alexander Nahum Sack, *Les Effets des Transformations des États sur leurs Dettes Publiques et Autres Obligations Financières* (Recueil Sirey 1927) 157.

⁸ Ashfaq Khalfan, Jeff King and Bryan Thomas, 'Advancing the Odious Debt Doctrine' (CISDL Working Paper, 11 March 2003) 1 https://www.cisdl.org/wp-content/uploads/2018/05/Odious_Debt_Study.pdf accessed 7 August 2026.

⁹ Jeff A King, 'Odious Debt: The Terms of the Debate' (2007) 32 North Carolina Journal of International Law and Commercial Regulation 605.

¹⁰ Robert Howse 'The Concept of Odious Debt in Public International Law' (UNCTAD Discussion Paper No 185, 2007).

the historical and structural drivers of odious debt across the continent, including the central role played by IFFs.¹¹

It is within this nexus that debt and IFFs meet most directly. Ndikumana and Boyce describe the relationship as a “revolving door”: odious debt, particularly debt contracted for elite enrichment, depends on the guarantee that capital flight is possible, while IFFs supply the very channel through which the proceeds are shielded from scrutiny.¹² Their statistical analysis of Sub-Saharan Africa found that for every dollar borrowed by African governments between 1970 and 1996, approximately eighty cents flowed back out as capital flight within the same year, with the cumulative stock of capital flight over the period estimated at roughly 145 per cent of the region’s total outstanding debt.¹³ A subsequent study covering 1970 to 2004 found this ratio to have fallen to around sixty cents on the dollar,¹⁴ a pattern this session will interrogate against more recent African experience.

Recent cases across the continent illustrate the continued force of this nexus. In Mozambique, over USD 2 billion in state-guaranteed loans contracted between 2013 and 2016, ostensibly to finance a state tuna-fishing company and maritime security, were procured without parliamentary approval and partly diverted through bribes and kickbacks of at least USD 200 million, precipitating a sovereign default, a domestic constitutional invalidation of the loans, and criminal prosecutions and settlements in multiple jurisdictions.¹⁵ In Kenya, litigation before the High Court challenging sovereign debt exceeding USD 100 billion as unlawfully acquired reflects one of the continent’s most significant domestic legal mobilisations of the ODD.¹⁶ In Senegal, a 2025 audit revealed previously undisclosed public liabilities equivalent to 25.3 per cent of GDP, raising reported central government debt to 99.7 per cent of GDP at end-2023 and underscoring the consequences of

¹¹ AFRODAD (n 3).

¹² Leonce Ndikumana and James K Boyce, *On the Trail of Capital Flight from Africa: The Takers and the Enablers* (Oxford University Press 2022).

¹³ James K Boyce and Leonce Ndikumana, ‘Africa’s Debt: Who Owes Whom?’ (PERI Working Paper No 48, 2002) <https://ssrn.com/abstract=355160> accessed 7 August 2026; Leonce Ndikumana and James K Boyce, ‘Public Debts and Private Assets: Explaining Capital Flight from Sub-Saharan African Countries’ (2003) 31 *World Development* 107.

¹⁴ Ndikumana and Boyce (n 2).

¹⁵ Kalyeena Makortoff, ‘Credit Suisse Fined £350m over Mozambique “Tuna Bonds” Loan Scandal’ *The Guardian* (London, 19 October 2021) <https://www.theguardian.com/business/2021/oct/19/credit-suisse-fined-350m-over-mozambique-tuna-bonds-loan-scandal> accessed 7 August 2026; Ollie A Williams, ‘Credit Suisse Fined \$475 Million for Murky Mozambique Loans Spent on “Kickbacks”’ *Forbes* (21 April 2022) <https://www.forbes.com/sites/oliverwilliams1/2021/10/20/credit-suisse-fined-475-million-for-murky-mozambique-loans-spent-on-kickbacks/> accessed 7 August 2026

¹⁶ Petition E216 of 2025 (High Court of Kenya); The African Sovereign Debt Justice Network, ‘Sovereign Debt News Update No 136: Behind Kenya’s Odious Debt Reckoning’ (Afronomicslaw, 19 May 2025) <https://www.afronomicslaw.org/category/african-sovereign-debt-justice-network-afsdjn/sovereign-debt-news-update-no-136-behind> accessed 7 August 2026.

opaque borrowing and weak fiscal accountability.¹⁷ In South Africa, apartheid-era loans extended by private lenders present perhaps the clearest instance of adopted odious debt, even though the post-apartheid government elected to voluntarily assume them for strategic reasons.¹⁸ These cases, spanning West, East and Southern Africa and involving multilateral, bilateral and commercial creditors alike, demonstrate that the odious debt-IFF nexus is a continent-wide, not merely localised, phenomenon.

Debt justice and tax justice are mutually reinforcing, as illicit flows undermine both domestic resource mobilisation and responsible sovereign borrowing. This nexus speaks directly to the agenda that PAC 2026 seeks to advance. The conference frames taxation around five interlocking roles: redistribution, repricing, representation, regulation and resilience. Odious debt is, at its core, a crisis of representation and accountability in how public resources are contracted, used and repaid, while the IFFs it fuels are a crisis of regulation over cross-border capital flows, the same terrain PAC 2026 seeks to reclaim for African tax justice. Yet the debt justice and tax justice movements have historically operated along parallel rather than convergent tracks. This session seeks to close that gap.

Drawing on AFRODAD's reconceptualised ODD, the session examines how odious debt and IFFs jointly undermine fiscal sovereignty across African States, and the legal, institutional and advocacy pathways available to African States, the African Union, parliaments, civil society and tax justice actors to confront both. It will identify concrete entry points for embedding debt-legitimacy concerns within ongoing continental and global processes, including the proposed UN Framework Convention on Sovereign Debt, the UN Tax Convention negotiations, and the African Union's Common Position on debt under the Lomé Declaration.

Objectives

The side session seeks:

1. To examine the relationship between odious sovereign debt and IFFs and how the two reinforce each other in undermining Africa's fiscal sovereignty and development.
2. To explore the relevance of AFRODAD's reconceptualised Odious Debt Doctrine (ODD) as a legal and policy framework for addressing illegitimate debt and strengthening accountability in sovereign borrowing and lending.

¹⁷ International Monetary Fund, 'IMF Staff Concludes Visit to Senegal' (Press Release No 25/77, 26 March 2025) <https://www.imf.org/en/news/articles/2025/03/26/pr2577-senegal-imf-staff-concludes-visit> accessed 10 August 2026.

¹⁸ Michael Kremer and Seema Jayachandran, 'Odious Debt' (2006) 96(1) American Economic Review 82 (also available as NBER Working Paper No 8953, May 2002) https://www.nber.org/system/files/working_papers/w8953/w8953.pdf accessed 7 August 2026.

3. To identify practical legal, institutional and policy measures through which African States, the African Union, parliaments, civil society organizations and other stakeholders can prevent odious debt, curb debt-related IFFs and advance Africa's tax justice agenda.
4. To identify actionable recommendations that strengthen African engagement in continental and global processes on sovereign debt reform, IFFs and international tax cooperation.

Expected Outcomes

The session is expected to contribute to:

1. Increased understanding among policymakers, tax justice advocates, debt practitioners, researchers and civil society actors of the interlinkages between odious debt, IFFs and domestic resource mobilisation.
2. Enhanced visibility of AFRODAD's reconceptualised Odious Debt Doctrine as a policy and advocacy framework for promoting responsible sovereign borrowing and lending in Africa.
3. Concrete policy recommendations for integrating debt justice considerations into continental and national efforts aimed at tackling IFFs, strengthening fiscal governance and protecting development financing.
4. Stronger collaboration between debt justice and tax justice actors in advancing coordinated African positions on sovereign debt reform, IFFs and international tax governance.

Format and Participants

The session will take the form of a moderated panel discussion bringing together representatives from governments, regional institutions, academia, civil society organisations, tax justice experts, legal practitioners, debt experts and development partners.

The discussion will feature short presentations from invited panellists followed by an interactive dialogue with participants. The session will encourage the exchange of experiences, emerging evidence and practical policy options for addressing the links between odious debt and IFFs while identifying opportunities for coordinated action within Africa's broader tax justice agenda.

Draft Agenda

Session is 90 minutes

Thursday 1st October 2026

Time	Item	Person(s) Responsible
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15:30 – 15:35	Welcome remarks, setting the scene and introduction	AFRODAD Diana Mochoge (moderator)
15:35 – 16:35	Panel discussion: Odious debt, IFFs and Africa's tax justice agenda	Dr. Henry Paul Gichana - Consultant Dr Lyla Latif - House of Fiscal Wisdom Luckystar Miyandazi - AUC Souleymane Gueye - FRAPP
16:35 – 16:50	Q&A session	All
16:50 – 17:00	Key takeaways and closing remarks	Panellists and Moderator

Contact Person

In case of any questions or clarifications around this session, please reach out to the persons listed below.

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About Us

The African Forum and Network on Debt and Development (AFRODAD) is a Pan-African civil society organisation established in 1996 to advocate for debt cancellation and addressing debt related issues in Africa. Over the past 25 years, AFRODAD has built expertise on public debt management issues and its intersectionality with domestic resource mobilisation, and international public and private finance in Sub-Saharan Africa and continues to be concerned that African economies do not become highly indebted and in debt distress as in the 1980s. We work with government officials across Africa, Members of Parliament, media and journalists, civil society organisations, and representatives from the global financial architecture at continental and global

levels. We advocate for accountable and transparent public debt and financial management; strengthening of legal and policy frameworks to curtail leakages through IFFs and profit shifting; prioritising revenue generating opportunities through all forms of finance in Africa. Our work focuses on influencing African governments and institutions to adopt accountable and transparent public debt management policies and practices for sustainable development and eradication of poverty. Since our establishment, we have been contributing to finding sustainable solutions to Africa's challenges in debt management and resource mobilisation, including financial development. Our focus areas are Sovereign Debt Management, Domestic Resource Mobilisation, International Public and Private Finance and Legal Analysis of these aspects.