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RESEARCH COMPENDIUM

FIRST EDITION

AFRODAD

AFRICAN FORUM AND NETWORK ON DEBT AND DEVELOPMENT

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LIST OF ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AMV	Africa Mining Vision
ASE	South and East Asia
BEPS	Base Erosion and Profit Shifting
BoSS	Bank of South Sudan
CBN	Central Bank of Nigeria
CONAD	National Commission for Debt Analysis (Chad)
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DMO	Debt Management Office
DRM	Domestic Resource Mobilisation
DSF	Debt Sustainability Framework
DSSI	Debt Service Suspension Initiative
DTA	Double Taxation Agreement
EAC	East African Community
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EMDEs	Emerging Market and Developing Economies
FDI	Foreign Direct Investment
FOCAC	Forum on China Africa Cooperation
GDP	Gross Domestic Product
GFA	Global Financial Architecture
GNI	Gross National Income
GNP	Gross National Product
GNPC	Ghana National Petroleum Commission
HIPC	Heavily Indebted Poor Countries
IFFs	Illicit Financial Flows
IMF	International Monetary Fund
LAC	Latin America and the Caribbean
LHWP	Lesotho Highlands Water Project
MDB	Multilateral Development Bank
MDRI	Multilateral Debt Relief Initiative
MoFEP	Ministry of Finance and Economic Planning (South Sudan)
MPs	Members of Parliament

NDB	New Development Bank
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PFM	Public Finance Management
PPP	Public-Private Partnership
R2D	Right to Development
RBL	Resource-Backed Loan
RBZ	Reserve Bank of Zimbabwe
REC	Regional Economic Community
RST	Resilience and Sustainability Trust
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SEPs	State Enterprises and Parastatals
SIDS	Small Island Developing States
SOE	State Owned Enterprise
SSA	Sub-Saharan Africa
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
WAEMU	West African Economic and Monetary Union

INTRODUCTION

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 29 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. 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 and resources mobilisation, including financial development.

At AFRODAD, we use rights-based approaches to conduct research and advocacy. Research is a vital part of our work as it informs our advocacy asks at national, regional, continental and global levels. This Research Compendium serves as a one-stop shop, providing an overview of all the research published by AFRODAD as of August 2025. This first edition of the Research is divided into five key sections, reflecting the main thematic areas of AFRODAD's policy work.

Section A: Core AFRODAD Documents
Section B: Sovereign Debt Management
Section C: Domestic Resource Mobilisation
Section D: International Public and Private Finance
Section E: Legal Analysis and Advocacy on Debt

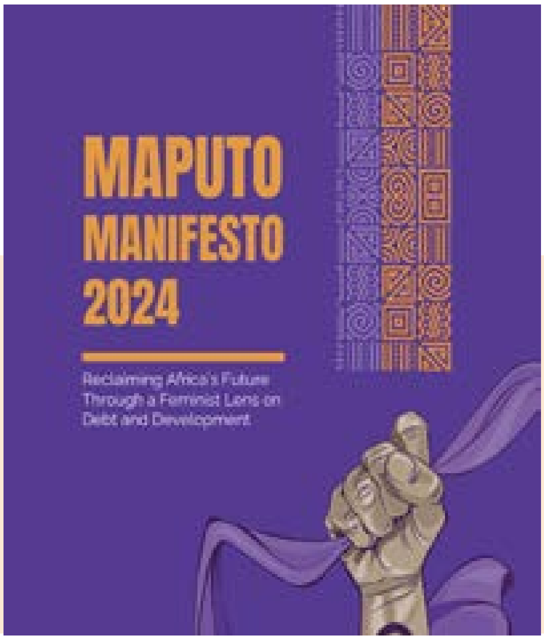
In all the sections highlighted above, each publication is summarised, providing key findings and recommendations. The weblink to each publication is provided, as well as details on the languages that the publication has been translated to. The publications under each section are arranged in descending order, from the most recent to the latest.

This Research Compendium has been crafted to make information on Africa's sovereign debt clear, accessible, and actionable for diverse audiences. By consolidating years of AFRODAD's research into one resource, we equip policymakers, advocates, and citizens with the evidence needed to influence fair and transparent debt management at national, regional, continental, and global levels. In doing so, we aim to strengthen Africa's collective voice and bargaining power in the global financial system. With utmost conviction, we believe the time has come for Africa to lead the conversation, not as a Rule Taker, but as a Rule Maker shaping its own economic future!

Section A:

CORE AFRODAD DOCUMENTS

MAPUTO MANIFESTO: RECLAIMING AFRICA'S FUTURE THROUGH A FEMINIST LENS ON DEBT AND DEVELOPMENT



Weblink:

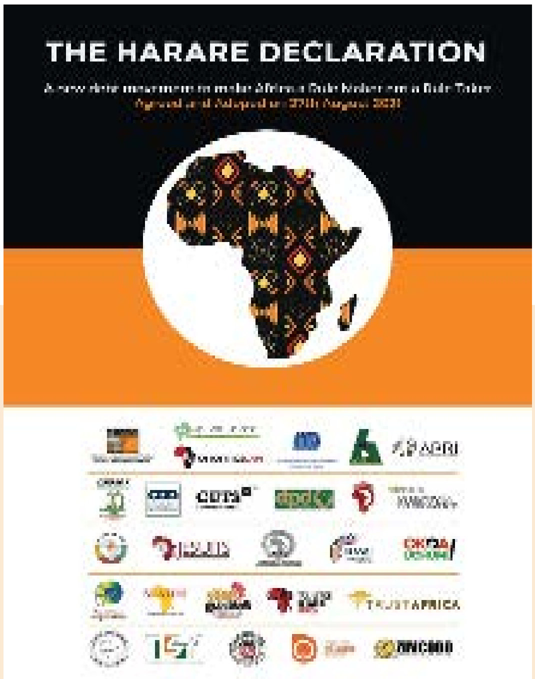
English:
https://afrodad.org/sites/default/files/advocacy-documents/Maputo%20Manifesto-%20AfCoDD%20IV.pdf
French:
https://afrodad.org/sites/default/files/advocacy-documents/Maputo%20Manifesto-%20AfCoDD%20IV%20French_0.pdf
Portuguese:
https://afrodad.org/afromediv/wp-content/uploads/2025/03/Maputo-Manifesto-AfCoDD-IV-Portuguese.pdf

Published by: AFRODAD
Year: 2021
Available in English, French and Portuguese

Summary

Gathered at the fourth African Conference on Debt and Development in Maputo, AFROAD along with its partners and partners, through a three-day discussion on Africa's debt and development, formulated the Maputo Manifesto, the Outcome Document from the Conference. The Maputo Manifesto reframes Africa's debt crisis as both an economic and feminist issue rooted in structural inequality. It highlights how unsustainable debt burdens, austerity measures, and regressive taxation disproportionately harm women and girls, particularly those in the informal economy with limited social protection. Further, it posits that the international financial architecture, established after World War II to serve the interests of industrialised nations, has not evolved to meet the needs of developing countries, which has led to systemic inequities that favour wealthier countries.

The Manifesto calls for a radical shift in the way debt and development are addressed in Africa, adopting a feminist economic model that prioritises social justice, equity and the well-being of all citizens. It provides a myriad of recommendations to achieve this: investing in female leadership and giving African women space and resources to tell their stories; increase women's representation in political and economic decision-making; promoting inclusive electoral systems; reforming tax and fiscal systems; and promoting economies of care by developing economic frameworks that address structural inequalities.



THE HARARE DECLARATION: A NEW DEBT MOVEMENT TO MAKE AFRICA A RULE MAKER, NOT A RULE TAKER

Weblink:

English:
https://afrodad.org/afcodd5/wp-content/uploads/2025/04/Afrodad-Harare-Declaration-English.pdf
French:
https://afrodad.org/afcodd/wp-content/uploads/2024/08/Afrodad-Harare-Declaration-French.pdf
Portuguese:
https://afrodad.org/afromediv/wp-content/uploads/2025/03/Afrodad-Harare-Declaration-Portuguese.pdf

Published by: AFRODAD
Year: 2021
Available in English, French and Portuguese

Summary

African countries face a new and complex debt crisis, exacerbated by the global pandemic. The existing international financial system is flawed and perpetuates a cycle of unsustainable, low-quality borrowing, making developing countries vulnerable to external shocks. This situation is leading to approximately 39 million Africans falling into extreme poverty in 2021, burdening the youth with debt that restricts future financing, and forcing governments to prioritise debt servicing over protecting lives and livelihoods. The current international financial system and neoliberal status quo are seen as contributing to unsustainable and low-quality borrowing, exposing the weaknesses of the system and increasing vulnerabilities for developing countries. There is a grave concern of a repeat of the debt crisis seen in the late 1980s and 1990s.

The main findings include several observations about the current debt landscape and GFA. Access to development finance has been curtailed, with public debt increasingly composed of commercial bonds and a significant shift in official creditor landscape. The existing GFA is deemed broken, profiting from debt and showing little movement towards reform, particularly concerning credit market behaviour, credit rating agencies, and restructuring mechanisms. This system has enabled systematic indebtedness in some countries while excluding others from grants and concessional finance. An unfair sovereign debt narrative prioritises creditors' interests over social and environmental justice, DSFs failing to consider social and environmental trade-offs. Returns on investment from Africa's resources are not yielding sufficient tax revenue for sustained development, with many debt-financed projects being loss-making or having long yielding periods. The current debt and financial architecture perpetuate patriarchal tendencies, deepening inequality and marginalisation of women. The African youth bulge is at risk of being a missed opportunity due to accumulated debt, potentially locking them out of future finance for essential investments and burdening them with over-taxation. Africa's DRM efforts are hindered by an economic and financial architecture that promotes profit shifting, aggressive corporate tax planning, generous tax incentives, and IFFs, leading to perpetual tax revenue shortfalls and debt accumulation. International public finance, rooted in colonial and neo-colonial relationships, has entrenched Africa's dependency and become a major source of indebtedness through practices like resource-backed lending. Furthermore, current debt relief measures are inadequate, lack transparency and meaningful citizen participation, and are undermined by the lack of full participation from all creditors, including IFIs and commercial/private creditors. The global decision-making power structure remains unbalanced, with a minority making rules for the majority, perpetuating inequality and neo-liberal/neo-colonial power structures. Without bold steps to resolve the debt crisis, the African Union's Agenda 2063, including industrialisation and increased intra-African trade, cannot be achieved. The Harare Declaration proposes several policy recommendations. It sets out national, continental, and global efforts to reform the global debt architecture, aiming to equalise loan contraction processes, reform DSFs, and credit ratings assessment. The establishment of an African Accountability Mechanism is recommended to enhance transparency, accountability, and governance of Africa's debt. African governments are urged to lead in developing a common African position on sovereign debt, considering measures like debt cancellation and, if necessary, collective default, while also accelerating the creation of new regional institutions such as the African Monetary Fund, African Development Bank, and African Investment Bank to boost financial independence. Governments are encouraged to work with national legislatures to strengthen legal frameworks for transparency and accountability in sovereign debt negotiations, borrowing, and management, as outlined in the African Borrowing Charter. The African Union should strengthen collective learning and coordination on debt negotiation outcomes, including interest rates, grace periods, and clauses affecting African lives. The Declaration advocates for

alternative approaches, including a feminist lens for macroeconomic research and policy, an African-led green recovery aligned with Agenda 2063, and re-establishing money as a medium for social exchange rather than indebtedness. Finally, it calls for reclaiming the social contract, empowering citizens as rights holders, and making the state accountable, endorsing the call for Africa to be a "Rule Maker and not a Rule Taker".

THE AFRICAN BORROWING CHARTER

Weblink:

https://afrodad.org/wp-content/uploads/2021/10/AFRODAD-COMBINED-CHARTER.pdf

Published by: AFRODAD
Year: 2018
Available in English, French, Portuguese and Swahili

Summary

African countries have historically struggled with significant debt burdens, escalating from USD 9.9 billion in 1970 to USD 271.9 billion by 1990, representing 112.4% of GDP. This unsustainable debt, despite relief initiatives like HIPC and MDRI which reduced it to a GDP weighted average of 27% in 2006 for 26 African countries, led to fiscal unsustainability and undermined development. Post-2008, a new trend of high public debt has emerged, with some nations reaching 200% debt-to-GNP (Gross National Product) ratios by 2018, driven by increased reliance on market-based instruments like Eurobonds due to declining concessional finance. While Eurobonds offer some flexibility, they carry risks such as repayment at maturity and foreign exchange exposure; additionally, PPPs pose transparency challenges despite leveraging private resources. The lack of new debt relief mechanisms and a decline in budget transparency – SSA scored 29 in the Open Budget Index 2017 compared to 73 for Western Europe – highlight the urgent need for African-led solutions for sustainable debt management and fiscal discipline.

This prompted the development and adoption of this African Borrowing Charter aimed to sustainably balance public debt levels with the necessity to accelerate inclusive development and enhance public service delivery in Africa; contribute to improvements in the transparency of the political, institutional and administrative processes used; and the accountability of the State actors involved in the contraction and management of public debt, the issuance of public guarantees, the selection and implementation of debt-financed projects and the formulation and execution of overall fiscal policy, within the context of strengthened legal frameworks and the rule of law.

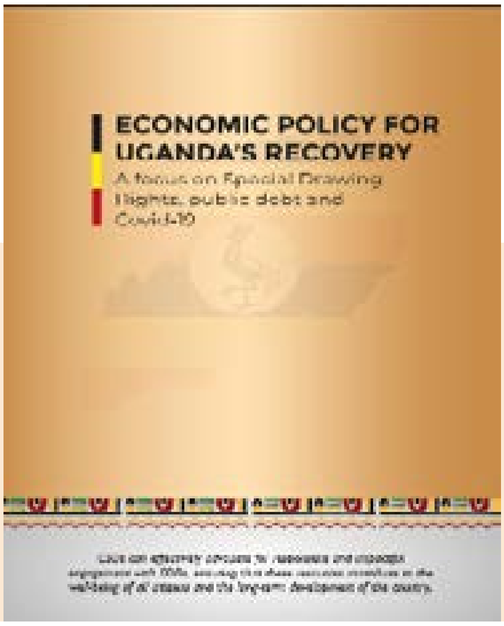
The Charter provides responsible borrowing and lending principles to guide African countries in borrowing decisions. The "Legal Framework" section of the African Borrowing Charter emphasises the necessity of a robust legal system for sustainable public debt and contains provisions that can be adopted by African States into national laws. These provisions mandate extensive consultation, transparency, and accountability in all borrowing processes, ensuring loans are appraised before and after utilisation to protect the public from irresponsible fiscal decisions. The "Macro-economic Policy Framework and Fiscal Responsibility Act" section highlights the interdependence of debt management, fiscal policy, and monetary policy, emphasising that their coordination is crucial for long-term economic stability and social development. African nations are urged to enact a Fiscal Responsibility Act to ensure sound public finances, promoting transparency and long-term sustainability through established fiscal rules. This Act should outline duties for the national Treasury, including setting long-lasting fiscal rules for revenue and spending, strengthening responsibility via a three-year Medium Term Expenditure Framework, and conducting public fiscal studies. A comprehensive macroeconomic framework, encompassing fiscal, monetary, and debt strategies with clear objectives, projections, and underlying assumptions, is also essential. Fiscal Policy and Strategy outlines the government's medium-term objectives for domestic and external tax and non-tax revenue mobilization, as well as recurrent and capital expenditures, ensuring a roadmap for financial sustainability. A key fiscal rule proposed is a public and publicly guaranteed debt ceiling of 70% of GDP in any given year.

The African Borrowing Charter further recommends establishing a Public Debt Management Office/Bureau to enhance efficient and effective debt management. This office would be responsible for preparing a Medium-Term Debt Management Strategy, an annual borrowing plan, and providing expert advice to the Minister of Finance on all government borrowings.

Section B:

SOVEREIGN DEBT MANAGEMENT

ECONOMIC POLICY FOR UGANDA'S RECOVERY: A FOCUS ON SPECIAL DRAWING RIGHTS, PUBLIC DEBT AND COVID-19



Weblink:

https://www.afrodad.org/sites/default/files/publications/Economic%20recoveries%20for%20UG_%20Focus%20on%20SDRs...Revised%2016th%20Jan%202024%20Changes%20accepted.pdf

Published by: AFRODAD
Year: 2024
Available in English

Summary

Uganda, like many other low-income countries, faced significant economic challenges due to the COVID-19 pandemic. To mitigate these impacts and promote recovery, the government implemented various measures, including utilising Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF). In August 2021, Uganda received a substantial allocation of SDR 365 million (approximately USD 492 million), which was strategically used to bolster its foreign exchange reserves to a sustainable level of 4.4 months of import cover, and allocate roughly half (USD 250 million) towards fiscal support in critical social sectors like health, education, and water and sanitation. This dual approach aimed to fortify reserves and provide crucial fiscal aid during challenging times. However, Uganda's economic recovery is significantly challenged by its escalating public debt, which by end-2022 consumed 34% of domestic revenue and grew due to pandemic-related emergency loans. This situation is compounded by a critical lack of transparency in managing both SDRs and other loans, raising concerns about accountability, corruption, and public trust, while also highlighting the infrequency and relatively small size of SDR allocations to Uganda. This paper aims to analyse these issues, focusing on SDR utilisation and improving debt management transparency and governance.

The study reveals that Uganda received a significant SDR allocation of SDR 365 million (approximately USD 492 million) from the IMF in August 2021, which was effectively utilised for both monetary and fiscal purposes. Monetarily, about USD 235 million of the SDR allocation significantly boosted Uganda's gross international reserves to USD 4.2 billion (4.4 months of import cover) by January 2022 from USD 3.9 billion (4.0 months of import cover) in June 2020, pushing the country closer to the East African Community (EAC) target of 4.5 months of import cover. Fiscal utilisation saw about half (USD 250 million) of the SDRs earmarked for priority social spending in Health (USD 54 million), Education & Sports (USD 169 million), and Water & Sanitation (USD 27 million) in the FY 2022/23 budget, enabling the acquisition of essential medicines, health supplies, water supply points, and facilitating school reopening. However, a significant gap identified is the government's failure to institute mechanisms for special monitoring and reporting on SDR utilisation, with annual budget performance reports lacking dedicated sections for this. The report also highlights global best practices for SDR implementation, emphasising transparent and accountable allocation (e.g., South Africa and Nigeria), targeted use (e.g., Chile and Peru aligning SDRs with development priorities like infrastructure or debt reduction), capacity building and technical assistance (e.g., Kenya and Ghana's training programs), collaboration and coordination (e.g., CARICOM Member States), and robust monitoring and evaluation (e.g., Ethiopia and Rwanda assessing impact on poverty reduction). Furthermore, countries like Mexico and Argentina prioritise transparency through regular reporting on SDR utilisation, detailing projects funded, and outcomes achieved. These best practices underscore the need for Uganda to enhance its governance and oversight of SDR funds. The report also reiterates key messages for CSOs regarding SDRs: they are an automatic, debt-free, and unconditional line of credit with low interest rates (0.05%), increase reserve assets without additional costs, and can be leveraged as capital for public spending.

For Uganda's economic recovery, a multifaceted approach integrating SDRs within the global financing architecture is crucial, demanding transparent allocation, targeted use, strengthened governance, capacity building, and stakeholder collaboration to ensure sustainable growth and poverty reduction. To enhance SDR implementation, Uganda should enact specific legislation, proactively engage the IMF on upcoming allocations, and incorporate accountability institutions like CSOs and parliamentary committees in management. Furthermore, it is essential to maintain adequate foreign reserves, develop contingency plans for SDR inflows, improve financial literacy among stakeholders, and create a comprehensive plan for channelling SDRs into priority sectors that foster economic growth and development.

SHAPING AFRICA'S VOICE ON SPECIAL DRAWING RIGHTS THROUGH GLOBAL FINANCIAL ARCHITECTURE REFORMS: FROM ALLOCATION TO UTILISATION

Weblink:

https://www.afrodad.org/sites/default/files/publications/SDR%20Studies%20Synopsis.pdf

Published by: AFRODAD
Year: 2024
Available in English

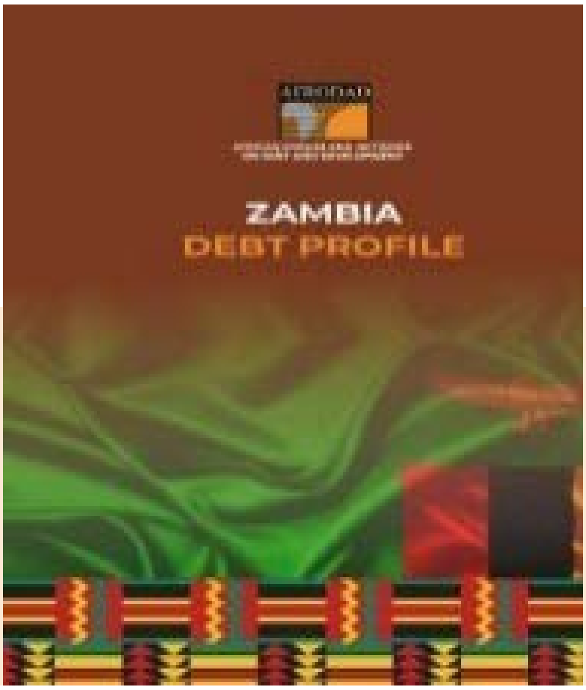
Summary

This paper examines the role of SDRs in addressing Africa's fiscal challenges and escalating debt, aggravated by global shocks. It argues that despite the historic USD 650 billion SDR allocation, the existing global financing architecture is insufficient for LICs, leading to a crisis-level external debt. The study asserts that the SDRs allocation system requires urgent reform to prioritise a country's actual needs over its economic strength and emphasises that SDRs alone are inadequate without robust debt management strategies. It also highlights a significant lack of transparency in SDRs allocation and utilisation, advocating for substantial institutional reforms within the IMF to rectify imbalances in the Global Financial Architecture (GFA) and ensure equitable service to all economies. The study assesses and reviews SDRs allocations, use, and reporting, while also ascertaining gaps and alternative policies on how best to enhance both transparency and accountability in the use and reallocation process of the SDRs in Kenya, Nigeria, Zambia, Uganda, Senegal, Chad, Ghana, and Ethiopia.

The findings show that global shocks have severely constrained Africa's fiscal space, significantly reducing development financing and pushing external debt to crisis proportions. Despite large SDR allocations, the existing GFA remains grossly inadequate for low-income African countries. Further, the current SDRs allocation system is skewed towards economic might rather than genuine need, limiting its effectiveness for African economies. While SDRs could alleviate liquidity problems, they are not a standalone solution and must be coupled with comprehensive debt management strategies. Finally, a significant lack of transparency and accountability, shrinking civic space, and insufficient political will hinder the effective utilisation and rechannelling of SDRs to Africa.
The study recommends that: the SDRs allocation system requires urgent reform to prioritise a country's

actual needs over its economic strength, for more equitable distribution of global liquidity; this utilisation must be coupled with comprehensive debt management strategies to effectively minimise Africa's debt crisis and prevent sole reliance on liquidity injections. Furthermore, there must be greater transparency and accountability across the entire SDRs allocation, usage, and rechannelling process, particularly when involving Multilateral Development Banks (MDBs). Fundamental institutional reforms in the IMF's SDR operations could shift the GFA towards serving all economies more equitably, with specific consideration for proposed alternatives during the 2025 SDRs quota formula review.

ZAMBIA DEBT PROFILE



Weblink:

https://afrodad.org/sites/default/files/publications/Zambia%20debt%20profile.pdf

Year of Publication: 2024
Available in English

Summary

This report examines Zambia's escalating national debt, attributing its rise to increased government borrowing often channelled into unproductive sectors and significant revenue loss from an untaxed informal economy. The nation's reliance on external borrowing has exposed it to volatile global markets, leading to default risks and diverting crucial funds from vital social sectors like education and health. It highlights that mounting debt servicing costs severely strain the budget, pushing allocations below international commitments, further exacerbated by weaknesses in legal frameworks and oversight around debt management. It argues that Zambia's current USD 25.5 billion debt is undeniably unsustainable, severely impeding national development and demanding comprehensive reforms that extend beyond mere restructuring efforts, particularly given the challenging nature of private debt. The study's objective is to analyse Zambia's debt situation and propose viable solutions for debt reduction and sustained economic growth.

Key findings reveal that government spending and consistent allocations to these unproductive sectors significantly limit economic expansion and revenue potential. The untaxed informal sector, alongside substantial tax revenue losses from corporate tax evasion (up to USD 3 billion annually), further strains debt reduction efforts, contributing to Zambia's low tax-to-GDP ratio of 16.4% in 2023, compounded by trade leakages and Illicit Financial Flows (IFFs). The nation's reliance on external borrowing exposes it to volatile global market fluctuations, increasing the risk of default, as evidenced in the 2020 Eurobond default. Exorbitant debt servicing costs gravely impact essential social sectors, diverting significant portions of the national budget away from education and health, causing allocations to fall below international commitments and hindering human development. Further, the shift in Zambia's debt composition towards non-concessional commercial loans complicates restructuring efforts, with the G20 Common Framework proving inefficient and uncoordinated, leading to significant delays and negative socio-economic consequences. Despite mineral resources endowment, mining revenues remain disproportionately low due to tax evasion by companies and "resource pillage" facilitated by Resource-Backed Loan (RBL) schemes. Weak governance, including corruption, and a lack of accountability and transparency, significantly inflate debt, misallocate resources, and undermine tax revenues, exacerbating IFFs and highlighting gaps in parliamentary oversight and auditing practices within Zambia's legal framework on debt management.

Based on these findings, the study recommends policy action including: prioritising investments in high-growth, export-oriented sectors to generate revenue and lessen dependence on external borrowing; integrating the informal sector into the formal economy, enhancing access to financial services and simplifying tax regulations to boost revenue collection; developing robust medium-term fiscal consolidation plans, outlining specific spending cuts and revenue-generating measures for sustainable debt levels; diversifying borrowing sources to reduce reliance on volatile external markets, while exploring concessional loans from international development institutions; and enhancing transparency and accountability in public financial management to ensure efficient resource allocation and minimised corruption risks, for a more prosperous and stable future for Zambia.

ANALYSIS OF THE DEBT MANAGEMENT POLICIES OF INTERNATIONAL FINANCIAL INSTITUTIONS AND MULTILATERAL GROUPS AMID MULTIPLE CRISES: THEIR POTENTIAL AND ALTERNATIVE POLICIES TO ADDRESS CURRENT DEBT CHALLENGES

Weblink:

https://www.afrodad.org/sites/default/files/publications/Afrodad%20Policy%20Recommendations%20t o%20Address%20the%20Current%20Debt%20Challenges_0.pdf

Published by: AFRODAD
Year of Publication: 2023
Available in English

Summary

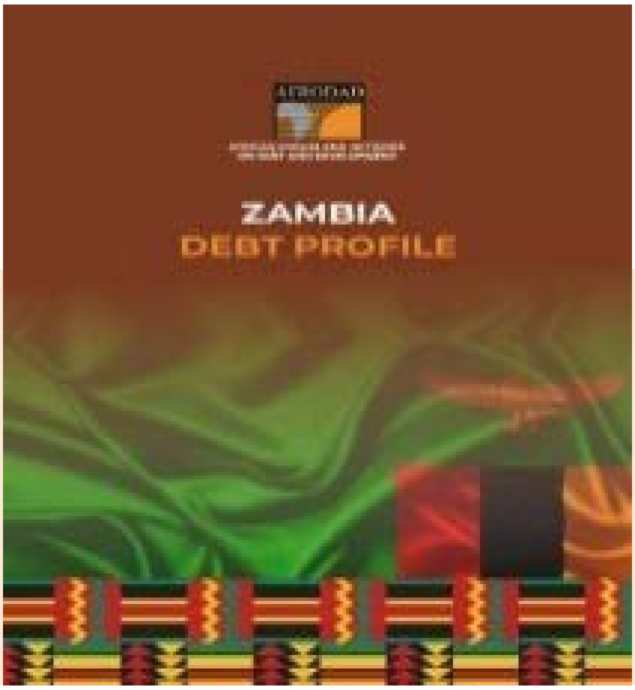
This paper investigates Africa's spiralling public debt, a decades-long concern exacerbated by the need to address vast investment gaps and, more recently, by the impact of the COVID-19 pandemic and the Ukraine-Russia war, on national revenues and expenditures. Utilising exploratory and comparative methods, it examines the effectiveness of various debt management policies implemented by IFIs like the IMF and World Bank, which largely control the GFA. It also examines how Debt Sustainability Frameworks (DSFs), SDRs, and Debt Limits Policies influence Africa's debt profile and the continent's progress towards the African Union Agenda 2063 goals.

The findings reveal that despite these policies, Africa's public debt has escalated significantly, reaching USD 645 billion in 2021 from USD 233 billion in 2010, pushing 23 low-income African countries into or at risk of debt distress. The paper asserts that these IFI policies, while making some positive impact, have proven inadequate in preventing the re-emergence of the African debt crisis, failing to fully account for the implicit and explicit social and economic costs of unsustainable debt, thereby perpetuating slow progression and hindering long-term development. The current DSF is deemed unrealistic, as

it overlooks development needs, green growth, and sustainability, prioritising mere payment over a healthy economy.

In response, the paper recommends policies including revision of IFIs' DSFs and assessment methods to better reflect debt implications on human rights obligations and fiscal space, extending beyond "payment obligation" to include future earning returns from ongoing projects and natural resource availability. There is also a call to improve international tax cooperation to prevent tax avoidance by multinational corporations and ensure taxes are paid where economic activity occurs, alongside establishing an African financial stability mechanism to leverage funds for protection against global economic shocks. Finally, public disclosure of borrowing terms must be timely to foster citizen engagement in debt management, requiring comprehensive annual public debt borrowing plans, matrices, and reports on debt structure and liabilities.

RECLAIMING SPECIAL DRAWING RIGHTS FOR THE PEOPLE: NIGERIA'S PATH TO EQUITABLE RECOVERY AND ACCOUNTABILITY



Weblink:

https://www.afrodad.org/sites/default/files/publications/ANEEJ%20SDR%20Study%20%20Report%20on%20Nigeria-Final.pdf

Published by: Africa Centre for Energy Policy (ACEP) and Africa Network for Environment and Economic Justice (ANEEJ)
Year: 2023
Available in English

Summary

The global economic downturn, exacerbated by the COVID-19 pandemic, led to a significant increase in financial needs for developing countries. In response, the IMF made its largest-ever SDRs allocation of SDR 456 billion (equivalent to USD 650 billion) on August 23, 2021, to boost global liquidity and

help countries address the crisis. While this allocation was a welcome development, there has been insufficient documentation and public information regarding how individual countries, particularly Nigeria, have utilised these SDRs. This report addresses the problem of insufficient documentation regarding how countries, particularly Nigeria, have utilised SDRs allocated by the IMF. While the IMF provides a general context for SDR support, specific details on country-level usage are often lacking. The primary objective of this report is to examine the utilisation of the SDRs allocated to Nigeria on August 23, 2021. It aims to provide insights into how these funds were deployed, contrasting expectations with actual implementation.

The study revealed several findings regarding Nigeria's utilisation of SDRs and broader issues surrounding their global allocation and management. Nigeria used the SDRs to finance the budget deficit in the 2022 fiscal year, a significant deviation from initial expectations that the funds would directly enhance economic resilience, increase liquidity, and fund specific sectoral projects in health, education, and youth inclusion. While some increased allocations were prioritised for sectors like health, agriculture, education, water, hygiene and sanitation, and humanitarian affairs through amendments to the 2022 Appropriation Act, the SDRs primarily served as a source for deficit financing, often through domestic borrowing from the Central Bank of Nigeria (CBN). There was lack of guidance from the IMF on the specific use of SDRs by the recipient country. This absence of clear direction necessitates a national legislative framework in Nigeria to govern SDR utilisation upon receipt, a gap that currently exists. The report also highlights a global inequity where developed countries, despite having less need, receive higher SDR allocations and are slow to reallocate them to less developed nations facing funding shortages. The study also revealed challenges in Nigeria's domestic borrowing practices. It found that while domestic borrowing was projected to account for 48% of total deficit financing, it surged to 85% by the third quarter of 2022, with a substantial portion accruing from the CBN. This reliance on CBN financing has potential consequences for financial system stability, price stability, and exchange rate stability. It was also noted that Section 8 of the CBN Act, which requires the CBN Governor to brief the National Assembly on policies and activities, was not utilised by the National Assembly when the SDR was received in 2021. Lastly, the report underscores that during global economic challenges like the 2008 financial crisis and the 2020 COVID-19 pandemic, the gender and youth dimensions of SDR utilisation are often overlooked, despite women and youth disproportionately bearing the brunt of economic downturns. Generally, most African countries used their SDR allocations to boost foreign reserves, support budget deficits, and invest in social programs and COVID-19 interventions. There were cross-cultural differences in SDR usage among West African countries, while East African countries showed similar patterns. Specific examples include Ghana using SDRs for its post-pandemic recovery program and budget deficit, Senegal for health systems and social transfers, Niger for supplementary budgets and pandemic response, and Tanzania and Kenya for enhancing foreign reserves and meeting budget financing needs.

To address the issues identified in the report, several policy recommendations are crucial. First, countries like Nigeria need to actively engage with the IMF to establish clear guidelines for inclusive and transparent SDR utilisation, as the IMF currently lacks specific direction. Second, a national legislative framework is essential to govern SDR use, with CSOs leading advocacy for such reforms. Third, international efforts are needed to encourage developed countries to reallocate their unneeded SDRs to less developed nations, potentially channelled through MDBs like the African Development Bank. Domestically, amendments to the Debt Management Act and the CBN Act are vital to ensure that domestic borrowings from the CBN are approved by the Debt Management Office (DMO), including reversing any previous amendments that raised borrowing limits from ways and means financing. CSOs should also strengthen citizen accountability frameworks to ensure legislative oversight of the CBN. Furthermore, it is imperative that SDR allocations consider gender and youth dimensions to address their disproportionate burden during economic downturns. Finally, a robust framework for tracking SDR fund utilisation from allocation to release and actual deployment is necessary, ensuring active stakeholder engagement to prioritise areas of need, a process that was notably lacking in Nigeria's recent SDR experience.

DEBT RESTRUCTURING UNDER THE G20 COMMON FRAMEWORK: ALTERNATIVE POLICY SOLUTIONS

Weblink:

https://afrodad.org/sites/default/files/publications/Afrodad-Debt-Restructuring-270320243.pdf

Published by: AFRODAD
Year: 2023
Available in English

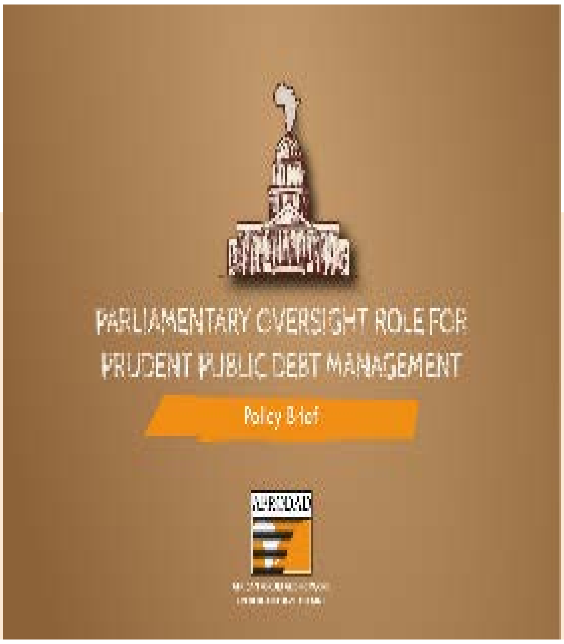
Summary

Africa's external debt has risen sharply, reaching USD 1.3 trillion in 2022, with Sub-Saharan Africa (SSA) alone accounting for USD 702.4 billion, nearly double its 2012 figure. North Africa's debt also surged, climbing from USD 246 billion in 2018 to USD 315 billion in 2023. Debt-to-GDP (Gross Domestic Product) ratios in countries like Sudan (198%), Egypt (86%), and Zambia (over 100%) illustrate deepening debt distress. Servicing these debts is increasingly unsustainable—Angola, for instance, spent 66.1% of its export earnings on debt service in 2022, more than on health and education combined. This burden hinders growth and exacerbates inequality. In response, international initiatives such as the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) (1996–2005) offered relief exceeding USD 100 billion to 31 African countries. However, new borrowing often outpaced the relief. The COVID-19 era saw the G20's Debt Service Suspension Initiative (DSSI), which delayed repayments and freed up USD 30 billion, followed by the G20 Common Framework launched in 2021 to provide coordinated restructuring for debt-distressed low-income countries. These mechanisms, while helpful, highlight the need for more comprehensive and equitable reforms to restore Africa's debt sustainability. This AFRODAD paper critically examines the evolving landscape of sovereign debt restructuring in Africa, particularly the G20 Common Framework, following earlier initiatives like HIPC, MDRI, and DSSI. It analyses how multilateral and bilateral mechanisms have addressed debt distress among low-income African countries, their effectiveness, and persistent shortcomings. The paper is also related to AFRODAD's paper on "Debt Management Policies of International Financial Institutions and Multilateral Groups Amid Multiple Crises" also published in 2023. The paper evaluates the design, operational constraints, and political economy of the G20 Common Framework, exploring why it has not gained traction among eligible African nations. It interrogates how external debt dynamics, creditor coordination issues, and biased global financial practices sustain Africa's debt cycle. Using historical data and empirical analysis, it also assesses the impact of debt relief initiatives on public finance, economic performance, and the broader development trajectory in Africa. The overarching goal is to identify systemic gaps and propose African-centred policy alternatives for resolving sovereign debt crises.

The study finds that existing debt restructuring programmes, including the G20 Common Framework, have largely failed to deliver meaningful debt relief or long-term sustainability. Empirical data revealed that debt relief recipients, especially HIPC/MDRI beneficiaries, show weaker economic performance than non-recipient countries. The G20 Common Framework has been undermined by lack of creditor coordination, minimal incentives for private sector involvement, and the risks of credit rating downgrades. Case studies, such as Ghana and Ethiopia, show how expressing interest in the Common Framework triggered sovereign credit downgrades, disincentivising other countries from joining. The Common Framework's limited scope—excluding middle-income nations and excluding outright debt cancellations—further reduces its appeal. Moreover, the paper finds that the composition of Africa's debt has shifted towards private and Chinese creditors, making restructuring under current models even more complex. Despite multiple debt treatments over decades, many African countries remain in a cycle of re-indebtedness, highlighting structural flaws in the global debt architecture.

The paper proposes a set of both incremental and fundamental reforms. It recommends reforming the G20 Common Framework to ensure greater creditor participation and equitable burden-sharing, including scrapping the preferred creditor status of MDBs. This also relates to calls for a United Nations Framework Convention on Sovereign Debt according to Lome Declaration of May 2025 as well as the Compromiso de Sevilla Outcome Document. It urges full debt transparency, fairer treatment terms, and a shift towards robust debt cancellation mechanisms rather than mere rescheduling. A more inclusive sovereign debt architecture is needed, one that supports democratic governance and sustainable development which constitute part of the recommendations of the African Borrowing Charter and the Harare Declaration. The paper also calls for an African-owned financing solution through the creation of a gold-backed African Financial Asset, a continental instrument to enhance fiscal autonomy. Countries should strengthen Domestic Resource Mobilisation (DRM), especially from natural resource rents, under a continent-wide borrowing charter. Ultimately, the paper calls for Africa to challenge the current north-centric financial order and build debtor coalitions that can collectively push for just, transparent, and development-friendly debt restructuring frameworks.

PARLIAMENTARY OVERSIGHT ROLE FOR PRUDENT PUBLIC DEBT MANAGEMENT



Weblink:

https://www.afrodad.org/sites/default/files/publications/EAC-Policy-Brief.pdf

Published by: AFRODAD
Year of Publication: 2023
Available in English

Summary

This policy brief addresses the need to strengthen the parliamentary oversight role in public debt management across East African countries. Despite national constitutions and public finance laws often mandating parliamentary involvement in debt contraction, weaknesses persist, including limited access to loan information, insufficient technical oversight, and the political nature of some debt projects. This problem is worsened by the rapid accumulation of public debt, particularly during the COVID-19 pandemic, pushing countries like Uganda, Tanzania, and Rwanda to moderate debt risk, while Kenya and South Sudan face high debt stress. This study sought to evaluate the relevance and impact of AFRODAD's capacity-building trainings for parliamentarians in EAC countries including Burundi, Tanzania, Uganda, South Sudan, and Rwanda. It specifically sought to understand how Members of Parliament (MPs) utilise acquired skills in areas like loan approvals, responsible borrowing, and prudent debt management, especially during periods of heightened debt contraction. The findings would guide future capacity development initiatives, ensuring tailor-made curricula to address the specific challenges parliamentarians face in fulfilling their oversight duties.

Findings revealed that that while a majority of MPs (60.1%) demonstrated a good understanding (51-75%) of their oversight role and associated principles, a lack of effective dialogue, consultation, and a broader understanding of public debt dynamics remained. MPs, though often engaged in relevant committees and participating in national workshops, felt that training alone was insufficient due to the "political and invisible hands" influencing public debt architecture. Significant challenges persist in reporting and analysing public debt, particularly in public investment management, from planning to

monitoring. Despite acknowledging their power to authorise government borrowing, only 57.2% of MPs fully understood IFFs and Public-Private Partnerships (PPPs).

To enhance parliamentarians' effective participation in future public finance and debt issues, the brief recommends integrating MPs' fiscal policy training into broader Public Finance Management (PFM) reform programmes, accounting for high MP attrition rates. There is a strong push for calendarised multi-stakeholder coordination mechanisms at the national level, advocating for a public debt transparency model with full disclosure from all involved parties. Parliamentarians should widen and deepen public consultations through public hearings on debt, seeking expert feedback. Lastly, it is important to promote annual Parliament reports on public debt, including plans and fiscal targets, and mandate the disclosure and publication of all loan agreements and guarantees within 30-90 days of signing, as required by legal frameworks.

AN ASSESSMENT OF THE INTERNATIONAL MONETARY FUNDS'S 2021 SPECIAL DRAWING RIGHTS ALLOCATION, USAGE, AND IMPLICATIONS ON PUBLIC DEBT MANAGEMENT: KENYA AND AFRICA'S EXPERIENCES

Weblink:

https://www.afrodad.org/sites/default/files/publications/An%20Assessment%20of%20the%20IMF%E2%80%99s%202021%20Special%20Drawing%20Rights%20(SDRs)%20Allocation%2C%20Usage%2C%20and%20Implications%20on%20Public%20Debt%20Management.pdf

Published by: AFRODAD & The Institute of Social Accountability (TISA)
Year of Publication: 2023
Available in English and French

Summary

Africa's persistent and significant annual financing gap, estimated at USD 194 billion, severely impedes the continent's progress towards achieving its development goals amidst escalating public debt and global economic shocks. This study explores the perspectives of Kenya and selected African countries regarding the IMF's 2021 SDRs allocation. Specifically, it examines Kenya's experiences with the SDR allocation and the extent to which SDRs compare to other IMF debt relief, such as the Extended Credit Facility in the management of public debt. The IMF allocated a total of USD 650 billion in SDRs to all member countries in August 2021, with Africa receiving a total of USD 33.8 billion and Kenya receiving USD 737.6 million in SDRs.

Findings revealed that, while SDRs provided Africa and Kenya an immediate liquidity boost without increasing their debt stock and while supporting economic recovery, the allocation was trifling compared to the continental annual financing gap of USD 194 billion needed for Africa to achieve the Sustainable Development Goals (SDGs) by 2030. Further, while African countries' public debt continued to increase at an alarming rate, the IMF's 2021 SDR allocation to some extent helped many countries pay off part of their debts during COVID-19. The study also critiques the existing quota-based allocation system, suggesting that it disproportionately benefits wealthier nations, leading to an inequitable distribution that does not align with countries' actual development and liquidity needs.

Based on these findings, the study recommends enhancing the effectiveness and equity of future SDR allocations and their utilisation. The IMF should expand the scope of the SDR quota system beyond its current reliance on GDP to incorporate broader development needs across regions, increasing the share of SDR allocation directed towards African countries, better aligning resource distribution with global development priorities. African governments, including Kenya, should urgently adopt comprehensive reforms focused on ensuring greater transparency and accountability in SDR allocation and utilisation, which includes substantially strengthening their reporting frameworks. Governments should leverage support from civil society organizations to develop more flexible conditionalities around SDRs, ensuring these resources can be optimally used to support sustainable development needs across the entire continent.

ESCALATING DEBT BURDEN IN AFRICA AND ITS HUMAN RIGHTS IMPLICATIONS: AN AFRICAN CIVIL SOCIETY PERSPECTIVE

Weblink:

https://www.afrodad.org/sites/default/files/publications/Escalating%20debt%20burden%20in%2 0Africa%20and%20its%20human%20rights%20implications.pdf

Published by: AFRODAD
Year of Publication: 2023
Available in English

Summary

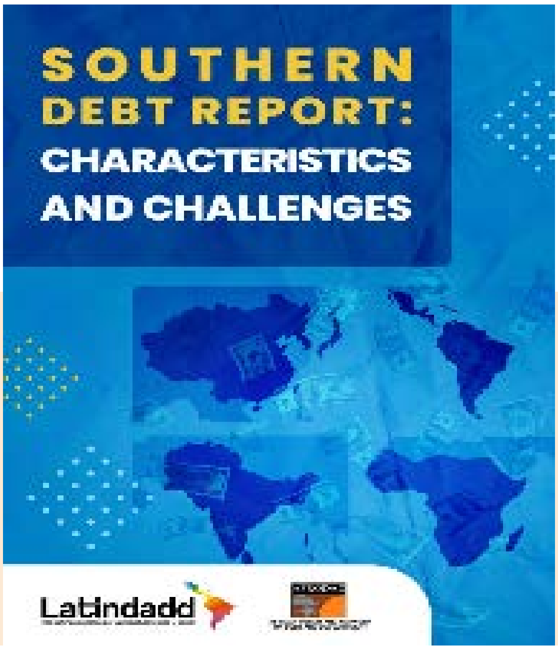
This paper analyses the escalating debt burden in Africa, highlighting its implications for human rights, as ballooning debt and its servicing obligations severely compromise basic human rights, ignite political conflicts, and curb civil society's policymaking influence due to imposed austerity measures. It argues that taxpayers bear the burden, with their contributions diverted from essential public services to loan repayments, thus impeding African economies from achieving the 2030 SDGs. Specifically, it assesses the extent of this negative effect on human rights from an African civil society perspective, provides insightful analysis of sovereign debt issues, examines the human rights costs of mounting debt, contributes to reform options for the sovereign debt crisis, and builds capacity among African stakeholders on the debt-human rights nexus.

The findings revealed that Africa's burgeoning debt directly affected human rights by forcing governments to cut essential service spending and reroute taxpayer money, leading to increased political conflicts and limiting civil society power. Furthermore, resources were channelled towards debt servicing instead of development, severely hindering SDG achievement. While debt forgiveness offers a potential solution, its complex impacts necessitate careful management; fundamentally, corruption and poor governance emerged as root causes perpetuating debt accumulation and stalling long-term stability.

To address these challenges, the paper strongly recommends adopting a human rights-based approach to debt management, prioritising policies that fulfil economic, social, and cultural rights. It advocates

for promoting responsible borrowing and lending through AFRODAD's African Borrowing Charter, strengthening parliamentary oversight, and establishing independent, transparent accountability mechanisms. Crucially, it calls for immediate debt cancellation by creditor governments, given the disproportionate resource drain of debt servicing. Increased civil society participation and robust good governance, via legal and institutional reforms and strong anti-corruption measures, are essential. Lastly, the paper urges a revamp of the G20 Common Framework to be more debtor-friendly and the adoption of United Nations principles for debt restructuring, ensuring debt terms do not compromise states' ability to guarantee human rights, starting with full transparency on loan conditions. It concludes by urging the maximisation of debt forgiveness benefits through transparent and accountable governance, responsible borrowing and lending practices, and tailored approaches for each country's specific needs and circumstances.

SOUTHERN DEBT REPORT: CHARACTERISTICS AND CHALLENGES



Weblink:

https://afrodad.org/wp-content/uploads/2023/07/Southern-Debt-Report-Characteristics-and-Challenges.pdf

Published by: AFRODAD
Year: 2023
Available in English

Summary

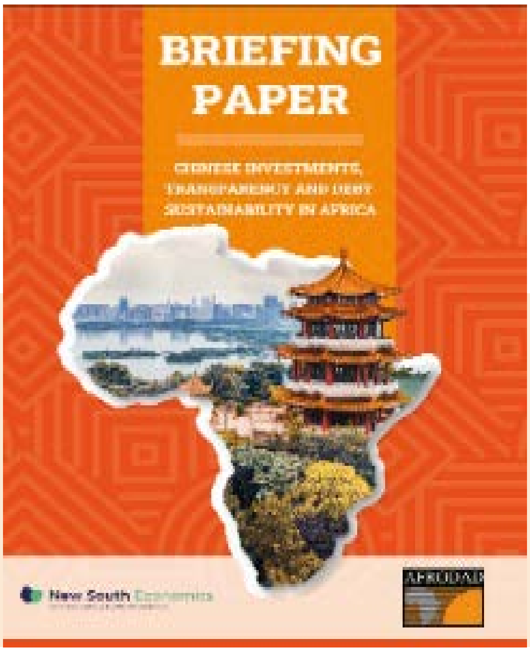
The economic fallout resulting from the COVID-19 pandemic and the war in Ukraine have resulted in a continuation of the surge of debt globally, with greater vulnerability for developing and emerging economies as an outcome. Since the global financial crisis of 2009, the share of public and publicly guaranteed debt has grown, relative to other types of external debt namely private sector debt, in all

three regions. This report focuses on South and East Asia (ASE), Latin America and the Caribbean (LAC) and SSA. It charts the significant changes that have occurred in the type of external debt held and the type of creditors providing financing to sovereigns in these regions. It also highlights fiscal and macroeconomic challenges.

The findings reveal that the shift towards private creditors for publicly guaranteed debt has increased dependency on international capital, making these economies highly susceptible to external shocks like the COVID-19 pandemic and geopolitical conflicts. This has accelerated a "fourth wave of debt," leading to untenable budgetary conditions, fiscal austerity, and a hindering equitable recovery, often resulting in "too little, too late" debt restructurings. Domestic debt impacted sustainability. Capacity-building initiatives, such as those by AFRODAD in the Southern African Development Community (SADC), have significantly improved parliamentarians' skills in areas like value for money, debt tracking, and budget analysis, leading to more effective debates and oversight actions. US monetary policy tightening, including interest rate hikes and a stronger dollar, severely hinders Emerging Market and Developing Economies (EMDEs) by escalating inflation and restricting market access. Economic and financial fallout from Advanced Economies also spills over, making debt refinancing challenging and leading to investment declines and public spending cuts in EMDEs. Furthermore, Emerging Market and Low-Income Countries mobilised significantly less fiscal support during the pandemic, leading to insufficient fiscal space and reduced capacity for essential services and development. Domestic debt, including subnational and State-Owned Enterprise (SOE) obligations, is increasingly critical for sustainability, necessitating debt treatment mechanisms that consider currency risks. Existing global crisis responses, such as the DSSI and Common Framework, have proven largely ineffective and temporary, failing to address structural issues or adequately support all EMDEs, particularly Middle-Income Countries. The 2021 SDRs allocation disproportionately benefited Advanced Economies, while the Resilience and Sustainability Trust (RST) is flawed and insufficient for urgent financing needs.

The report recommends strengthening parliamentary oversight through reinforced legislation, adequate resourcing, and continuous capacity building for MPs and staff, alongside promoting regional learning exchanges and site visits for loan-funded projects. Simultaneously, there's a critical need to reform the global debt architecture by adopting sound Debt Sustainability Analysis (DSA) methodologies and providing more liquidity to developing economies. These efforts must be complemented by enforcing comparability of treatment across creditors, establishing new norms for debt transparency, and establishing a robust multilateral framework for debt restructuring.

CHINESE INVESTMENTS, TRANSPARENCY AND DEBT SUSTAINABILITY IN AFRICA



Weblink:

https://afrodad.org/wp-content/uploads/2022/11/AFRODAD-CHINESE-INVESTMENT_PAPER.pdf

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Available in English

Summary

Over the last decade, China has emerged as a key player in global trade, aid, and investment provision to Africa, largely through bilateral ties emanating from the colonial era where China played a critical role towards the independence of various African states that have grown to support China's revolutionary economic and industrial agenda on the globe. Since 2001, the Forum on China Africa Cooperation (FOCAC) has played a central role in coordinating and formalising ties at the official and top levels of government. This report provides a comprehensive analysis of the evolving landscape of Chinese investments and financing in Africa, addressing the opportunities and challenges they present, particularly concerning debt sustainability. It explores China-Africa economic ties, effects of the COVID-19 crisis on debt management (China's specific debt relief approaches), the dual interests both as foreign direct investor, and major global development financier in Africa. It is centred on nature of "development finance with Chinese characteristics," noting prevalent data gaps regarding Chinese lending and lack of contractual transparency, particularly impactful in Southern African focus countries like Angola, DRC, Mozambique, Zambia, and Zimbabwe.

The analysis reveals China's substantial emergence as a global development financier, with significant Foreign Direct Investment (FDI) and lending evident across the continent, particularly in the sampled Southern African countries. Chinese lending is often characterised by limited data availability and contractual transparency, which has systemic consequences and can exaggerate existing governance imperfections in borrowing nations. These loans frequently come with elevated credit costs and risks, leading to concerns about debt sustainability. The COVID-19 pandemic further complicated

African countries' debt situations, prompting varied responses from China regarding debt relief, with specific approaches observed in countries like Angola and Zambia. While Chinese loans offer positive impacts such as increased financing choices for borrowers, new possibilities for crucial infrastructure development, support for regional connectivity, and investments in human capital, these benefits are often overshadowed by concerns regarding transparency and potential for elevated credit burden.

The brief recommends advocating for greater transparency in Chinese lending contracts to mitigate systemic consequences and improve governance. It also suggests need for strategies to manage the elevated credit costs and risks associated with these loans. Moving forward, the paper points towards a future where the complexities, including potential "dual use speculation" and "standards spillovers," are better understood and potentially leveraged to ensure a more beneficial capture of the net present value for African nations. The paper calls for continued scrutiny and strategic engagement to ensure Chinese investments contribute positively to Africa's development without compromising long-term debt sustainability.

ANALYSIS OF CHAD'S EXPERIENCE IN PUBLIC DEBT MANAGEMENT WITHIN THE COMMON FRAMEWORK OF THE G20

Weblink:

https://www.afrodad.org/sites/default/files/publications/Analyse%20de%20l%E2%80%99experience%20du%20Tchad%20en%20matiere%20de%20gestion%20de%20la%20dette%20publique%20dans%20le%20cadre%20commun%20du%20G20.pdf

Published by: AFRODAD
Year: 2023
Available in French

Summary

This report evaluates Chad's experience in managing public debt under the G20 Common Framework, examining its policies, challenges, and alignment with international best practices. In a context marked by fiscal stress, commodity price volatility, and security crises, Chad has accumulated significant public debt, rising from around 20% of GDP in 2008 to over 55% in 2022, primarily driven by oil revenue dependence and loans such as the controversial Glencore agreement. The study identifies as a key issue the weak sustainability and structure of Chad's debt, particularly the burden of external commercial borrowing and mounting arrears. The aim is to understand how Chad's debt policies align with G20 principles, which emphasise transparency, sustainability, and coordinated international action. The study also assesses the effectiveness of tools like the DSSI and debt restructuring programs.

Findings reveal that while the DSSI provided short-term liquidity relief and allowed for increased social spending, it was not a long-term solution. Chad's heavy dependence on oil and limited fiscal space continue to expose it to debt sustainability risks. The report shows that the government's debt management strategy lacks coherence, and institutional capacity remains weak. Debt data transparency is insufficient, and inter-agency coordination is poor. Furthermore, domestic debt, particularly arrears owed to local contractors, has surged, affecting private sector liquidity.

The study recommends several reforms to improve debt sustainability. First, Chad must strengthen its legal and institutional frameworks for debt governance. This includes enhancing the operational capacity of debt management units, adopting transparent and integrated debt reporting systems, and improving coordination between ministries, the Central Bank and Parliament. A stronger emphasis on concessional financing and the avoidance of non-transparent commercial loans is also advised. At the national level, the report encourages the government to diversify its sources of funding, refine its risk management strategies, and build a more resilient tax base to reduce overreliance on debt. Internationally, the study calls on the G20 and other development partners to continue technical and financial support, particularly in building capacity and ensuring effective debt restructuring mechanisms.

ANNUAL DEBT MANAGEMENT REPORT FOR ZIMBABWE 2022

Weblink:

https://afrodad.org/wp-content/uploads/2023/03/2022-Annual-Debt-Management-Report-for-Zimbabwe.pdf

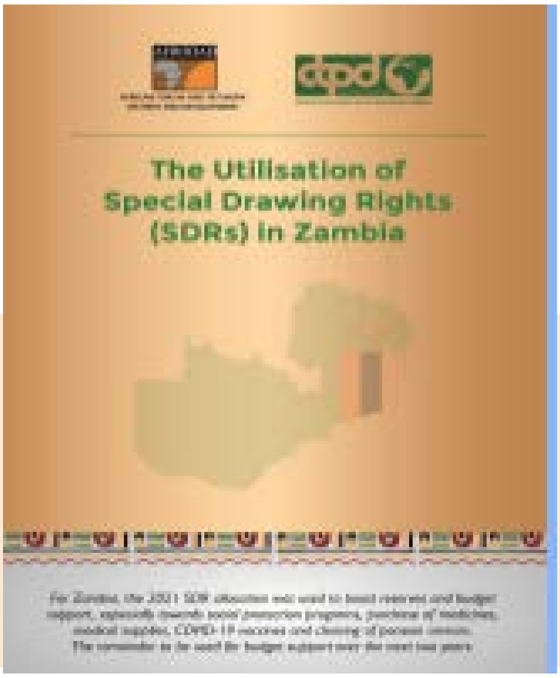
Published by: Zimbabwe Coalition on Debt and Development (ZIMCODD) and AFRODAD
Year of Publication: 2022
Available in English

Summary

The 2022 Annual Debt Management Report for Zimbabwe focuses on the country's growing public debt crisis and the urgent need for reform. By the end of 2022, Zimbabwe's total public and publicly guaranteed debt had reached about USD 17.5 billion, including USD 14 billion in external debt. In addition, domestic debt had risen to ZWL$ 2.235 trillion. A large portion of this debt is made up of arrears and penalties, which has limited Zimbabwe's access to much-needed international financing. This is affecting progress towards national goals such as the National Development Strategy 1 and Vision 2030. The report's main goal is to review Zimbabwe's debt situation between July 2021 and October 2022. It looks at how government loans are being used, particularly in the agriculture sector, and examines the debt levels of State Enterprises and Parastatals (SEPs), as well as Local Authorities. It also reviews how Zimbabwe used its SDRs from the IMF and explores possible ways the country can resolve its debt problem and re-engage with the international community. Key findings show that Zimbabwe's debt continues to rise due to frequent government loan guarantees and poor management of public funds. Many of the debts taken on by the government have benefited only a few individuals, especially politically connected people, while the wider population sees little benefit. RBLs from countries like China are also a concern, as they are often hidden from public view and make debt restructuring more difficult. SEPs and Local Authorities are heavily indebted yet continue to operate inefficiently. Meanwhile, government-guaranteed loans in agriculture are not being properly recovered, adding to the debt pile.

The report outlines several key recommendations to address Zimbabwe's debt crisis. These include focusing on borrowing with favourable terms (concessional loans) and limiting non-concessional loans with high-interest rates, implementing a Medium-Term Debt Management Strategy and adhering to established annual borrowing plans, promoting economic growth and diversification to generate revenue for debt servicing and future investments, increasing parliamentary involvement in overseeing public debt management to ensure transparency and accountability in borrowing practices. In addition, the government should cease taking on debt for struggling SOEs unless they have clear plans for financial recovery.

THE UTILISATION OF SPECIAL DRAWING RIGHTS IN ZAMBIA



Weblink:

https://www.afrodad.org/sites/default/files/publications/Finalised–SDR%20POLICY%20BRIEF-AFRODAD%20%28002%29.docx-%20Zambia.pdf

Published by: AFRODAD & Center for Trade Policy and Development (CTPD)
Year of Publication: November 2022
Available in English

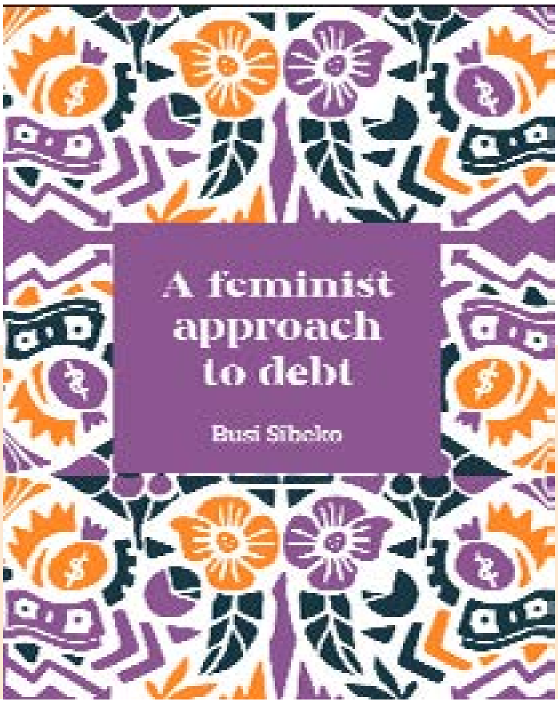
Summary

This brief examines Zambia's utilisation of the 2021 IMF SDRs allocation, amounting to approximately USD 1.3 billion, while building from other countries' experiences for effective alternatives for SDR allocations and reforms. The core issue focuses on maximising the impact of liquidity injections like SDRs within a GFA often ill-suited to the needs of developing nations.

Results shows that Zambia utilised 50% of its approximately USD 1.3 billion SDR allocation in 2022 for essential social sector spending, including clearing pension arrears, supporting empowerment programs, funding healthcare, and providing social safety nets, with the balance earmarked for future national budgets to cover deficits. This utilisation helped create fiscal space and cushioned livelihoods,

reflecting a pattern evident in other African nations that used SDRs for economic stabilisation, debt obligations, and social protection. However, the paper's central argument is that while SDRs provide crucial liquidity, they are not a standalone debt relief solution and that the IMF's quota-based allocation system is largely inequitable, disproportionately favouring wealthier countries. This systemic imbalance meant Africa received only a fraction of the 2021 allocation, highlighting a significant disparity between allocation and actual need. Lack of transparency and accountability in the allocation and rechannelling of SDRs, especially through MDBs, further diminishes their potential impact.

The paper urgently calls for identification and implementation of sustainable alternative financing mechanisms for essential social programs and institutions, as SDRs are not a long-term solution. Second, it recommends strengthening DRM through efficient revenue collection and tax base expansion to reduce reliance on external financing. Third, sustained advocacy for reforming the SDR allocation system, especially through pushing for a formula that considers variables like population size, poverty, and indebtedness is crucial to ensure a more equitable and needs-based distribution. Lastly, the report emphasises need for robust transparency and accountability in SDRs utilisation to maximise benefits for the poor and vulnerable, ensuring that all official borrowings align with national public debt management frameworks.



A FEMINIST APPROACH TO DEBT

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https://www.afrodad.org/sites/default/files/publications/A%20feminist%20approach%20to%20debt_Final_BS-spread_0%20%281%29.pdf

Published by: Nawi Afrifem Macroeconomics Collective and AFRODAD
Year of publication: 2022
Available in English and French

Summary

The persistent and escalating debt challenges facing African economies are more than what simple borrowing figures suggest. The main problem lies in a rigid and outdated GFA that struggles to adapt to new private and bilateral creditors, and often lacks the transparency and accountability needed to truly serve African nations. This has created multi-layered inequality bound by neo-liberal and neo-colonial approaches, where essential public investments in social sectors are lost, and the burden disproportionately falls on vulnerable households, especially women. The wake of COVID-19 exposed these structural inequalities, revealing that Africa's debt is not just a financial abstraction, but a long-standing human crisis felt in the material realities of everyday lives. This paper examines the historical perspective of the external indebtedness of SSA, then delving into how private debt as a critical consideration within financialised capitalism places profits first and how this intersects with household relations. The paper further examines the debt landscape under the COVID-19 context and contributes to a "New Debt Movement," advocating for a Pan-African feminist lens on debt transparency, responsible lending and borrowing, and curbing IFFs, ultimately empowering Africa to become a "rule-maker" rather than forever remaining a "rule-taker" in global finance.

The findings suggest that Africa's indebtedness had led to "policy externalisation," where neoliberal directives had undermined the state's capacity to provide basic services, effectively transferring exponential debt burdens onto households, with women bearing the burden. The pandemic tragically accelerated these structural inequalities, pushing many African nations into alarming debt-to-GDP ratios, leading to potential austerity measures. Further, the study revealed emerging household debt crisis, born from eroded state support, forcing more into precarious informal work and exacerbating indebtedness, particularly for women-headed households struggling to meet basic needs. This highlights how orthodox economic policies, by focusing solely on financial aggregates, tragically overlook the profound human and gendered impacts.

In response, the study recommends advocating for systemic reforms to the GFA through a feminist lens. There is a need to champion full debt transparency, promote responsible lending and borrowing practices, and decisively curb IFFs. It calls for a "new and differentiated approach" that empowers Africa to actively shape global financial governance, recognising the invaluable, yet often unacknowledged, contributions of social reproduction.

BUILDING A STRONG PARLIAMENT IN WEST AFRICA: TRACKING PARLIAMENTARY INVOLVEMENT, APPROVALS AND REJECTIONS OF LOANS

Weblink:

https://www.afrodad.org/sites/default/files/publications/Ecowas-Evaluation-Brief.pdf

Published by: AFRODAD
Year of Publication: 2022
Available in English

Summary

Focusing on the Economic Community of West African States (ECOWAS), the brief reports on two-month evaluation of the AFRODAD capacity-building trainings delivered to MPs, parliamentary staff, and other key stakeholders across West Africa. Specifically, the study aimed to track parliamentary involvement in the approval and rejection of loans, assessing how effectively participants applied crucial concepts such as public borrowing, accountability, transparency, and corruption prevention.

Employing case-studies from Nigeria and Senegal, the findings reveal a significant impact from the trainings. Participants reported significant boost in their capabilities: 100% felt empowered to contribute meaningfully to debates on government loan applications, 90.5% demonstrated increased rigor in studying debt papers, and 85.7% engaged the Executive on responsible borrowing. Parliaments, as a result, were reportedly more active in annual budget formation and scrutiny. However, the paradox of continued "indiscriminate borrowing" persists. This is often attributed to the powerful influence of an "all-powerful Executive" that, through political manoeuvres or by simply leveraging its authority, can undermine parliamentary checks and balances, as observed in Nigeria and Senegal. While MPs widely recognised the utility of oversight tools like the Constitution and committee systems, persistent challenges such as bureaucracy, lack of political will, and non-disclosure of critical information remain formidable barriers.

The brief recommends that future capacity-building initiatives must be differentiated and precisely targeted at relevant committees, while also being integrated into orientation programs for new and returning MPs to combat knowledge attrition. Training should become increasingly evidence-based, focusing not just on technical skills but on empowering parliamentarians to persuasively advocate for responsible borrowing with the Executive. Legal reforms are key to empowering Parliaments, potentially exploring models like single-chamber legislatures to streamline processes and enhance efficiency. Furthermore, fostering multi-stakeholder coordination, promoting extensive public consultations on debt matters through public hearings, and enforcing stringent transparency by mandating the full disclosure and timely publication of all loan agreements within 30-90 days are vital steps to ensure public resources truly serve the people.

TRACKING PARLIAMENTARY INVOLVEMENT, APPROVALS AND REJECTIONS OF LOANS IN SELECTED SADC MEMBER COUNTRIES: MALAWI, MOZAMBIQUE, ZAMBIA, ZIMBABWE 2018–2022

Weblink:

https://www.afrodad.org/sites/default/files/publications/Tracking-Parliamentary-Involvement-Approvals-and-Rejections-of-Loans-in-SADC.pdf

Published by: AFRODAD
Year of Publication: 2022
Available in English

Summary

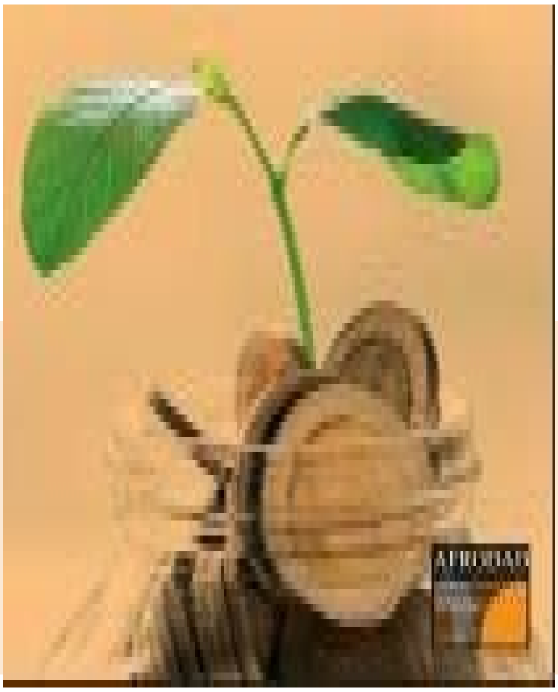
Focusing on SADC, this brief addresses the challenge of minimised parliamentary involvement and impact in public debt management, often due to Executive decisions bypassing legislative consultation. Despite their role in national fiscal accountability and aligning government spending with citizen priorities, Parliaments in the region struggle to exert adequate oversight. This situation is particularly concerning given the escalating debt burden in SADC, with several Member States exceeding the 60%

public debt threshold by 2019 and facing debt distress, a vulnerability exacerbated by the COVID-19 pandemic. Specifically, this study sought to evaluate how parliamentarians in Malawi, Mozambique, Zambia, and Zimbabwe utilised AFRODAD's training-acquired skills (2018-2022) in loan approvals, rejections, and prudent debt management. It also aimed to establish the depth of their understanding and skills for reviewing financial documents, and challenges MPs faced in debt management oversight and how they overcame them.

Findings reported significant positive impact of AFRODAD's capacity-building. Parliamentarians gained meaningful skills including on value-for-money tracking, debt tracking, budget and audit analysis, IFFs and integrating gender perspectives into debt management oversight. This enhanced capacity was evidenced by increased and more effective parliamentary debates on debt management, heightened committee oversight actions, and improved legislative scrutiny, particularly regarding government borrowings linked to the COVID-19 response. However, the study established persistent and systemic challenges: weak legislation, inadequate resources for research and debate, Executive unwillingness to fully disclose debt status, a continued lack of specialised skills, the hindering "whipping system," non-adherence to value-for-money principles, and a noticeable absence of a gender lens in debt oversight.

To improve parliamentary oversight and mitigate burgeoning debt crises, it was imperative to strengthen existing legislation and ensure parliaments were equipped with adequate debt information and financial resources. Continuous capacity building for both parliamentarians and their staff remains crucial. Further, promoting intra-SADC parliamentary learning exchange programs, specifically strengthening women MPs' understanding of PFM, establishing a dedicated SADC caucus on debt management oversight, and mandating site visits for projects implemented using loan funds could ensure tangible accountability and value for money.

ANALYSIS OF DEVELOPMENT FINANCE LANDSCAPE IN AFRICA



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https://afrodad.org/sites/default/files/publications/Analysis-of-Development-Finance-Landscape-in-Africa.pdf

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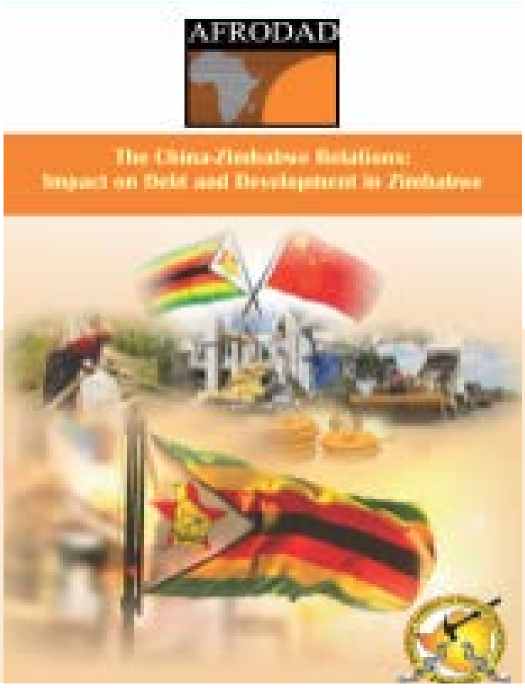
Year: July 2022
Available in English

Summary

This paper examines the evolving development finance landscape in Africa, both traditional and new financing sources driving post-COVID-19 recovery and achieving development goals. It highlights the shifting paradigm where, while Official Development Assistance (ODA) remains key, its declining share necessitates exploring diverse options like DRM and cautious engagement with public debt. The paper also examines PPPs, climate finance, and particularly Chinese development finance, acknowledging their potential benefits alongside concerns about transparency and debt distress. The main objective is to assess the evolving scope of development finance across the continent, provide a comprehensive overview of both traditional and new forms of development finance, and identify and design effective financing options tailored for Africa's recovery and broader development agenda.

Key findings reveal rapid diversification of Africa's development finance beyond traditional aid, incorporating non-DAC funds, climate finance, Chinese finance, and private flows. Despite this diversification, the continent confronts significant challenges, including a dwindling share of traditional aid, an escalating debt crisis, and underperforming DRM plagued by inefficient tax systems and IFFs. Furthermore, PPPs and international climate finance often fall short of expectations, while Chinese development finance, though a major force in infrastructure, continues to raise concerns regarding loan transparency despite perceived shift towards more sustainable investments.

The study recommends policy action in: advocating for the diversification of development finance sources by actively integrating a mix of traditional and the new "Beyond ODA Flows" to build a more resilient financing base; strengthening DRM through comprehensive tax reforms and vigorous efforts to combat corruption to unlock internal financial potential; and strategically optimising PPPs while securing greater concessional climate finance. Ultimately, the analysis aims to inform policy development to ensure sustainable and effective financing for Africa's transformative development agenda.



THE CHINA-ZIMBABWE RELATIONS: IMPACT ON DEBT AND DEVELOPMENT IN ZIMBABWE

Weblink:

https://afrodad.org/sites/default/files/publications/Zimbabwe-China-relationship.pdf

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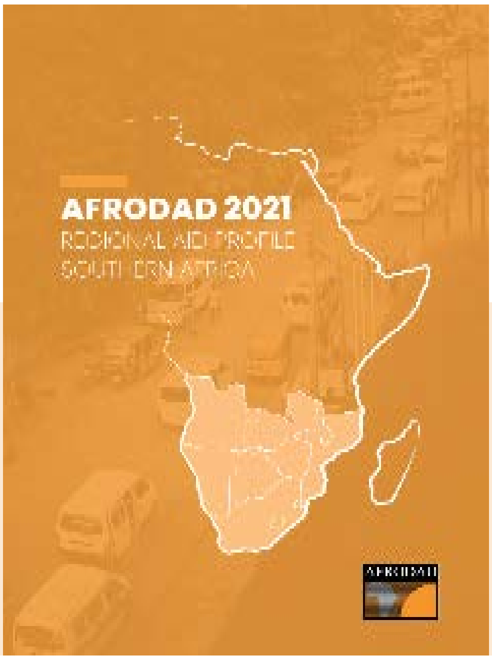
Summary

Zimbabwe's public debt has been rising steadily over the years, reaching an estimated USD 18 billion by December 2018. Both external and domestic debts have grown significantly, with a notable shift in borrowing patterns since 1980. Historically reliant on multilateral and traditional bilateral creditors, Zimbabwe's debt landscape has evolved with the adoption of the "Look East Policy," which has led to closer financial and investment ties with China. As of 2018, China accounted for approximately 34% of Zimbabwe's external debt, reflecting its growing influence on the country's debt profile. This paper examines the implications of Zimbabwe's deepening relationship with China on the development of public debt. It explores how Chinese loans, aid, and investments affect fiscal policy, and assesses the challenges and opportunities associated with this partnership. By focusing on Zimbabwe, the study also offers insights into the broader impact of Chinese financing on debt distress in other African nations.

The findings highlight that Chinese investments have largely been directed towards sectors such as mining, energy, telecommunications and housing. Additionally, Chinese aid has supported infrastructure and health projects that Western donors have often neglected. Unlike many Western financiers, Chinese loans generally come with fewer political or economic conditions, in line with China's policy of non-interference and respect for sovereignty. However, the nature of these loans raises important concerns. Issues of transparency, non-disclosure clauses in contracts, and weak oversight of parastatal and local government borrowing have created vulnerabilities in Zimbabwe's debt management system. Furthermore, there is growing concern that some Chinese loans are funding recurrent expenditure rather than productive investments capable of generating returns.

To ensure Zimbabwe fully benefits from its relationship with China, several recommendations are proposed. First, the country must strengthen debt oversight systems by focusing on the terms and conditions of all lending, regardless of the source. Resources from borrowed funds should be channelled into capital projects and productive sectors, not short-term expenditures. The government must also reinforce its fiscal position by promoting FDI and enhancing industrial capacity utilisation. Debt management capacity should be improved, with a strong emphasis on economic diversification and efficient public spending to increase returns on investment. Additionally, Zimbabwe should avoid loan agreements with non-disclosure clauses, particularly those involving Chinese creditors, to improve transparency. Finally, loans to parastatals and local authorities should be properly monitored, and public debt reporting systems must be strengthened to minimise fiscal shocks arising from contingent liabilities.

REGIONAL AID PROFILE - SOUTHERN AFRICA



Weblink:

https://www.afrodad.org/sites/default/files/publications/2021-Regional-Aid-Profile-Southern-Africa.pdf

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Summary

This profile assesses ODA trends in the Southern African region from 2012 to 2019/2020. This analysis is crucial because Southern Africa's economy, heavily reliant on mineral commodities and agricultural products, has experienced volatile and often slow growth. The region's economic landscape saw its GDP at 2.2% in 2015, dropping to 0.9% in 2016, but rebounding to 1.6% in 2017, aided by improved weather, hydroelectric power availability and increased commodity prices. The region's deep connectivity,

particularly through South Africa as a business hub, made it especially vulnerable to the COVID-19 pandemic's economic repercussions and subsequent reduced aid financing from developed nations focusing inwards. Given persistent challenges like droughts, low commodity prices, and structural impediments, ODA remains vital for sustaining the region's economy and promoting development. The profile, by examining per capita ODA and ODA as a percentage of Gross National Income (GNI) across twelve Southern African countries, aims to provide essential data and policy recommendations to key actors to navigate these economic vulnerabilities and foster recovery.

From 2012 to 2019, the Southern Africa region collectively received USD 60.03 billion in net ODA and official aid, with the highest amount recorded in 2013 (nearly USD 8.4 billion) and the lowest in 2016 (USD 6.9 billion). At the country level, Mozambique was the largest recipient, receiving USD 15.4 billion (a quarter of regional disbursements), and along with Malawi, remained highly aid-dependent in 2019, largely due to natural disasters like Cyclone Idai. South Africa and Zambia were the third and fourth largest recipients, respectively, while Botswana, Mauritius, and Eswatini received the least ODA. Regarding ODA per capita, the regional average from 2012 to 2019 was USD 56.28 billion, showing a downward trend from USD 71.65 billion in 2012 to its lowest point of USD 44.54 billion in 2019. Angola, despite its soil wealth, demonstrated the lowest ODA per capita at USD 8.05 billion (85.69% below the regional average), indicating its lesser dependence on aid, though it saw a temporary increase in 2015 due to a commodity price slump. South Africa and Madagascar were also noted as less ODA-dependent due to diversified economies and strong service sectors, respectively. Conversely, Zimbabwe's ODA per capita was highest in 2012 at USD 76.36 billion, reflecting higher donor confidence during its government of national unity. The overall decline in regional average ODA per capita between 2018 and 2019 was undesirable, particularly as the region faced slow economic growth and natural disasters. In terms of ODA as a percentage of GNI, the regional average from 2012 to 2019 was 4.08%, with a peak of 5.51% in 2013 and a low of 4.08% in 2019, indicating an overall downward trajectory. Malawi and Mozambique exhibited high dependence on ODA for their development, with ODA accounting for an average of 19.92% and 12.84% of their GNI, respectively. In stark contrast, ODA was minimally significant for Botswana (0.54% GNI), South Africa (0.33% GNI), and Angola (0.19% GNI), attributable to their benevolent resource governance, oil revenues, and diversified economies. Generally, ODA contributed less than 5% of GNI in half of the Southern African countries, including Zambia (4.07% GNI), Eswatini (2.51% GNI), and Namibia (1.53% GNI).

The study recommends that Southern African countries should strategically leverage ODA to foster economic recovery and sustainable development by diversifying economic activities and attracting FDI through policy frameworks that promote employment and human capital development. ODA should also serve as a catalytic financing tool for value addition and beneficiation of natural resources, and for improving infrastructure and capacities in the health sector, including local medicine and vaccine development. Furthermore, countries must prioritise regional disaster preparedness strategies with substantial domestic budgeting to reduce ODA dependency, and for agriculture-dependent economies, ODA should support adaptation to climate-smart agricultural practices. Throughout these efforts, strict adherence to Aid and Development Effectiveness Principles is crucial, ensuring transparency, accountability, ownership, and demonstrable results, while vehemently resisting corrupt use of aid.

PRIVATISATION OF HEALTH AND EDUCATION SERVICES IN LESOTHO

Weblink:

https://www.afrodad.org/sites/default/files/publications/Privatisation-of-Health-and-Education-Services-in-Lesotho.pdf

Published by: AFRODAD
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Available in English

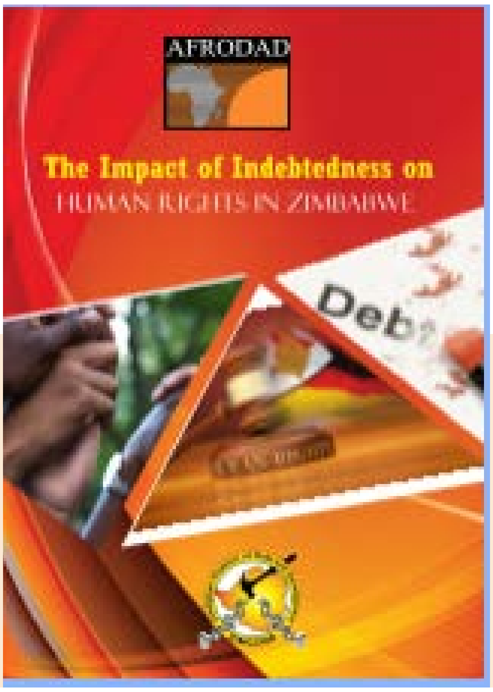
Summary

This policy brief examines the growing privatisation trend in Lesotho's health and education sectors, explicitly focusing on PPPs and the increasing involvement of private, non-state actors. It addresses the erosion of the state's ability to deliver essential public services equitably, as privatisation shifts responsibility for health and education away from government and toward profit-driven entities. This process, primarily driven by fiscal pressures and international development finance institutions such as the World Bank and the IMF, has occurred with limited public consultation and weak institutional oversight. The brief argues that such reforms threaten the realisation of fundamental human rights, deepen social inequality, and undermine the state's role as the primary duty bearer for essential services. This policy brief seeks to evaluate the implications of privatisation in Lesotho's health and education sectors, and to determine whether these private sector-led models align with the country's constitutional obligations and human rights commitments. It also assesses how PPPs have affected public finance, service delivery, and accessibility while encouraging a national conversation around more inclusive and publicly accountable alternatives to market-based reforms.

The findings reveal that in the health sector, long-term PPP contracts have enabled private companies to finance, construct, and manage healthcare facilities. Although some improvements in health infrastructure have been recorded, the financial arrangements have imposed significant and ongoing obligations on the government, restricting its budgetary flexibility and policy space. The brief highlights

concern regarding the cost-effectiveness of these PPPs, the opacity of their contract terms, and their potential to foster a two-tier healthcare system where access to quality care is contingent on the ability to pay. Similarly, in the education sector, privatisation is progressing through mechanisms such as user fees, donor-funded projects, and outsourcing of services. These developments risk widening social inequality, limiting access for disadvantaged groups, and weakening the public character of education. Both sectors demonstrate a trend where privatisation fails to address systemic weaknesses, introducing new issues such as higher costs, weaker transparency, and unaccountable service delivery.

The policy brief recommends reasserting the state's role in providing health and education services. This should involve increasing public investment, strengthening regulatory frameworks, and ensuring transparency in all contractual engagements with private actors. An independent audit of existing PPPs is necessary to assess their social and fiscal impacts. Furthermore, inclusive policymaking processes must be adopted, bringing civil society, frontline workers, and communities to contribute meaningfully to service reform. Public debate and access to information must be improved so that decisions reflect the interests and rights of citizens, not just financial or institutional efficiency. By prioritising equity, participation, and accountability, Lesotho can pursue a more sustainable, rights-based model of public service delivery.



THE IMPACT OF INDEBTEDNESS ON HUMAN RIGHTS IN ZIMBABWE

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/The-Impact-of-Indebtness-on-Human-Rights-in-Zimbabwe.pdf

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Year: 2020
Available in English

Summary

Zimbabwe's longstanding debt crisis has emerged as a fiscal issue and a human rights emergency, with far-reaching implications for socio-economic rights. The key issue discussed in this report is the multidimensional impact of public indebtedness on human rights in Zimbabwe. It argues that unsustainable, often illegitimate debt has curtailed the Government's capacity to fulfil its constitutional and international obligations, especially in providing essential services such as healthcare, education, clean water and adequate housing. The debt burden, compounded by unaccountable borrowing practices, has led to a redirection of public funds from social investments to debt servicing, undermining democratic governance, deepening poverty, and perpetuating inequality, particularly for women, children and rural populations. The paper assesses how Zimbabwe's debt accumulation has constrained its ability to uphold economic and social rights. It seeks to evaluate the fiscal, legal and institutional frameworks surrounding debt contraction and how they intersect with human rights obligations. The study aims to highlight the negative social impacts of prioritising debt servicing over public welfare and to promote a human rights-based approach to debt governance. Furthermore, the report intends to strengthen public discourse on fiscal justice by empowering civil society, Parliament, and the broader citizenry to demand accountability, transparency, and reforms in PFM. Lastly, it situates Zimbabwe's crisis within global systems of creditor-debtor dynamics, extractive resource mismanagement, and IFFs, calling for both national reforms and international solidarity.

The key findings underscore that Zimbabwe's debt is excessive and largely illegitimate, having been contracted through non-transparent processes that lack parliamentary oversight and public participation. This has allowed debts to be accumulated for repressive or unproductive purposes, frequently in violation of constitutional and fiscal standards. The prioritisation of debt servicing over essential public services has worsened socio-economic conditions, particularly for marginalised communities. Moreover, the state's failure to undertake human rights impact assessments in its borrowing decisions has exacerbated inequality and stifled development. Structural challenges such as corruption, poor resource governance, and IFFs further limit fiscal space and perpetuate dependency on debt. Conditionalities imposed by IFIs have forced austerity measures, further reducing public investment in critical sectors. Civic engagement remains weak due to limited access to information and political restrictions, further diminishing public oversight.

The paper makes several fundamental recommendations. First, the Government of Zimbabwe is urged to adopt a human rights-based approach to debt management, conduct a comprehensive and participatory debt audit, and prioritise social service delivery over debt repayment. Second, Parliament should exercise full oversight on all loan agreements, reform the Public Debt Management Act, and institutionalise independent debt audits. Third, IFIs and creditors must respect Zimbabwe's human rights obligations by ensuring that their loan terms do not impose austerity measures that undermine essential services, and they should be open to debt restructuring or cancellation based on audit findings. Lastly, civil society must advocate for transparency, monitor government borrowing, educate the public, and push for accountability.

REVIEW AND ANALYSIS OF EXTERNAL PUBLIC DEBT: THE CASE OF BENIN

Weblink:

https://www.afrodad.org/sites/default/files/publications/Examen-et-Analyse-de-la-Dette-Publique-Exterieure-Cas-du-Benin.pdf

Published by: AFRODAD
Year: 2020
Available in French

Summary

This report presents a comprehensive analysis of Benin's external public debt, with the goal of evaluating its sustainability and proposing strategies for sound debt management. Against the backdrop of international and regional debt concerns, the study highlights how rising debt levels can either support or hinder a country's development, depending on how borrowing is structured, used, and managed.

The findings identified a sharp increase in Benin's public debt between 2014 and 2018, from 30.5% to 56.8% of GDP, driven primarily by major public investment efforts. While this increase reflects the government's desire to close infrastructure gaps, it has led to growing concerns about debt sustainability, currency risks, and fiscal vulnerability. Notably, the external debt service ratio reached 65% of revenues in 2018, which is high by regional standards. The situation risks worsening if borrowing is not better targeted and controlled. This report aims to assess the structure and trends of Benin's external public debt, evaluate the institutional framework governing debt contraction and management, and identify risk factors that could compromise long-term debt sustainability. Key findings include a structural shift in the composition of debt, with an increased share of domestic debt after 2015, though external debt remains dominant. Debt sustainability indicators place Benin at a moderate risk of over-indebtedness, particularly considering new Eurobond issuances. Institutional frameworks such as the National Debt Commission and the Autonomous Sinking Fund exist, but they suffer from fragmented mandates and coordination gaps. Furthermore, several loans contracted have not yielded strong economic returns, raising efficiency concerns.

To respond to these challenges, the report recommends that the Government strengthen the legal and institutional framework guiding debt governance. This includes clearly defining institutional roles and ensuring that decision-making bodies are independent and well-coordinated. Transparency must also be improved, with public reporting that includes not only the size of debt but also how borrowed funds are used and the outcomes of debt-financed projects. The report also encourages the Government to prioritise concessional borrowing over commercial debt, ensuring that all new loans are aligned with the country's development priorities. To reduce dependence on debt, public revenue mobilisation should be strengthened through improved tax policy and administration. Civil society should be more actively involved in monitoring the debt process and participating in budget advocacy. Lastly, the report calls for better coordination among government institutions involved in debt contraction and management to promote strategic and sustainable borrowing decisions.


AFRODAD
COVID-19
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Africa Regional Debt Crisis - Amidst Covid-19 outbreak pandemic

AFRICAN REGIONAL DEBT CRISIS – AMIDST COVID-19 OUTBREAK PANDEMIC

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https://afrodad.org/wp-content/uploads/2021/04/Africa-Regional-Debt-Crisis-Amidst-Covid-19-outbreak-pandemic.pdf

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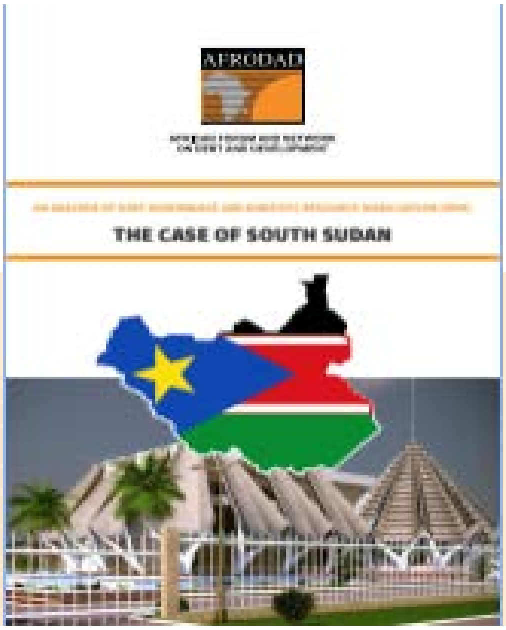
Available in English

Summary

The COVID-19 pandemic affected economies across SSA, compounding an already fragile debt situation. Country-wide lockdowns, declines in FDI, collapsing tourism, falling remittances, limited capital inflows, and reduced foreign aid caused significant disruptions. Oil-exporting countries like Angola and Nigeria were hit especially hard by the fall in global demand and plunging oil prices. As a result, many governments were forced to revise their 2020 budgets. These pressures exposed deep weaknesses in debt management systems across the region. Even before the pandemic, SSA was on the edge of a new debt crisis, with many countries running high deficits and struggling to meet repayment obligations.

Governments were allocating up to 45% of their revenues toward servicing external debt, leaving little room for investment in health, education, or social protection. With falling economic growth, lower revenue generation, and widening budget deficits, many countries found it increasingly difficult to meet their debt commitments, especially amid mounting healthcare and humanitarian needs. Despite these clear signs of distress, IFIs like the World Bank and IMF were slow to offer meaningful debt relief. While they provided new loans to help countries cope with the crisis and referred to this as a positive net transfer of resources, this approach only added to countries' debt burdens. Rather than suspending or cancelling payments, lenders continued to push new debt into already strained systems. In response, CSOs mobilised to advocate for urgent debt relief. Through coordinated campaigns targeting the IMF, World Bank, G20, and Paris Club, they called for a halt to debt payments during the crisis. Their efforts included public mobilisation, social media campaigns, and the production of joint advocacy materials. African Finance Ministers also raised the alarm, calling in March 2020 for a suspension of all interest payments that year, and for a broader suspension of both principal and interest payments in fragile states. The African Union echoed these concerns, warning that the crisis threatened to undo progress on DRM and broader development goals.

In addressing these challenges, the report recommended the following: first, the need for increased transparency over lending and borrowing as it is critical to ensure that any money that becomes available from debt suspension or cancellation is used properly; second, the IMF should issue additional SDRs, and these should be reallocated to developing countries to provide extra financing to deal with COVID-19 and the associated health and economic shocks; and lastly, any coordinated response must recognise the link between unsustainable debt and corruption, ensuring reforms address the failures on both the borrowing and lending sides.



AN ANALYSIS OF DEBT GOVERNANCE AND DOMESTIC RESOURCE MOBILISATION: THE CASE OF SOUTH SUDAN

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https://afrodad.org/wp-content/uploads/2021/04/An-Analysis-of-Debt-Governance-and-Domestic-Resource-Mobilisation.pdf

Published by: AFRODAD
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Available in English

Summary

This report examines how effective DRM and debt governance can support economic transformation in South Sudan. It aims to generate knowledge and evidence that can be used by parliamentarians and civil society actors to advocate for meaningful reforms in the country's fiscal governance. The findings also seek to promote collaboration between government, civic actors, and lawmakers to improve PFM. South Sudan faces several critical challenges in its financial and economic systems, including weak coordination, poor transparency, and fragmented institutional arrangements. These issues have significantly hindered the development of a coherent and functional PFM framework.

One of the most pressing problems is the lack of effective coordination between the Ministry of Finance and Economic Planning (MoFEP) and the Bank of South Sudan (BoSS), especially in areas like cash flow forecasting and information sharing. This has negatively affected BoSS's ability to manage liquidity and maintain macroeconomic stability. The legal and accountability frameworks surrounding debt are also fragile. The Government has repeatedly acquired loans without securing the required approval from the National Legislative Assembly, raising concerns about transparency and the sustainability of public debt. Debt management functions are dispersed between multiple agencies, leading to duplicated responsibilities and delays in debt servicing. Without consolidation and clearer oversight, the current structure undermines efforts to manage the national debt effectively. The domestic tax system is similarly under strain. Citizens are often reluctant to pay taxes due to limited service delivery and a perception of unfairness, especially when politically connected individuals are granted exemptions.

Property tax collection is hampered by inadequate ownership records and a lack of consistent valuation practices. Moreover, multinational corporations have taken advantage of weak enforcement and accounting systems to avoid taxes. Informal businesses and politically protected groups often fall outside the tax net entirely.

To address these issues, the report emphasises the need for transparent debt management. The government should publish relevant information and be held accountable for any irregularities. Second, the report suggests establishing a central body for debt management decisions, streamlining the process and improving accountability within the MoFEP. Third, to reduce reliance on borrowing, the report recommends boosting domestic revenue collection by investing in basic services like healthcare, water, and roads to incentivise tax compliance. Fourth, South Sudan should follow responsible debt contraction procedures, including determining appropriate debt levels, managing potential liabilities, and coordinating borrowing with national development plans. Fifth, the report suggests reforming national and state-level taxes. This involves establishing a clear link between tax payments and service delivery, building administrative capacity for tax collection, and simplifying tax structures and collection procedures.

COVID-19 – DEBT SUSTAINABILITY IMPACTS AND ECONOMIC RESCUE PACKAGES ANALYSES IN SOUTHERN AFRICAN DEVELOPMENT COMMUNITY REGION

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Published by: AFRODAD
Year: 2020
Available in English

Summary

This paper highlights the negative impact of COVID-19 on debt sustainability in SADC countries. The COVID-19 pandemic intensified existing debt vulnerabilities across the SADC region, significantly impacting economic growth, revenue collection, and debt sustainability. Even before the pandemic, many Member States were already struggling with high debt levels due to climate shocks, weak fiscal systems, and growing reliance on non-concessional borrowing. The crisis further strained public finances as governments were forced to increase health spending and launch economic rescue packages, despite having limited fiscal space. This report assesses the impact of COVID-19 on debt sustainability in the SADC region, examines the adequacy and effectiveness of economic stimulus measures, and proposes practical strategies for managing debt and supporting recovery. It informs policymakers, civil society, and international partners on the state of public finance and the risks posed by unsustainable debt accumulation.

This report reveals that public debt in the region rose from an average of 39% of GDP in 2010 to 55% in 2019, with countries like Zambia, Angola, and Mozambique facing high risks of debt distress. COVID-19 triggered a severe contraction in GDP, worsened by falling commodity prices, reduced remittances, and shrinking FDI. These shocks led to revenue shortfalls and currency depreciation, further inflating external debt obligations. Despite international support from institutions like the IMF and World Bank, only a few SADC countries accessed significant emergency financing, and the size of stimulus packages remained low due to limited resources. Additionally, most of the region's informal workers and small enterprises were excluded from relief efforts, weakening the social impact of stimulus packages. The crisis also exposed governance weaknesses, including poor debt transparency, inadequate coordination between fiscal and monetary authorities, and corruption risks in the management of emergency funds. The report recommends strengthening public debt governance by enhancing transparency, reinforcing parliamentary oversight, and adopting sound debt management strategies. It also suggests implementing a friendly or cooperative debt restructuring program to help SADC countries manage their debt burden, which would likely involve negotiating with creditors to ease repayment terms or potentially reduce the overall debt. Finally, the role of civil society must be elevated to ensure accountability, citizen participation, and inclusive recovery across the region.

AN AFRICAN PERSPECTIVE ON THE ESTABLISHMENT OF A FAIR AND TRANSPARENT INTERNATIONAL SOVEREIGN DEBT RESTRUCTURING MECHANISM: VARIOUS OPTIONS FOR AFRICAN COUNTRIES

Weblink:

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Summary

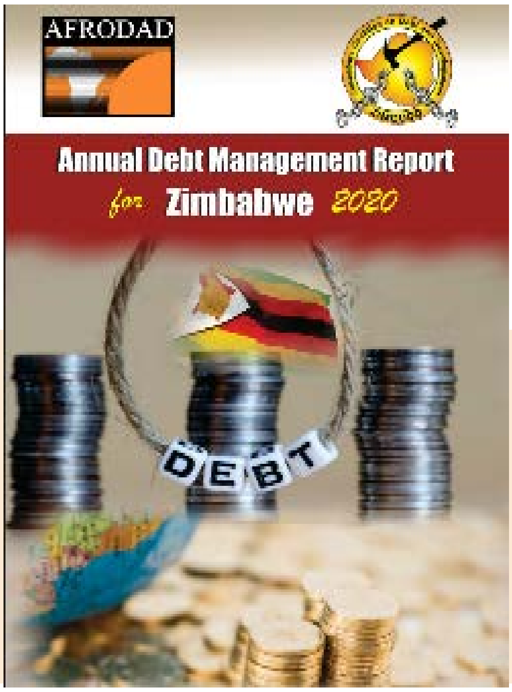
Historically, Africa's debt restructuring efforts through initiatives like HIPC and MDRI provided significant relief, but their long-term benefits were often undermined by subsequent financial crises, and the COVID-19 pandemic further exacerbated debt burdens across SSA. Currently, sovereign debt restructuring lacks a statutory or multilateral framework, relying on voluntary, complex, and often litigious market-based negotiations that lead to unpredictability. This absence of a robust, rules-based mechanism, coupled with deteriorating debt indicators and rising default risks, underscores the urgent need for a more effective and equitable debt resolution process. This paper offers an African perspective on sovereign debt restructuring, aiming to contribute to ongoing debates and advocate for a robust international mechanism. It explores various theories and the merits of such a mechanism to foster global efforts in reducing inequalities, identifying key areas for CSO advocacy to ensure equitable and effective debt crisis resolution.

The findings demonstrate that the HIPC/MDRI initiatives, while successful in immediate debt reduction and fiscal space creation, failed to guarantee long-term economic growth due to subsequent financial instability. The current sovereign debt restructuring environment is characterised by an absence of a statutory framework, relying on voluntary, complex, and potentially litigious negotiations. This fragmented approach often leads to unpredictable outcomes and places debtors at a disadvantage. Notably, the United Nations General Assembly's 2015 adoption of nine Basic Principles for Debt

Restructuring Processes, including sovereignty, transparency, and equitable treatment, represents a significant breakthrough towards a rules-based approach, even without establishing a full multilateral legal mechanism. The paper highlights that debt distress indicators in SSA have worsened post-COVID-19, making sovereign debt restructurings more frequent and complex.

The paper strongly advocates for the establishment of a rules-based, multilateral framework for sovereign debt restructuring to enhance predictability and ensure fair burden sharing among all stakeholders. It reinforces the importance of CSOs continuing their advocacy for equitable and effective debt crisis resolution. It supports the operationalisation of the UN's nine basic principles for debt restructuring processes as a foundational step towards a more just international financial architecture. Such a mechanism is deemed essential for protecting the interests of all countries, reducing inequalities, and supporting recovery from global crises.

ANNUAL DEBT MANAGEMENT REPORT FOR ZIMBABWE 2020



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https://www.afrodad.org/sites/default/files/publications/Annual-Debt-Management-Report-for-Zimbabwe-2020.pdf

Published by: AFRODAD
Year: 2020
Available in English

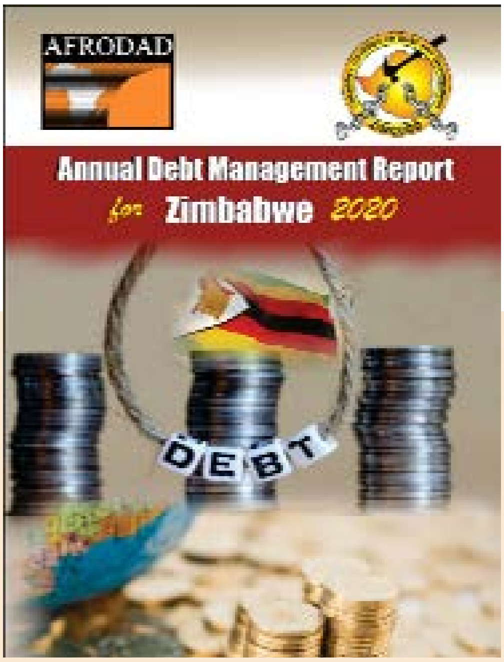
Summary

Zimbabwe's debt burden has been a significant challenge to its economic development, leading to arrears and constraining access to new financing. The country's total public and publicly guaranteed external debt stood at USD 10.7 billion as of end of December 2020.This substantial figure includes

USD 6.5 billion in principal and interest arrears, indicating a deep-rooted and persistent debt crisis. Domestic debt, though not explicitly quantified in the provided snippet, is also acknowledged as a significant component of the overall debt portfolio. The Government has committed to implementing comprehensive economic reforms and a debt resolution strategy, emphasising a commitment to addressing the long-standing issue. This approach includes re-engagement with international creditors and financial institutions to find a sustainable solution. The primary objective of this report is to provide an overview of Zimbabwe's public debt portfolio for 2020, analyse its composition and sustainability, and detail the Government's initiatives for debt reduction and management.

The findings showed that at the end of 2019, about 57% (USD 6 billion) of the outstanding external debt was in arrears. The creditor composition in 2019 primarily comprised bilateral creditors (52%), multilateral creditors (25%), and Reserve Bank of Zimbabwe (RBZ) external liabilities (23%), with detailed breakdowns showing Paris Club (USD 3.388 billion), Non-Paris Club (USD 1.582 billion), World Bank (USD 1.511 billion), and African Development Bank (USD 705 million) as key lenders. Between 2017 and 2019, the Government contracted USD 572.5 million in external loans, including USD 113.5 million from India and China in 2019, and committed to an additional USD 3.5 billion for farmer compensation via a 30-year debt instrument. Of the USD 3.2 billion borrowed from 2010 to 2019, 53% (USD 1.697 billion) was allocated to Fuel and Power sectors, including a USD 250 million guarantee for commodity importers. Domestic borrowing from 2012 to 2019 was mainly through non-transparent private placements, lacking a borrowing plan and relying on short-term instruments, creating high refinancing risk. Public debt accumulation from 2014 to 2019 was driven by rising arrears (from USD 109 million in 1999 to USD 6.4 billion in 2019), large fiscal deficits (e.g., USD 2.7 billion or 11.8% of GDP in 2018), and quasi-fiscal activities by the RBZ, further exacerbated by a lack of a clear guaranteed framework. The USD 3.5 billion farmer compensation was expected to worsen debt sustainability. This situation is worsened by large fiscal deficits and quasi-fiscal activities by the RBZ, which contributed to public debt accumulating through short-term instruments and central bank overdrafts, creating substantial refinancing risk. Furthermore, the lack of transparency in domestic borrowing practices, primarily through private placements, and the absence of a clear framework for issuing guarantees exacerbate the problem, exposing the country to unsustainable contingent liabilities. The commitment to borrow an additional USD 3.5 billion for farmer compensation was expected to further deteriorate debt sustainability indicators and complicate negotiations with international creditors.

The report emphasises the need for comprehensive reforms to effectively implement the Government's arrears clearance and re-engagement initiatives, advocating for continuous re-engagement with development partners to resolve public debt challenges. The report stresses the importance of policy consistency to communicate commitment to reforms and enhance economic stability, advising that borrowing should be guided by a Medium-Term Debt Management Strategy to avoid ad hoc practices that worsen debt sustainability. Furthermore, it recommends limiting collateralised external borrowing to safeguard resources for future generations and calls for the National Assembly to enhance its oversight role to ensure accountability and transparency in the use of borrowed funds.



ANNUAL DEBT MANAGEMENT REPORT FOR ZIMBABWE 2019

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https://afrodad.org/wp-content/uploads/2021/04/Annual-Debt-Management-Report-for-Zimbabwe-2019.pdf

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Year: 2019
Available in English

Summary

Zimbabwe has been dealing with a serious debt problem for nearly two decades, with limited success in turning things around. As of June 2019, the country's total public debt was estimated at ZWL$ 66.8 billion. External debt made up USD 8.1 billion of this, and alarmingly, almost 73% of it consisted of arrears and penalties. Domestic debt stood at ZWL$ 8.8 billion, rising rapidly over the years due to limited access to foreign credit and increasing reliance on local borrowing. This domestic borrowing has had the side effect of crowding out private investment and reducing the overall competitiveness of the economy. The key purpose of the report is to review Zimbabwe's internal and external debt situation, assess how it is being managed, and provide insight for better policy decisions. It aims to understand the drivers of debt accumulation, assess the legal and institutional frameworks for managing debt, and evaluate the impact of debt on the economy, especially in relation to fiscal space and social spending.

Findings show that while Zimbabwe has several laws in place to regulate public debt, including the Public Debt Management Act and constitutional provisions, enforcement remains weak. Parliament has limited oversight, and reporting by the Ministry of Finance has often been incomplete. The country's debt burden has become unsustainable due to persistent budget deficits, penalties on overdue external loans, a large infrastructure financing gap, and continuous borrowing from the RBZ's overdraft facility. Moreover, the introduction of a new local currency in 2019 further devalued domestic debt and strained the Government's ability to manage repayments.

Recommendations for managing Zimbabwe's public debt include the following: controlling budget deficit by limiting spending, reducing subsidies, and targeting exemptions effectively, contracting new domestic debt only for productive purposes, adhering to fiscal rules to avoid crowding out private investment, repaying current domestic debt to rebuild market confidence. Additionally, implementing smart economic policies and structural reforms, ensuring policy consistency and a market-friendly environment, attracting foreign investment through joint ventures and improved business conditions, and reducing corruption to boost government revenue generation.

PROCEEDINGS REPORT OF THE ZIMBABWE MULTISTAKEHOLDER DEBT CONFERENCE

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/Multi-stakeholder-debt-report-2019.pdf

Published by: ZIMCODD and AFRODAD
Year: 2019
Available in English

Summary

This report provides an overview of a Zimbabwean debt conference hosted by AFRODAD and ZIMCODD in 2019, which provided a platform to discuss the nation's concerns on public debt, which exceeds regional and national limits. With a significant portion coming from China with unclear terms, the debt hinders basic services and increases taxes. Concerns over lack of due diligence and transparency in acquiring loans, along with mortgaging natural resources, were raised. The Conference aimed to build solutions through collaboration and emphasised the importance of transparency and responsible debt management for a more stable financial future. The main objectives of the Conference were to create a platform for open dialogue on Zimbabwe's debt crisis, assess the impact of Zimbabwe's debt on citizens; build collaborative plans to tackle Zimbabwe's rising debt, continue to consult with stakeholders and share policy recommendations that would potentially address Zimbabwe's debt situation.

Key findings from the Conference included the identification of weaknesses in Zimbabwe's legal and institutional frameworks for debt management. Participants highlighted that the Public Debt Management Act lacks mechanisms for robust oversight by Parliament and civil society. There was consensus that the accumulation of debt had often occurred without adequate public scrutiny or clear developmental outcomes. Moreover, the impact of the debt burden on essential sectors such as health, education, and infrastructure was evident, with debt servicing crowding out public investment. The Conference also emphasised the critical role of regional and international creditors, including China and multilateral financial institutions, in shaping Zimbabwe's debt landscape. The accumulation of public debt has been overwhelming, and the State is failing to provide basic human rights (right to food, shelter, water, health and education) as enshrined in the Constitution and related pieces of legislation due to debt distress. This has led to a high tax burden on citizens and businesses in a desperate attempt to finance these debts. There has been an outcry over public debts being taken without adherence to due diligence, and lack of proper project appraisal to ensure value for money. Furthermore, there is no consultation with citizens and general lack of transparency, creating room for corruption. The mortgaging of natural resources to secure new loans remains a cause for concern, especially its implications on intergenerational equity.

To address Zimbabwe's rising debt, the report proposes a number of recommendations: all future Government loans must be publicly disclosed, allowing public scrutiny of borrowing and spending; lenders should refuse loans if details are hidden; lenders should follow the United Nations Conference on Trade and Development (UNCTAD) guidelines on responsible lending practices, ensuring loans are well-invested; lenders should share the blame for unsustainable debt and should contribute to resolving the crisis; IMF loans should be contingent on debt restructuring or Zimbabwe defaulting, ensuring a reduction in debt risk; citizens require proper capacity building and information on debt to be able to hold the Executive to account; capacity building should be rolled out to Parliament to allow them to effectively undertake the oversight role on debt management and overall PFM system; finally, there is need for an all-inclusive dialogue on national debt since it goes beyond party politics.

SOUTHERN AFRICA REGIONAL DEBT PROFILE 2019

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/Southern-Africa-Regional-Debt-Profile-2019.pdf

Published by: AFRODAD
Year: 2019
Available in English

Summary

Development in Southern Africa has been hampered by infrastructure bottlenecks, corruption which increases the cost of doing business, and lack of affordable long-term finance. This policy brief therefore highlights the growing concern over public debt accumulation across Southern African countries. It revolves around rising debt levels in the region, especially external debt driven by fiscal deficits, weak commodity prices, infrastructure deficits, and natural disasters like droughts and cyclones. This has led to increased vulnerability to external shocks and threatens the sustainability of development efforts across the region. This paper aims to assess the causes of debt accumulation in the Southern African region, understand country-specific vulnerabilities, and offer strategic recommendations for responsible debt management. It aims to inform policymakers, stakeholders, and civil society about the current debt landscape and encourage more sustainable borrowing and investment practices.

The paper reveals that public debt in Southern Africa grew by over 200% between 2009 and 2018, with countries like Mozambique, Zambia, Zimbabwe, and Angola contributing significantly to the region's debt stock. The report also finds that domestic debt is increasingly dominant and expensive, limiting private investment and public spending on essential services. Moreover, high youth unemployment, food insecurity, and poor industrialisation are aggravating social and economic instability. The region is heavily reliant on agriculture and commodity exports, with insufficient diversification. Manufacturing lags, and while some countries like South Africa show resilience, many remain susceptible to external financial and climatic shocks.

The paper proposes recommendations in this regard. First, there is need for prudent fiscal policy to rein in public debt and countries should not exceed the macroeconomic thresholds that were set by

SADC. Second, African countries' governments need to enact responsible borrowing for the loans to be used productively. Therefore, debt must be deployed in productive sectors that yield income streams for self-financing and grow the economies which will allow to build capacity, weaning the countries from foreign debt and distress. Third, countries should implement robust domestic debt strategies, improve fiscal discipline, and avoid breaching set macroeconomic thresholds. Fourth, enhancing debt transparency, reducing remittance transaction costs, and investing in climate-resilient infrastructure (like irrigation systems) is also advised. Fifth, governments need to formulate and implement prudent domestic debt management strategies to mitigate the effects of the rising debt on the economy, invest in water harvesting and irrigation facilities to reduce weather-related shocks which eventually affect debt. Finally, the report recommends reducing fees charged when sending remittances so that more of the money is received through formal channels.

NORTH AFRICAN REGIONAL DEBT PROFILE

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/North-Africa-Regional-Debt-Profile-2019.pdf

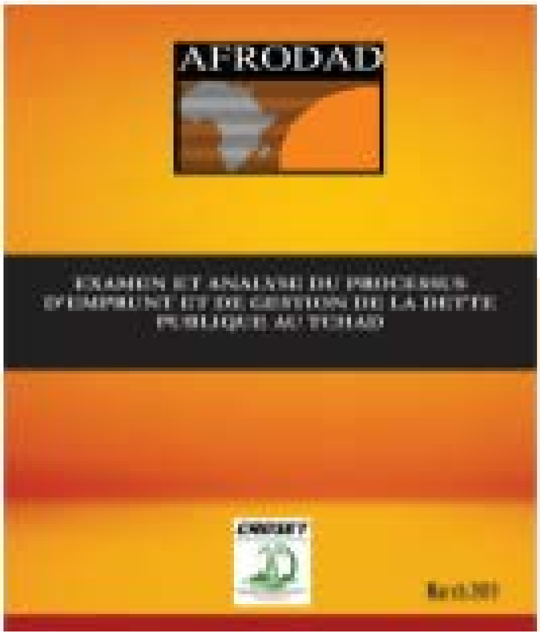
Published by: AFRODAD
Year: 2019
Available in English

Summary

The 2019 North Africa Regional Debt Profile provides an analysis of public debt dynamics across Algeria, Egypt, Libya, Mauritania, Morocco, and Tunisia. It highlights a growing concern over the sustainability of debt in the region, as many countries face rising borrowing needs amid persistent structural challenges. The central issue examined is the growing debt burden, especially external debt, and how it connects with economic vulnerabilities such as low commodity prices, fiscal deficits, and limited diversification of national economies. These challenges have led to increased dependency on external financing, particularly through commercial and market-based sources, raising questions about long-term fiscal stability. The report aims to provide clarity on the sources of debt, whether bilateral, multilateral, or private, and to assess the sustainability of current borrowing practices. The broader objective is to inform policy responses that can enhance macroeconomic resilience and ensure that debt is managed in a way that supports development without endangering future financial health.

The report notes that over the past years the region has been volatile, largely affected by a series of anti-government protests, uprisings and armed conflicts known as the Arab Spring, which began in 2010 together with fluctuations in commodity prices. In addition to this, the economic performance of the region has been greatly impacted by price shocks with GDP averaging 2.1% between 2011 and 2015. All the countries in the region except Mauritania are middle-income countries with per capita income above USD 3000. However, North Africa according to the African Development Bank Outlook 2019 has been the second-best performing region after East Africa with an estimated real GDP growth rate of 4.4% and 4.3% in 2019 and 2020 respectively. Additionally, the economic weight has not shielded the region from debt stress. Egypt, Tunisia, and Mauritania recorded the most significant increases in external debt, driven largely by the need to stabilise economies following political upheavals or shocks. While countries like Algeria have relied more on domestic reserves and avoided external borrowing, others such as Egypt have turned to commercial markets with some success in financing productive investments.

To address these concerns, the report recommends the following: first, North African countries like Algeria should leverage domestic resources; second, while public debt in North Africa is on a sustainable trajectory for most countries, there is a need to maintain fiscal discipline and embark on growth-enhancing policies that will build up foreign reserves; third, other countries should use debt for productive purposes which boost the GDP as is the case in Egypt, but the build-up of debt should be consistent with countries' development needs and capacities to service the loans; fourth, governments need to formulate and implement prudent domestic debt management strategies to mitigate the effects of the rising debt on the economy. Lastly, remittances are important in providing the much-needed foreign currency to service the external debt, so the government especially in Egypt and Tunisia should consider harnessing remittances through reducing the cost of sending money.



REVIEW AND ANALYSIS OF THE BORROWING PROCESS AND PUBLIC DEBT MANAGEMENT IN CHAD

Weblink:

https://www.afrodad.org/sites/default/files/publications/Examen-et-Analyse-du-Processus-dEmprunt-ed-de-Gestion-de-la-Dette-Publique-au-TCHAD.pdf

Published by: AFRODAD and CROSET
Year: 2019
Available in French

Summary

This study assesses the borrowing process and public debt management in Chad, with the goal of improving transparency, efficiency, and inclusivity in line with sustainable development. The analysis used document reviews, stakeholder consultations, and a restitution workshop, which helped refine the findings and recommendations. The key issue identified is the lack of coherence and weak coordination among the institutions involved in Chad's public debt process. While there is a legal and institutional framework, especially with the establishment of CONAD (National Commission for Debt Analysis), the enforcement of these rules is inconsistent. Some loans, particularly from external creditors, bypass required approval steps, and the recommendations of CONAD are not always followed. Transparency and citizen participation are minimal, with limited public access to debt data, and the National Assembly has little involvement in debt oversight. Furthermore, debt-related information is scattered and poorly managed, making it difficult to track or analyse ongoing debt-financed projects.

The study notes that Chad's public debt portfolio has shifted heavily toward domestic debt, primarily through Treasury bonds, due to external shocks like the oil price slump and the controversial Glencore commercial loan. Although this reduces currency risk, the accumulation of domestic arrears negatively impacts the private sector and undermines economic stability. The strategy of relying on domestic markets was deliberate but has financial and operational limits. One positive finding is that Chad has remained within the CEMAC's 70% debt-to-GDP threshold, signalling some macroeconomic discipline. However, debt sustainability is under pressure due to low DRM and rising debt service costs. While there

exist relevant laws and institutions, their effectiveness is weakened by political interference, lack of capacity, and inadequate financial resources

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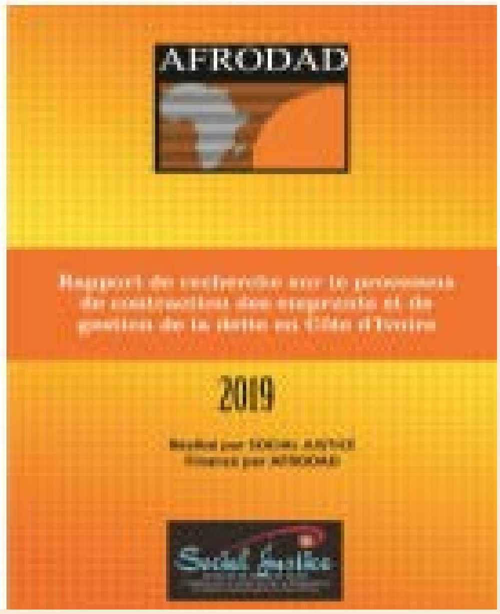
To address these issues, the report recommends that the Government improve inter-agency information sharing, publish up-to-date debt data, and hold regular Budget Orientation Debates. It urges the National Assembly to strengthen its legal role in debt oversight and calls on CSOs to specialise in debt monitoring. Development partners are encouraged to embed citizen participation into project design, and AFRODAD is advised to continue supporting research and advocacy around Chad's debt challenges.



RESEARCH REPORT ON THE BORROWING PROCESS AND PUBLIC DEBT MANAGEMENT IN CǑTE D'IVOIRE

Weblink:

https://www.afrodad.org/sites/default/files/publications/Rapport-dEtude-sur-le-Processus-de-Contraction-dEmprunt-Cote-dIvoire%20%281%29.pdf

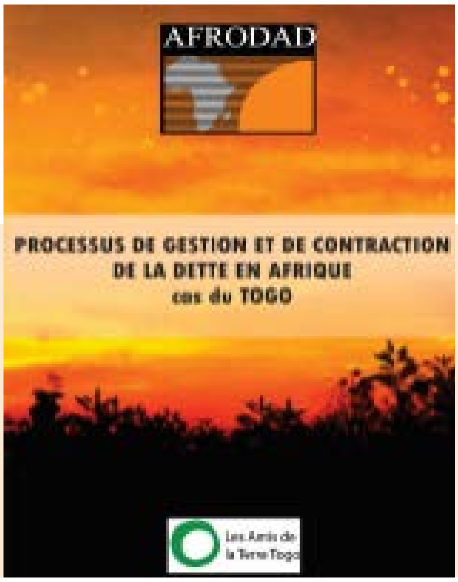
Published by: AFRODAD and Social Justice
Year: 2019
Available in French

Summary

This study examines the public borrowing process and debt management framework in Côte d'Ivoire. It was conducted with the aim of improving governance, promoting transparency, and ensuring that borrowing aligns with the country's development goals and international standards. The research combines document reviews, interviews with key stakeholders, and field data to analyse the evolution of debt levels and the effectiveness of institutional mechanisms in managing public debt. One of the central issues highlighted is the disconnect between legal frameworks and actual practice. Although Côte d'Ivoire has implemented laws and created institutions such as the National Public Debt Committee, these mechanisms often remain underutilised or sidelined. Political influence over debt management is significant, and oversight institutions like the National Assembly and the Court of Auditors have limited authority in practice. Furthermore, CSOs and the public are excluded from the debt process, and transparency remains weak, with limited public access to debt agreements or monitoring data. This study aims to provide evidence-based insights that inform more effective debt policies in Côte d'Ivoire and the broader West African region. It seeks to influence policy reforms, strengthen legislative oversight, and encourage greater citizen engagement in debt accountability.

The findings reveal that although the debt-to-GDP ratio remains below the regional ceiling of 70%, the country has experienced a steady rise in public debt in recent years. After obtaining debt relief under the HIPC initiative in 2012, borrowing resumed rapidly to finance post-crisis reconstruction and infrastructure development. As of the end of 2017, Côte d'Ivoire's debt stock was over 10 trillion FCFA, with a large share comprising Eurobonds and multilateral loans. Despite honouring repayments, the study questions the efficiency and developmental impact of these loans. It points to weak implementation of public investment projects, concerns over debt sustainability, and persistent poverty and inequality despite strong economic growth.

To address these challenges, the report recommends empowering Parliament to play a stronger oversight role, reinforcing debt monitoring capacity within government institutions, and improving revenue mobilisation. It also calls for greater involvement of CSOs through training and participation in debt analysis and policy advocacy. Donors and multilateral partners are encouraged to foster transparency and include citizen participation in project design and implementation.



DEBT MANAGEMENT AND BORROWING PROCESS IN AFRICA: THE CASE OF TOGO

Weblink:

https://www.afrodad.org/sites/default/files/publications/Processus-de-contraction-et-de-gestion-de-la-dette_Cas-du-Togo.pdf

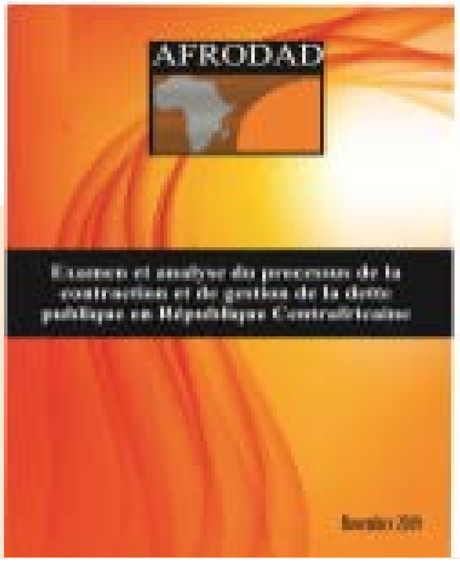
Published by: AFRODAD and Les Amis de la Terre Togo
Year: 2019
Available in French

Summary

The report on Togo's debt management provides a comprehensive analysis of the country's debt dynamics, focusing on the key issue of rising public debt and the challenges of ensuring long-term sustainability. The central issue identified is the rapid accumulation of both internal and external debt driven by heavy public investment, coupled with weak debt management structures. This situation has strained Togo's fiscal position and created vulnerabilities in its macroeconomic stability. The objectives of the report are twofold: to trace the evolution of Togo's debt over key periods and to evaluate the framework for contracting and managing public debt. It seeks to assess debt sustainability, identify institutional gaps in debt management, and propose measures to strengthen transparency and accountability. Another key objective is to align debt policy with national development priorities while maintaining fiscal prudence.

Findings reveal that Togo experienced unsustainable debt levels during the 1990s and early 2000s, with debt-to-GDP ratios surpassing acceptable thresholds. The 2010 attainment of the HIPC and MDRI initiatives significantly reduced external debt stock, but subsequent infrastructure-driven borrowing pushed total public debt above 80% of GDP by 2016, exceeding West African Economic and Monetary Union (WAEMU) limits. The report highlights structural weaknesses, such as reliance on short-term domestic borrowing, lack of coordination between institutions managing debt, and inadequate parliamentary oversight. While external debt sustainability indicators remain moderate due to concessional borrowing, domestic debt poses the highest risk because of high refinancing needs and accumulated arrears. The study also notes that many projects financed by loans failed to yield sufficient economic returns to service the debt effectively.

The recommendations emphasise the need for a more disciplined and transparent debt management system. For the Government, it urges the establishment of a stronger legal framework and a fully empowered National Public Debt Committee to coordinate borrowing strategies. It calls for better prioritisation of loan-financed projects, ensuring they are economically viable and aligned with development plans. Parliamentary capacity-building and civil society engagement are recommended to enhance oversight and transparency.



EXAMINATION AND ANALYSIS OF PUBLIC DEBT CONTRACTION AND MANAGEMENT PROCESSES IN THE CENTRAL AFRICAN REPUBLIC

Weblink:

https://www.afrodad.org/sites/default/files/publications/Examen-et-Analyse-du-Processus-de-la-Contraction-et-de-Gestion-de-la-Dette-publique-en-Republique-Centrafricaine.pdf

Published by: AFRODAD
Year: 2019
Available in French

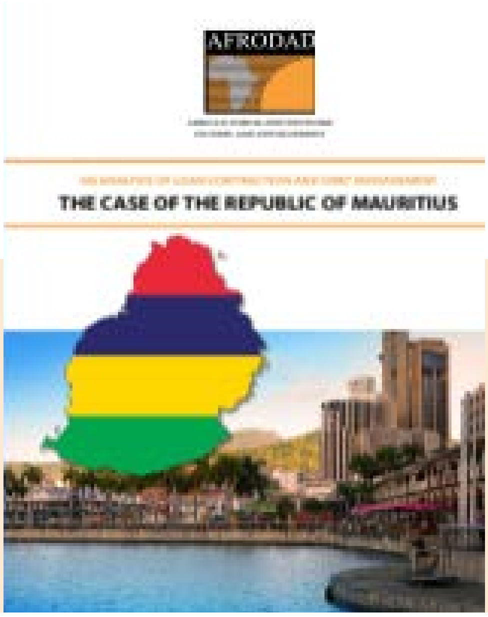
Summary

This report provides an analysis of the processes involved in the contracting and management of public debt in the Central African Republic, a country that has experienced repeated political and security crises. These challenges have greatly impacted its economy and institutional stability, leading to a reliance on external debt to finance reconstruction and public services. This paper highlights the weakness of institutional frameworks and coordination mechanisms surrounding debt management. Despite the existence of laws governing public debt, the implementation remains fragmented and often bypassed in practice. The Ministry of Finance plays a dominant role in borrowing decisions, while Parliament and other oversight bodies have limited influence. There is a lack of transparency, particularly regarding the conditions of loan agreements, and civil society is largely absent from the process. This lack of inclusivity and accountability weakens public confidence and oversight in the use of public resources.

Findings show that the country's debt burden remains relatively moderate in terms of debt-to-GDP ratio, but the country remains highly vulnerable to shocks due to a narrow revenue base, political instability, and its dependence on external aid and concessional financing. Public debt is largely composed of multilateral loans, including IMF and World Bank-supported programs. However, debt sustainability is at risk due to weak DRM and the limited economic returns from debt-financed projects. Moreover, the absence of a coordinated and accountable debt strategy undermines long-term fiscal planning.

To address these challenges, the report recommends strengthening the legal framework by clarifying institutional roles and enforcing approval processes for all public borrowing. It calls for enhanced transparency through the regular publication of debt data and contract terms, as well as the establishment of a national debt committee with representation from Parliament and civil society. The Government is also encouraged to prioritise loans that are economically viable and aligned with development priorities. Lastly, AFRODAD urges donors to ensure that their financing supports inclusive and transparent governance structures.

AN ANALYSIS OF LOAN CONTRACTION AND DEBT MANAGEMENT: THE CASE OF THE REPUBLIC OF MAURITIUS



Weblink:

https://afrodad.org/wp-content/uploads/2021/04/Mauritius-Report.pdf

Published by: AFRODAD
Year: 2018
Available in English

Summary

Mauritius, a small island economy lauded for its democratic governance and macroeconomic resilience, has faced rising public debt levels despite its relatively strong creditworthiness. The key issue examined in this report is whether Mauritius' current legal and institutional frameworks governing public debt and loan contraction are adequately participatory, transparent, and aligned with responsible borrowing principles, especially those outlined in the AFRODAD African Borrowing Charter. Although the country has maintained a broadly positive debt sustainability profile, concerns persist about its ability to meet statutory debt ceilings, limited parliamentary scrutiny, and the exclusion of civil society from critical financial decision-making processes. The main objective of this analysis is to assess the transparency, accountability, and inclusiveness of Mauritius' public debt practices. It seeks to determine if the country's borrowing decisions adhere to its constitutional and legal mandates and whether debt is contracted, utilised, and managed in a manner that serves long-term development goals. The study aims to evaluate the effectiveness of institutions such as the Ministry of Finance, the Debt Management Unit, the National Audit Office, and Parliament in ensuring sound PFM.

Findings reveal that while Mauritius has enacted robust legislation, such as the Public Debt Management Act 2008 and the Bank of Mauritius Act 2004, and boasts credible institutions like the Debt Management Unit and the Public Accounts Committee, several gaps hinder effective oversight. Due to expansionary fiscal policies, debt-to-GDP ratios have risen, particularly after the 2008 financial crisis. The Parliament's role remains passive, mainly, with loan agreements presented only after signing, and civil society involvement is nearly absent. While debt remains largely domestic, limiting exchange rate risk, there is a pressing need to strengthen fiscal discipline to ensure long-term debt sustainability. Furthermore, the Public Accounts Committee lacks the technical resources and enforcement mechanisms required for rigorous scrutiny.

The report recommends a constitutional review to strengthen Parliament's authority in pre-approval of loans to improve public finance governance. It advocates enhancing oversight bodies' technical capacity and independence, increasing transparency through proactive disclosure of debt data and loan agreements, and institutionalising participatory mechanisms to include citizens and civil society. Additionally, it urges the government to adopt legally binding fiscal balance ratios, align budgets with medium-term objectives, and evaluate the developmental impact of loans. These reforms are essential to uphold fiscal responsibility, democratic accountability, and equitable development in Mauritius.

AFRODAD SAIPAR WORKSHOP REPORT ON THE AFRICAN BORROWING CHARTER

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/AFRODAD_SAIPAR-Workshop-Report-on-the-African-borrowing-charter.pdf

Published by: AFRODAD and Southern African Institute for Policy and Research (SAIPAR)
Year: 2018
Available in English

Summary

The major issue addressed in the workshop on the draft African Borrowing Charter was the persistent and escalating public debt crisis across African countries, driven by decades of weak fiscal discipline, poor accountability, inadequate legal frameworks, and political interference in debt management. The Workshop critically reflected on the historical evolution of Africa's debt, from the crises of the 1970s through the HIPC and MDRI initiatives, highlighting recurring challenges such as overborrowing, lack of transparency, poor project appraisal, and minimal parliamentary oversight. Despite past debt relief efforts, many African nations are slipping into a new wave of debt distress, with at least 40% at high risk, primarily due to rising non-concessional borrowing and weak macroeconomic performance. The Workshop's objective was to refine and advance the draft African Borrowing Charter by engaging diverse stakeholders to enrich its content and identify practical pathways for national, sub-regional, and continental adoption.

Specifically, the Charter aims to embed responsible borrowing practices into African governance structures by promoting a balance between debt sustainability and inclusive development. It is discussed in greater detail under the African Borrowing Charter section of this Compendium.

Recommendations from the Workshop report were made across three levels: national, sub-regional, and continental. At the national level, the need to engage MPs as champions of the Borrowing Charter was emphasised. This includes organising workshops, conducting legal and political gap analyses, and building civil society-private sector coalitions to address domestic debt arrears. At the sub-regional level, it was proposed that fiscal accountability laws be adopted across Regional Economic Communities (RECs) like ECOWAS, EAC, and SADC, to foster peer pressure among states and urge governments to adopt responsible borrowing norms. At the continental level, the African Union was urged to adopt a formal African Borrowing Charter, supported by the African Peer Review Mechanism and collaboration with United Nations Economic Commission for Africa (UNECA).

NORTH AFRICA DEBT PROFILE 2017

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/North-Africa-Debt-Profile-2018.pdf

Published by: AFRODAD
Year: 2017
Available in English

Summary

This policy brief addresses the trend of rising public and publicly guaranteed external debt across North African countries. Despite the region's substantial natural resource endowments, particularly in oil, gas, and minerals, its debt situation has worsened due to persistent fiscal deficits, security-related expenditures, and external economic shocks. The aftermath of the Arab Spring, volatile commodity prices, and conflict in Libya and Sudan have severely constrained economic performance, weakening public finances and driving up debt ratios. Egypt has emerged as the most significant contributor to the region's external debt, while Algeria remains the least externally indebted. The concern lies in the sustainability of these debts, especially for countries like Mauritania, Sudan, and Tunisia, which exhibit troubling debt-to-GNI and debt-to-export ratios, pointing to an increased risk of debt distress. The objective of the debt profile is to analyse public debt trends in North Africa over the 2007–2015 period and assess debt sustainability risks using key indicators, external debt-to-GNI, debt-to-exports, and debt service-to-exports ratios. By focusing on these metrics, the report aims to identify countries at risk of debt distress, evaluate structural vulnerabilities, and propose policy recommendations to enhance debt sustainability and PFM across the region.

The brief reveals several key findings. While the region boasts significant oil, gas, and mineral reserves, contributing to Member States' economies, its economic growth has suffered since 2011 due to political instability, security issues, and vulnerability to price shocks. Also, public debt has steadily increased since 2007, driven by factors like budget deficits, infrastructure spending, and external shocks. Egypt alone accounted for around 38% of this debt by 2015, significantly raising the regional debt burden. Countries

like Tunisia saw rising external debt levels post-2011 due to weakened currencies and expansionary fiscal policy. Mauritania and Sudan were highlighted as high-risk countries. Mauritania's debt-to-export ratio soared above 200%, while Sudan's external debt was essentially in arrears. Although categorised as low-risk, Tunisia faced growing external debt, warranting close monitoring. Moreover, domestic debt trends varied – Egypt and Morocco have increasingly turned to domestic markets to finance deficits, while Algeria and Mauritania maintained low levels of domestic borrowing.

To mitigate growing debt risks, the profile recommends several strategies. First, North African governments must implement sound fiscal policies that promote sustainability and avoid unchecked debt accumulation. Fiscal consolidation and stronger revenue generation are essential, particularly for countries like Tunisia, where public finances are under strain. Second, institutional capacity should be enhanced to manage domestic and external debt efficiently. For countries issuing bonds on international markets, such as Tunisia, careful assessment of repayment capacity and debt servicing costs is crucial. Finally, authorities should consistently monitor contingent liabilities and ensure transparency in debt reporting to support long-term economic resilience.

WEST AFRICA DEBT PROFILE 2017

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/West-Africa-Debt-Profile-2018.pdf

Published by: AFRODAD
Year: 2017
Available in English

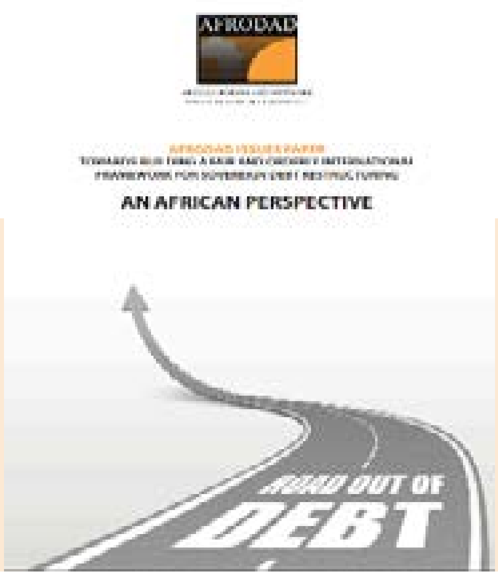
Summary

This brief examines the rising public debt burden across West African countries and the associated risks to economic stability, debt sustainability, and development prospects. Despite economic progress in earlier decades, particularly between 2001 and 2014, many West African economies have recently experienced slow growth, driven by falling commodity prices, external shocks such as the Ebola crisis, and the growing shift toward non-concessional and private debt. The growing complexity and size of debt portfolios, including increased reliance on domestic markets and international bond issuance, raise concerns about the sustainability of borrowing patterns and the region's capacity to meet repayment obligations without compromising public service delivery and long-term development goals. The main objective of the analysis is to assess debt trends, identify emerging vulnerabilities, and evaluate the outlook on debt sustainability across the 15 ECOWAS Member States. The study aims to offer a nuanced understanding of the sources and structure of public debt, the drivers behind rising debt indicators, and country-specific risk profiles. In doing so, the debt profile seeks to inform policymakers, regional institutions, and development partners on appropriate fiscal and debt management strategies that align with sustainable economic development and macroeconomic stability.

Key findings indicate that the region has experienced a significant increase in public and publicly guaranteed debt since the HIPC and MDRI initiatives of the early 2000s. Although debt ratios were considerably reduced due to relief efforts, many countries, particularly Ghana, Nigeria, Cape Verde, and Côte d'Ivoire, have since accumulated new debt at unsustainable levels. Between 2012 and 2015, the region's debt rose by 60%, primarily fuelled by infrastructure investments, budget deficits, domestic borrowing, and external shocks. Ghana, for instance, witnessed a steep increase in debt after issuing multiple Eurobonds and facing falling commodity prices. Its external debt as a percentage of exports jumped from 76% in 2013 to 122% in 2015. Cape Verde experienced a similar trajectory, with external debt-to-GNI rising to nearly 98% by 2015. The Ebola crisis further strained the fiscal outlook for Guinea, Liberia, and Sierra Leone, leading to IMF debt relief through the Post-Catastrophe Debt Relief Trust. Regional reliance on Eurobonds, primarily denominated in USD and traded on the London Stock Exchange, has increased vulnerability to currency depreciation and high repayment costs. Although countries like Nigeria and Ghana have used sovereign bond proceeds for infrastructure, debt refinancing, and social investments, poor PFM and transparency remain significant issues.

The policy brief recommends maintaining prudent fiscal policies to address these challenges, particularly in countries with rising deficits and high debt ratios such as Ghana and Cape Verde. Strengthening debt management institutions, improving public finance oversight, and conducting rigorous cost-benefit analyses of loan-financed projects are critical. The policy brief emphasises the importance of cautious engagement with commercial debt markets, advocating for improved capacity to manage bond proceeds, track debt sustainability indicators, and enforce accountability. Nigeria's Debt Management Office is cited as a model for adequate institutional capacity that other countries in the region should emulate.

TOWARDS BUILDING A FAIR AND ORDERLY INTERNATIONAL FRAMEWORK FOR SOVEREIGN DEBT RESTRUCTURING: AN AFRICAN PERSPECTIVE



Weblink:

https://www.afrodad.org/sites/default/files/publications/SDRM-PAPER-final.pdf

Published by: AFRODAD
Year: 2017
Available in English

Summary

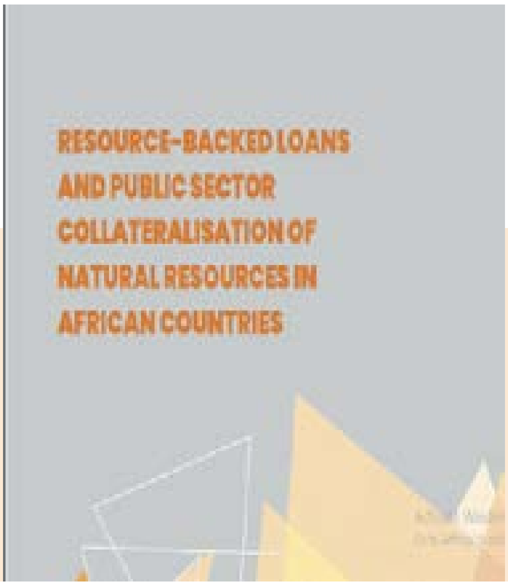
The paper argues that the recent history of sovereign debt restructuring highlights the urgent need for a reform of the international financial architecture, as financial crises and sovereign defaults now affect both developed and developing countries. Past restructurings, notably Greece's and Argentina's messy bond debt renegotiations, underscore major legal gaps and procedural inefficiencies in the international governance of sovereign default, often leading to unfair outcomes for debtors and creditors. In the African context, despite previous debt relief initiatives like HIPC and MDRI, countries are again approaching unsustainable debt levels, with the nature of debt shifting towards capital markets and new bilateral partners like China. The core objective of this paper is to advocate for a fair and orderly international framework for sovereign debt restructuring, considering the unique complexities introduced by bond debt and the specific challenges faced by African nations.

The report identified three key issues stemming from problematic restructurings: a major legal gap (non-system) in the international governance of sovereign default, leading to procedural inefficiencies and frameworks that do not prioritise fairness. It highlights new complexities arising from bond debt restructuring due to a more dispersed creditor structure, unlike traditional renegotiations with the Paris Club or MDBs. For SSA, sovereign debt is increasing, and its nature is changing as countries turn to capital markets and new bilateral partners, moving away from traditional concessional finance. This shift is due to factors like falling commodity prices, local currency devaluations, foreign currency risk, debt mismanagement, and revelations of previously unknown debts. By early 2017, several African countries were experiencing increasing debt vulnerabilities, with some already in debt distress. The paper notes that SSA's bonds issued to private creditors rose from USD 18.3 billion in 2008 to USD 77.5 billion in 2016, with an estimated USD 25 billion set to mature in 2018. While Eurobonds offer advantages like greater government control over proceeds and potential for long-term investment, they also pose significant risks, including lump-sum repayment at maturity, foreign exchange risk for USD-denominated bonds, variable interest rates, and difficulty in restructuring due to the large number of creditors involved.

The report recommends the establishment of a formal and uniform international mechanism for sovereign debt restructuring to ensure fairness and efficiency. It recommends addressing the legal gaps in the international governance of sovereign default. Given the increasing reliance of African countries on market-based financial instruments and new bilateral lenders, the paper suggests the need for robust frameworks to manage these complex forms of debt and mitigate associated risks. While not explicitly stated as numbered recommendations, the overall thrust is to move towards a system that prevents devastating outcomes for citizens, prioritises fair resolution for debtors and creditors, and takes into account the specific vulnerabilities and evolving debt landscape of African nations. This would involve a comprehensive approach to debt management that incorporates transparency, accountability, and the ability to effectively restructure complex bond debt.

Section C:

DOMESTIC RESOURCE MOBILISATION



RESOURCE-BACKED LOANS AND PUBLIC SECTOR COLLATERALISATION OF NATURAL RESOURCES IN AFRICAN COUNTRIES

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https://afrodad.org/wp-content/uploads/2023/01/Resource-Backed-Loans-and-Public-Sector-Collateralisation-of-Natural-Resources-in-African-Countries.pdf

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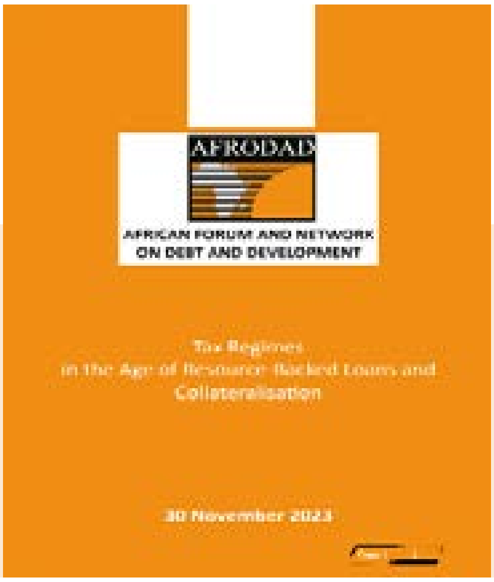
Summary

Africa and the world at large are generally focused on mechanisms to attain the SDGs. SDG8 for example, requires that countries should promote sustained inclusive and sustainable economic growth and decent work for all by 2030. However, one of the major threats towards attainment of the SDGs is how to finance development, as the underlying enabling conditions are in poor state. The quality, quantity and accessibility of economic infrastructure in developing countries lags considerably behind those in advanced and emerging economies to an extent that the gaps are an actual constraint to real economic activity. Financing is mainly constrained by indebtedness which has reached unsustainable levels in many countries. For example, Africa's public debt burden rose from an average of 37% of GDP in 2012 to 62% in 2019. Indebtedness generally implies that the ability to unlock additional finance is now heavily constrained as reliance on traditional finance sources is limited. This AFRODAD paper is an analysis of the merits of RBLs as sources of financing infrastructure. The paper points out the pitfalls and challenges that need to be taken into consideration in using RBLs as a mode of finance. One of the key findings is that African countries are on the losing end these contracts due to the design of the same.

The paper recommends engaging expert negotiators in legal, economic, engineering, and resource valuation fields to ensure balanced and beneficial RBL agreements. RBLs should also be subjected to public procurement systems to ensure transparency, competitive bidding, and value for money in infrastructure projects. It is essential to promote competition among lenders and contractors to secure favourable loan terms and cost-effective project implementation. In addition, transparency can be enhanced by publicly disclosing all key terms of RBL contracts, aligning with IMF and Extractive

Industries Transparency Initiative (EITI) norms to improve oversight and accountability. Furthermore, integrating RBLs into national budgets allows proper oversight by Parliaments and audit institutions, thereby enhancing fiscal accountability. It is crucial to invest RBLs in productive infrastructure rather than using them for budget support or consumption, as this will ensure long-term developmental impact. Thus, to prevent debt sustainability risks, over-reliance on RBLs should be avoided, promoting a diversified financing strategy. Additionally, ensuring a clear separation of roles among lenders, contractors, and resource extractors through Special Purpose Vehicles will help reduce corruption and conflicts of interest. Further, building local capacity for managing and negotiating RBLs through international support and training initiatives is important. Finally, establishing regional standards for RBLs can prevent exploitative practices and promote fair, transparent, and sustainable resource-backed financing.

TAX REGIMES IN THE AGE OF RESOURCE-BACKED LOANS AND COLLATERALISATION



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https://www.afrodad.org/sites/default/files/publications/Tax%20Regimes%20in%20the%20Age%20of%20Resource%20Backed%20Loans%20%28RBLs%29%20and%20Collateralisation.pdf

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Summary

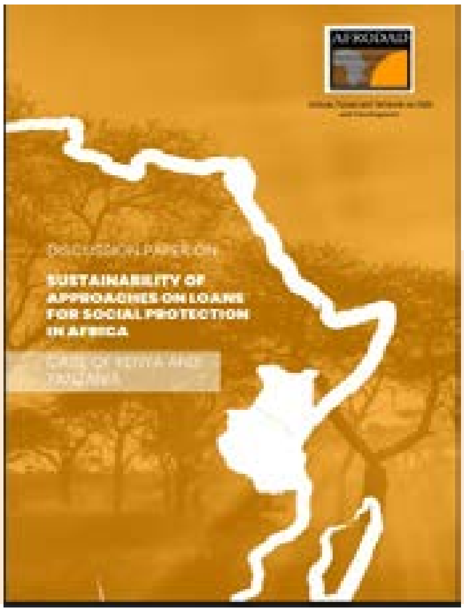
African countries are facing a substantial infrastructure financing gap, leading them to leverage their rich natural resource endowments, especially with rising mineral prices, to secure funding. RBLs and the collateralisation of mineral resources have emerged as potential financing mechanisms. RBLs are loans secured by natural resources, either as a direct repayment source or as underlying guarantees.

While seemingly a safe option, RBLs have often contributed to crippling debt levels in Africa due to their design, which typically favours investors over governments. This paper aims to explore whether the public finance legal regimes in select Eastern, Western, and Southern African countries adequately accommodate RBLs. The study focuses on nine countries: Chad, Ghana, Kenya, Mozambique, Nigeria, Senegal, Tanzania, Uganda, and Zambia.

The paper establishes that while regional economic communities like the EAC, ECOWAS, and SADC have convergence protocols aimed at harmonising PFM, Member States often fail to effectively implement these commitments, leading to uncoordinated and non-transparent RBL adoption. Additionally, the secrecy surrounding RBLs contradicts requirements for quarterly disclosure of debt levels to bodies like the EAC Council of Ministers. The lack of a common public debt management framework means RBL negotiation processes vary widely across member states. The legality and transparency of RBLs are often questionable due to weak legal frameworks. While some countries have constitutional or legislative provisions for transparency in loan and resource exploitation, these are not always sufficient or enforced. RBLs have contributed to significant debt burdens due to high-interest rates and short maturity periods. For example, Glencore's USD 1.5 billion RBL to Chad involved direct servicing from government oil revenue and high interest payments (1.9% of non-oil GDP in 2016 for interest alone). Similarly, Ghana's USD 3 billion RBL with China Development Bank involved collateralisation of oil revenues for periods exceeding legal limits. Many RBLs lack parliamentary approval and public disclosure, hindering oversight. Countries like Uganda lack clear legislative guidance on RBLs. Another key finding is that RBLs are often designed to the detriment of borrowing African nations.

The paper recommends strengthening legal and institutional frameworks to ensure greater transparency, accountability, and parliamentary oversight over RBLs. This includes adhering to regional convergence protocols on PFM and ensuring that debt and guarantee issuance limits align with Medium-Term Debt Strategies and sustainability analyses. It also calls for full public disclosure of RBL terms and conditions, including interest rates, maturity periods, and collateral arrangements, to enable proper scrutiny and prevent secret deals. The paper advocates for rigorous ex-ante investigations into the financial, operational, and environmental implications of projects financed by RBLs, with results made public. Lastly, it recommends that governments diversify their revenue streams to reduce reliance on collateralised natural resources and improve overall debt management practices to avoid unsustainable debt levels.

DISCUSSION PAPER ON SUSTAINABILITY OF APPROACHES ON LOANS FOR SOCIAL PROTECTION IN AFRICA: CASE OF KENYA AND TANZANIA



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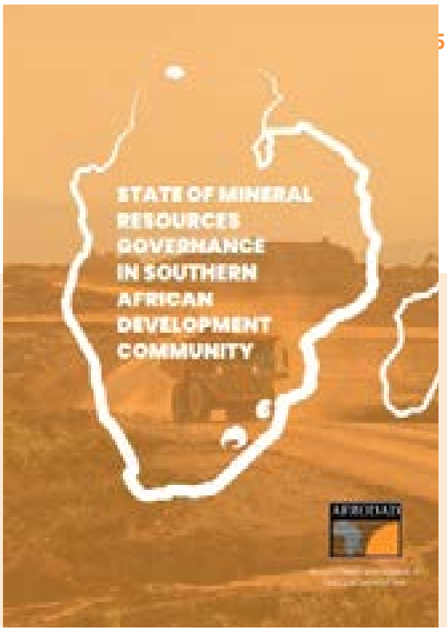
Summary

Despite significant reductions in poverty over the past 15 years, poverty and inequality are still quite persistent in most developing countries and Africa is no exception. Although the poverty line is set low, it is estimated that at least 600 million people with volatile incomes were still living in extreme poverty in 2020 as measured by the USD 1.90 per day poverty line. Given this context, social protection programs are central instruments to the SDGs aimed at ending poverty and hunger, reducing inequality, ensuring healthy lives, providing equitable education and promoting gender equality. The SDGs Agenda includes specific targets on social protection relating to primarily 3 SDGs: No Poverty (SDG1), Gender Equality (SDG5) and Reduced Inequality (SDG10) targets. Whilst these objectives are plausible, realising them requires giving high priority to social sector programming and expenditure.

Financing for social protection has mainly been tax-based with governments earmarking domestic resources for social protection interventions. However, the resources have been inadequate with governments in developing countries allocating an average of 2.1% of GDP towards social protection. The paper establishes and interrogates the suitability of loans for social protection in Africa through experiences of social protection loans disbursed in Tanzania and Kenya.

In light of these findings, the paper recommends the need for reinforcement of anti-corruption efforts, building and strengthening accountability and transparency mechanisms in emergency spending. It further recommends publishing of allocations to pandemic resources with clarity of purpose and intended recipients and ensuring frequent comprehensive internal and external audits on pandemic-related spending.

STATE OF MINERAL RESOURCES GOVERNANCE IN SOUTHERN AFRICAN DEVELOPMENT COMMUNITY



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https://afrodad.org/wp-content/uploads/2023/01/State-of-Mineral-Resources-Governance-in-Southern-African-Development-Community-1.pdf

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Summary

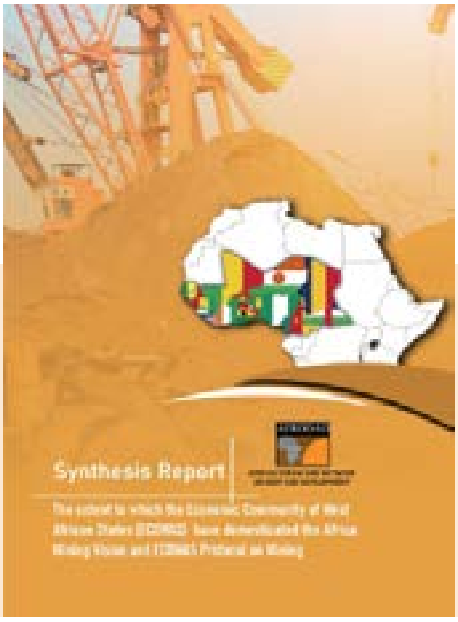
Southern Africa's natural resources provide a unique opportunity to foster human and economic development. Undoubtedly, the mining industry has emerged as a powerful engine of economic growth and financing for the region's development. Apart from building manufacturing industries, linkages to other facets of the economy and local content participation, the exploitation of natural resources could provide the revenues and benefits needed for investment in social service provision, including health and education which are key equalisers for poverty and inequality. Although African economies have been growing at an average of about 5% a year since the turn of the century, this rate is considered encouraging but inadequate. Southern Africa suffers from the paradox of plenty, meaning that abundant endowment of natural resources does not lead to equivalent levels of prosperity, broad-based development and resource-based industrialisation. Poverty remains a serious concern for the region, characterised by limited access to education, healthcare, housing, provision of water and sanitation. Thus, effective and efficient mobilisation and management of revenues from the mining industry is at the centre of SADC's mineral governance.

The transformative potential of Africa as a continent and SADC's mining sector in terms of supporting sustainable and inclusive development have been faced with a myriad of obstacles. These concerns have been instrumental in the development of various mineral resource governance frameworks which include the continental broad-based socio-economic Africa Mining Vision (AMV). This report notes the lack of strong legal institutional frameworks or capacities aimed at leveraging the optimum revenue generation from the mining sector as a key obstacle. The report of the High-Level Panel on IFFs from

Africa deems IFFs as the major impediment to development of the continent, particularly from its mineral resources. Currently the continent is estimated to be losing more than USD 88 billion annually in IFFs.

Therefore, the paper recommends intensifying economic diversification, value addition and beneficiation of the mining sector. It calls for faster rollout of regional industrialisation programmes to boost industry and cushion economies against the decline in global economic growth and support the growth of micro, small and medium enterprises. Second, it recommends boosting SADC regional integration through mineral trade. Given that regional trade is currently at 19.3% there is need to invest into the diversification of regional mineral commodity trading beyond export destinations of China, Europe and the United States, including through deepening intra-African trade and faster implementation of the African Continental Free Trade Area (AfCFTA). Moreover, implementing Local Content laws and support to local micro, small and medium enterprises through fiscal stimulus packages consisting of grants, concessionary loans and tax reductions is crucial. Finally, implementing conducive and consistent economic policies and stable macroeconomic environments with fiscal sustainability to foster good economic governance and boost investor confidence will be instrumental in encouraging local and foreign investment in large, medium and small scale mining operations.

SYNTHESIS REPORT: THE EXTENT TO WHICH ECOWAS HAVE DOMESTICATED THE AFRICA MINING VISION AND ECOWAS PROTOCOL ON MINING



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https://afrodad.org/wp-content/uploads/2023/03/Synthesis-Report-The-Extent-to-Which-the-Economic-Community-of-West-African-States-ECOWAS-have-Domesticated-the-Africa-Mining-Vision-and-ECOWAS-Protocol-on-Mining.pdf

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Summary

The synthesis report intends to showcase the extent to which eight countries in West Africa (Benin, Côte D'Ivoire, Guinea, Liberia, Mali, Niger, Sierra Leone and Togo) have domesticated the AMV provisions with respect to the Mining Revenues and Mineral Rents Management Cluster of the AMV, based on separate eight country reports. As outlined in the AMV Action Plan, the Mining Revenues and Mineral Rents Management Cluster of the AMV can be broken down into 10 areas: improving national capacity to physically audit mineral production and export; reviewing mineral regimes in terms of optimising revenues; building capacity and enhancing skills of officials in negotiating fiscal issues and effectively monitoring compliance with taxation laws; negotiating or renegotiating contracts to optimise revenues and to ensure fiscal space and responsiveness to windfalls; developing systems to evaluate components of tax regimes for leakages, losses and tax avoidance and evasion (e.g. transfer pricing); reviewing terms of double taxation agreements and Bilateral Investment Treaties with host countries of mining companies including the principle that minerals should be taxed at the point of extraction; building capacity and systems to auction mineral rights where applicable; exploring strategies for investing windfall earnings and mineral rent into Sovereign Wealth Funds; developing rent distribution systems for development of communities near mining areas; and developing systems for strengthening capacities for national and sub-national bodies for revenue management.

The country reviews generally show that the domestication of the AMV is still a requirement across several areas, as no country was found to have domesticated all the aspects of the AMV. While the economies are deriving some benefits from the mining sector across the eight countries, the fact that their regimes are not yet as strong as they were envisaged to be at the African Union level implies that these benefits are not optimal.

Thus, the report notes that there are opportunities to unlock enhanced revenues by simply paying attention to the gaps as far as domesticating the AMV provisions are concerned. It provides a myriad of recommendations: governments should continue to invest in building strong institutions where loopholes are addressed in tax collection for the sector; investment in geo-data is necessary to ensure that there is increased knowledge about mineral sector occurrences; there is need to ensure that all legislative provisions around beneficiation are enforced; there is need to review all tax exemption to ensure that only those that can be justified remain; countries ought to strengthen tax regimes to deal with IFFs from tax avoidance; and capacitating human resources in key agencies must be done to effectively enforce the anti-avoidance schemes in the extractive sector.

LINKAGES BETWEEN ILLICIT FINANCIAL FLOWS AND SOCIAL PROTECTION: CASE STUDIES FROM EAST AND SOUTHERN AFRICA

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https://afrodad.org/wp-content/uploads/2023/01/Linkages-Between-Illicit-Financial-Flows-and-Social-Protection-Eastern-and-Southern-Africa.pdf

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Summary

This study seeks to analyse the link between IFFs and social protection, specifically the potential of curbing IFFs to expand fiscal space to invest in social protection systems in East and Southern Africa. With a focus on Uganda, Tanzania, Zambia and Zimbabwe, the study examines the trajectory of social protection and assesses funding trends in the selected countries, provides an overview of IFFs from existing literature and makes a comparison between how much these governments are losing through IFFs vis-à-vis their spending on social protection, including floors as recommended by the International Labour Organisation 2012 Recommendation on Social Protection Floors.

The study utilises both qualitative and quantitative data. The data on social protection and IFFs was gathered through desk research. The literature reviewed for the paper includes national development plans, national social protection policies, national budget documents, reports of various institutions on social protection, as well as on IFFs, including the selected country governments, United Nations agencies, World Bank and Non-Governmental Organisations (NGOs). African countries have made several commitments to expand social protection coverage.

Across the four countries, the study finds that even a fraction of recovered IFF losses could fully fund or vastly expand existing programmes. For example, Uganda's annual corruption losses are over 20 times what is needed to include all poor elderly in its SAGE programme; half of Tanzania's yearly IFF losses could finance its five-year social safety net; Zambia's copper export misinvoicing losses could triple its

food security budget; and Zimbabwe's gold smuggling losses are many times its education assistance allocations.

The report calls for stronger legal, policy, and institutional frameworks to curb IFFs, greater transparency in extractives, and sustained investment in social protection floors to meet the needs of poor and vulnerable groups. It recommends prioritising the curbing of IFFs in their various forms (commercial practices, criminal activity and corruption) to save resources which can be invested in improving social protection systems, particularly, designing and implementing social protection floors; bolstering legal, policy and institutional frameworks with the aim of creating an environment which is attuned to curbing complex IFFs including addressing loopholes in the legislation governing taxation and mining; granting autonomy to existing institutions mandated to investigate and enforce IFFs criminal related activity and corruption to conduct their duties without political interference; disclosing contracts negotiated and information on revenue streams from the extractives sector in accordance with the EITI Principles; and implementing the AMV to ensure transparency and equitable exploitation of natural resources in the extractives sector.

DEVELOPMENT EFFECTIVENESS AND COVID-19

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https://afrodad.org/wp-content/uploads/2022/12/Development-Effectiveness-and-Covid-19.pdf

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Summary

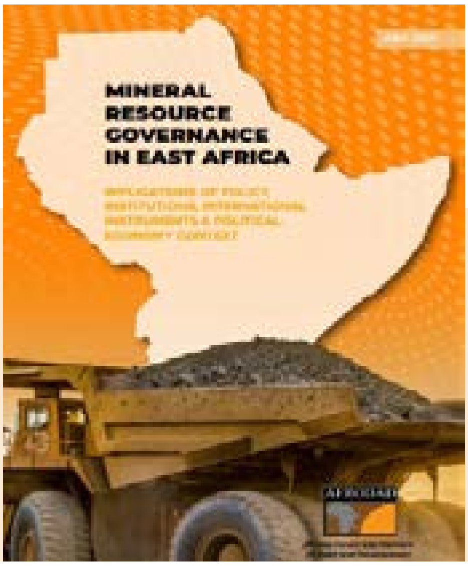
In response to the devastating effects of the COVID-19 pandemic on African countries, development partners, private sector institutions and IFIs had mobilised financial resources to provide financial support for recovery. The paper seeks to offer recommendations that will enhance the effectiveness of COVID-19 recovery interventions for African countries.

The study shows that while African countries obtained various financial flows and assistance initiatives, the implementation of the aid did not adhere to all the principles as defined by the Busan High Level Forum on Aid Effectiveness. Based on the experiences of African countries, this paper shows that there were implementation challenges which affected adherence and alignment of the implementation of the COVID-19 financial flows interventions to the four principles of making aid effective. The challenges include limited ownership of the COVID-19 funded projects and priorities of the aid flows, lack of transparency and actual accountability by both development partners and recipient countries in terms of who gave money for the COVID-19 recovery interventions – how much was disbursed to the country for the COVID-19 interventions and what project or activities were funded and for what purposes?

It also emerged that recipients of aid felt that the aid flows were tied to vaccines and equipment from the developed countries of origin and this reduced the sense of ownership. It however, emerged that aid flows interventions were indeed targeted and focused on critical prevention and impact reduction aspects such as procurement of vaccines, budget support for the procurement of COVID- 19 materials and equipment. The paper, in addition highlights that there was limited use of local capacities to promote implementation of various COVID-19 interventions.

The recommendations from the study include coordination among development partners and increased ODA from significant development partners for the recovery of African economies. Coordination efforts and high-level funding on the continental scale must take precedence over a focus on national and sub-national measures to address domestic economic and health issues. Finally, given the financial difficulties of accountability and transparency, a significant reduction in project aid and new models of development cooperation, such as trilateral development cooperation frameworks and blended financing facilities, are required.

MINERAL RESOURCE GOVERNANCE IN EAST AFRICA: IMPLICATIONS OF POLICY, INSTITUTIONS, INTERNATIONAL INSTRUMENTS & POLITICAL- ECONOMY CONTEXT



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https://afrodad.org/wp-content/uploads/2023/01/Mineral-Resource-Governance-in-East-Africa.pdf

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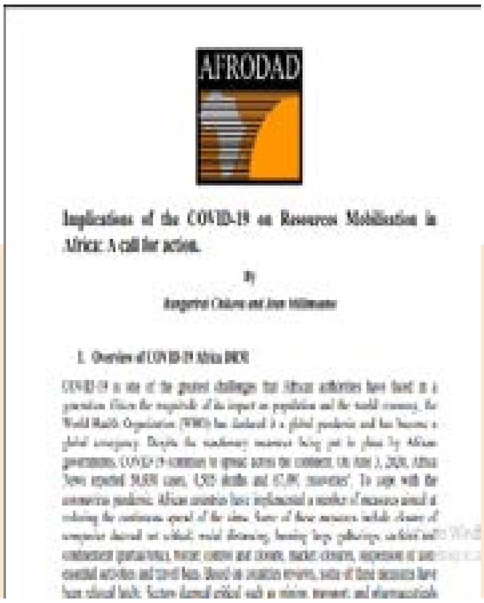
Summary

The Africa Development Bank considers East Africa as the fastest growing region in Africa. Over the past decade, the region has demonstrated steady economic performance, registering a 5.3% growth in 2019 attributed largely to the services, industry and agriculture sectors. The region's real GDP was projected to grow by 30% in 2021 bouncing back from the COVID-19 pandemic. Nonetheless, government revenue showed a shrinking trend over the same period. Many revenue authorities in the region fail to reach targets to fund government spending. In Kenya, for instance, tax revenue totalled KES 1.607 trillion in FY 2019/2020 representing a 1.7% increase. However, this was KES 33 billion less than KES 1.64 trillion target. The Uganda Revenue Authority registered a 0.81% growth in FY 2019/2020 revenue collection, but this was UGX 3592.49 billion below target. In Tanzania, revenue collection in FY 2019/2020 was TZS 26.3 trillion. This was 21% less than the set target. These figures illustrate an inherent problem with DRM across the region.

The paper further seeks to explore the state of mineral resource governance in East Africa focusing on how the context, initiatives, institutions and various actors/stakeholders are shaping the governance of mineral resources in the region. The region (East Africa and the great lakes) is endowed with a vast variety of mineral resources including highly valued minerals such as Tin, Tantalum and Tungsten and Gold. Despite the mining sector portending significant gains in terms of government revenues, it is one of the most underdeveloped sectors - largely underexplored and underexploited, resulting in low revenue generation. The sector is also considered globally as one of the major sectors affected by IFFs. The paper therefore recommends fast tracking domestication of the AMV and review and harmonisation of international instruments. It further proposes multi-stakeholder forums to pursue harmonisation of international instruments and to increase knowledge of these instruments by national public sector players and strengthen linkages between them and national policy and institutional contexts in EAC Partner States. To promote regional cooperation in extractives governance, the paper recommends pursuing coherent regional legal and policy frameworks for trade and investment. Nationalism and discordance between exiting policies among states in the East Africa region continue to expose individual states to volatility of commodity prices and external shocks. To promote inclusivity in governance of the sector, the paper recommends promoting ownership and increased buy-in from policymakers, and the opening of policy space to non-state actors.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Implications of the COVID-19 on Resource Mobilisation in Africa: A call for action.

IMPLICATIONS OF THE COVID-19 ON RESOURCE MOBILISATION IN AFRICA: A CALL FOR ACTION

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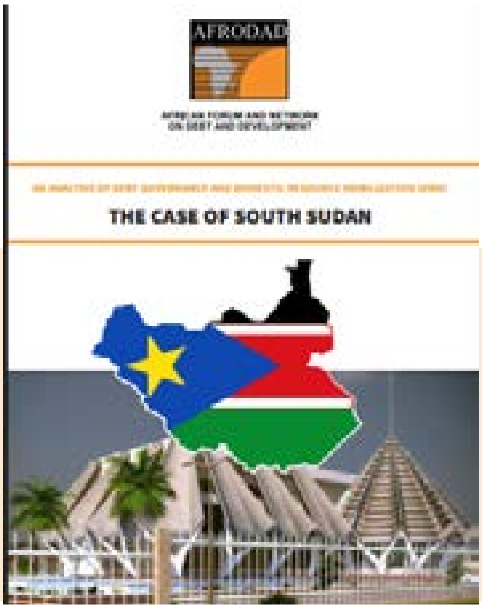
Summary

The paper examined the implications of the COVID-19 pandemic on DRM in Africa. The findings showed that the COVID-19 pandemic has severely undermined DRM in Africa through both external and internal channels. Externally, the pandemic triggered global economic slowdown, reduced demand for African exports, collapsed commodity prices, disrupted tourism, slashed remittances, curtailed trade, and reduced FDI and development assistance. Internally, measures to contain the virus—such as business closures, layoffs, wage cuts, tax rate reductions, deferments, and the shutdown of much of the informal sector further shrank tax bases and revenue streams like PAYE, VAT, and corporate taxes. The crisis also heightened IFFs risks, particularly in resource sectors, and accelerated public borrowing, deepening debt vulnerabilities. More importantly, the paper found that Africa's pre-existing DRM weaknesses – narrow tax bases, reliance on primary commodity exports, poor mineral governance, and high IFFs – were worsened by the pandemic, leading to widened fiscal deficits and increased dependency on debt.

The paper provides recommendations in the context of the COVID-19 pandemic, which remain relevant today: strengthening tax systems, which involves expanding the tax base by formalising the informal economy, updating tax laws, building the capacity of tax administrations, and improving the efficiency of tax collection; to curb IFFs, measures such as tax registration, creating transfer pricing units, facilitating automatic information exchanges, ensuring beneficial ownership transparency, and enforcing anti-corruption laws must be implemented; enhancing mineral resource governance requires reviewing mining laws, conducting geological surveys, improving contract transparency, and promoting value addition and beneficiation to minimise IFFs and maximise revenue; improving mining revenue management can be achieved by establishing Sovereign Wealth Funds, optimizing fiscal regimes, and developing mechanisms to capture windfall revenues during resource booms; reducing reliance on external debt by emphasising DRM to avoid unsustainable debt levels and maintain fiscal resilience; finally, ensuring transparency and accountability necessitates monitoring the use of concessional loans and emergency funds to prevent misuse and build public trust.

AN ANALYSIS OF DEBT GOVERNANCE AND DOMESTIC RESOURCE MOBILISATION: THE CASE OF SOUTH SUDAN



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https://afrodad.org/wp-content/uploads/2021/04/An-Analysis-of-Debt-Governance-and-Domestic-Resource-Mobilisation.pdf

Published by: AFRODAD
Year: 2021
Available in English

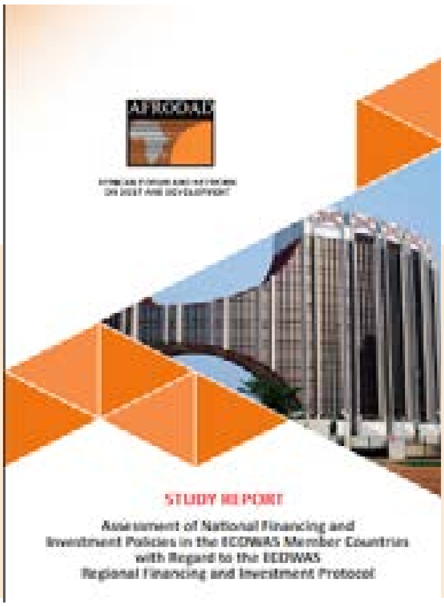
Summary

The paper explores debt governance and DRM in South Sudan. It examines how prudent debt management and effective DRM can drive South Sudan's economic transformation and fiscal stability. It emphasises that managing debt carefully reduces financial risks, strengthens markets, and fosters good governance, while domestic revenues are the most reliable long-term source for sustainable development.

The findings point to systemic weaknesses in PFM: poor coordination between the government and the Central Bank, lack of transparency in debt reporting, borrowing without parliamentary approval, and fragmented institutional roles that cause duplication and delays. The tax system is further undermined by low public trust, political protection of defaulters, inadequate property valuation, and corporate tax avoidance. The report calls for stronger coordination, transparency, legal enforcement, institutional consolidation, and comprehensive tax reforms to enhance fiscal governance and long-term stability.

The report recommends promoting transparency and accountability in debt management, as it is essential to establish clear objectives and frameworks for evaluating risks, costs, and sustainability in debt policies. Second, it proposes centralizing and consolidating debt management within the Ministry of Finance and Economic Planning will enhance coordination and accountability. Additionally, it is important to discourage excessive borrowing to finance government budgets, as this increases macroeconomic risks and the burden of debt servicing. Third, strengthening DRM can be achieved by diversifying revenue sources beyond oil, improving tax administration, and linking tax payments to the delivery of public services. Implementing tax reforms, which include simplifying tax rate structures, abolishing inefficient local revenue instruments, and enhancing compliance through improved services, is also crucial. Adopting digital technologies for tax collection, monitoring, and auditing, especially at border posts, will improve efficiency. Furthermore, enhancing transparency in tax exemptions and harmonising tax policies across different sectors are necessary steps. Fifth, supporting civic engagement in fiscal governance and ensuring the participation of civil society in constitutional and policy reforms are vital components. Moreover, improving PFM by enforcing the Public Finance Management and Accountability Act and updating the Local Government PFM Manual is critical. Sixth, promoting agricultural productivity and semi-commercial production through community mobilisation, extension services, and improved market access will drive economic growth. Finally, leveraging regional integration with the EAC to adopt best practices will enhance infrastructure and competitiveness.

ASSESSMENT OF NATIONAL FINANCING AND INVESTMENT POLICIES IN THE ECOWAS MEMBER COUNTRIES WITH REGARD TO THE ECOWAS REGIONAL FINANCING AND INVESTMENT PROTOCOLS



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https://afrodad.org/wp-content/uploads/2021/04/Assessment-of-National-Financing-and-Policies-in-the-ECOWAS-Member-Countries.pdf

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Year: 2021
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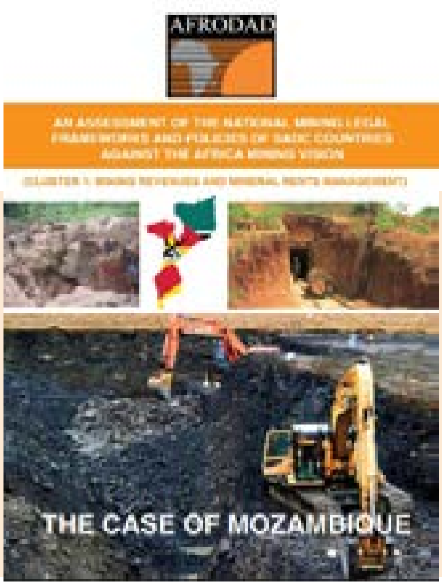
Summary

This study assesses the extent to which the ECOWAS Member States' financing and investment policies are consistent with, and influenced by, the ECOWAS Regional Financing and Investment Protocol. Although remarkable progress is made in ECOWAS regional integration, especially the free movement of people, none of the 54 ECOWAS conventions and protocols addresses financing and investment, and implementation of related arrangements is skewed. The research finds that policy harmonisation, convergence to meeting requirements, and sustainability of debt levels are the drivers of economic growth but commodity structural dependence, lack of economic diversification, and vulnerability to external shocks like pandemics (e.g., Ebola and COVID-19) are hindrances to stability and debt sustainability.

The key findings reveal that the regional funding framework is mainly a product of regulations in trade, customs, taxation, statistics, monetary policy, and economic union objectives. Agriculture, while promising, remains underdeveloped compared to extractive industries with low value addition and heavy global commodity price reliance. The chronic deficit between investment needs and DRM forces countries to turn to foreign, often non-concessional, borrowing, which increases the risks of debt. COVID-19 further deepened fiscal deficits.

The study demands the conclusion of the regional legal framework, imposition of accountability through peer reviews, and the emphasis on structural economic change—most importantly industrialisation in natural resource management and integration into domestic and regional markets in deeper terms under the AfCFTA—to enhance ECOWAS's financing capacity, development of infrastructure, and path towards a single currency. It recommends that ECOWAS Member States initiate the necessary structural reforms and take appropriate economic and financial measures to be less vulnerable to external shocks, particularly to commodity price fluctuations, and improve their economic resilience.

AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1: MINING REVENUES AND MINERAL RENTS MANAGEMENT): THE CASE OF MOZAMBIQUE



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https://www.afrodad.org/sites/default/files/publications/Assessment-of-the-National-Mining-Legal-Framework-Mozambique_0.pdf

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Year: 2021
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Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of Mozambique are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. The national study contributes to a broader regional study focusing on eight SADC countries including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, mining exports and mining revenue contribute significantly to total government tax revenues. The assessment was solely focused on the fiscal issues of mining as guided by the AVM Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well-governed mining sector that effectively garners and deploys resource rents." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of Mozambique are evaluated in this study.

The findings highlight that Mozambique's modern mining legislation aligns closely with the objectives of the AMV, incorporating measures such as a resource rent tax to maximise revenues and respond to windfalls, provisions for community participation in negotiations, and the allocation of a portion of mineral revenues to local communities and authorities, with clear guidelines on infrastructure priorities. While these laws and the mining fiscal regime are relatively new, the country has made notable progress in harmonising its mining policies with AMV principles. The main shortcoming, however, is the lack of visible impact of mining proceeds on development and poverty reduction.

The report recommends prioritising the efficient use of mining revenues for poverty reduction and community development, strengthening the implementation of the Mining Law to align with the AMV; ensuring that citizens benefit from the wealth generated by mineral resources; establishing effective oversight bodies to monitor and enforce compliance with mining laws by both the government and mining companies, while accelerating the creation of a Sovereign Wealth Fund to manage mineral and gas revenues for long-term national development; creating a dedicated entity to audit and monitor mineral production and exports to enhance transparency and accountability; negotiating and signing Double Taxation Agreements (DTAs) with countries hosting major mining firms to prevent double taxation; and strengthening the Mozambique Tax Authority's capacity to enforce tax laws and reduce tax fraud and evasion in the extractive sector.

SHOULD ZIMBABWEANS WORRY ABOUT TAX EXEMPTIONS?

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https://afrodad.org/wp-content/uploads/2021/04/Should-Zimbabweans-worry-about-tax-exemptions-by-Rangarirai-Chikova.pdf

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Summary

This paper is an analysis of Zimbabwe's Statutory Instrument 26 of 2021 – the Income Tax (Exemption from Income Tax) (Great Dyke Investments Private Limited) Notice 2021, which granted Great Dyke Investments (Private) Limited, a mining company, a five-year tax exemption. Considering that tax exemptions have been generously granted to mining companies who engage in harmful and aggressive corporate behaviour that undermines DRM efforts of the government, this paper explores the implications thereof on the lives of average Zimbabweans.

The study finds that the exemption significantly undermines potential tax revenue from the mining sector. Such incentives risk accelerating high-grade ore extraction during the tax-free period, enabling profit shifting and base erosion, and reducing long-term socio-economic benefits. Weak legal and institutional frameworks, limited negotiation capacity, and the ability of special mining agreements to override national laws further expose the country to revenue losses, while evidence suggests that such incentives rarely deliver meaningful development gains in resource-rich developing countries.

The study recommends the following: limiting tax holidays to a specific tonnage of ore extracted, rather than a fixed time, preventing high-grading and resource depletion during tax-free periods; conducting cost-benefit analyses using financial models before granting tax incentives; enhancing transparency and accountability in mining contract negotiations by promoting public participation and disclosing signed agreements; improving information disclosure regarding tax exemptions in national budgets, including estimates of foregone revenue to ensure alignment with the EITI principles; strengthening negotiation capacity by hiring top-tier consultants and training local negotiators to address information asymmetries and secure fair mining agreements; adopting flexible fiscal regimes in mining contracts that can adjust to commodity price fluctuations, while also supporting national development goals; establishing regional standards for tax incentives to prevent harmful competition among African countries and reduce IFFs; and implementing the AMV, particularly its fiscal pillar, to curb resource leakage and promote sustainable governance in the extractive sector.

FINANCING AFRICAN UNION AGENDA 2063 AND UNITED NATIONS 2030 AGENDA IN AFRICA: OPPORTUNITIES AND CHALLENGES FOR DOMESTIC RESOURCE MOBILISATION

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https://afrodad.org/sites/default/files/publications/Financing-African-Union-Agenda-2063-and-UN-2030-Agenda-in-Africa.pdf

Published by: AFRODAD
Year: 2020
Available in English

Summary

The policy brief proffers action and measures that African governments need to take to drastically accelerate implementation and achievement of SDGs. The current state of development funding presents a huge gap between the required funding to meet the SDGs by 2030 and the actual available resources. According to UNCTAD, developing countries alone face an estimated USD 2.5 trillion annual investment gap in key sustainable development sectors. A fundamental cause of this gap is revenue loss through IFFs. Against this, the study states that DRM becomes key in the implementation of developmental programs. It finds that the growth of the digital economy brings both opportunities for productivity and risks of increased IFFs, requiring stronger regulatory and taxation frameworks. While initiatives like the AfCFTA and PPPs can boost long-term growth, they also present short-term revenue losses, governance risks, and transparency challenges.

The policy brief recommends adopting the AFRODAD African Borrowing Charter, improving debt transparency and establishing effective debt restructuring mechanisms to ensure long-term debt sustainability. It also recognises the importance of assessing the implications of the AfCFTA and digital trade on DRM, particularly around IFFs and tax base erosion. Furthermore, it calls for critically evaluating PPPs for their true costs to ensure transparency, accountability, and prioritisation of development outcomes over private profits. Finally, the study recommends strengthening PFM systems to ensure transparent and efficient management of natural resource revenues and enhancing tax collection and administration, along with leveraging domestic financial instruments to finance the SDGs and Agenda 2063.

LEVERAGING PRIVATE FLOWS FROM DIGITAL TECHNOLOGY TO FINANCE SUSTAINABLE DEVELOPMENT GOALS IN AFRICA: E-BUSINESS REVENUE OPPORTUNITIES AMIDST ILLICIT FINANCIAL FLOW CHALLENGES

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https://afrodad.org/sites/default/files/publications/Leveraging-Private-Flows-from-Digital-Technology-to-Finance-SDGs-in-Africa.pdf

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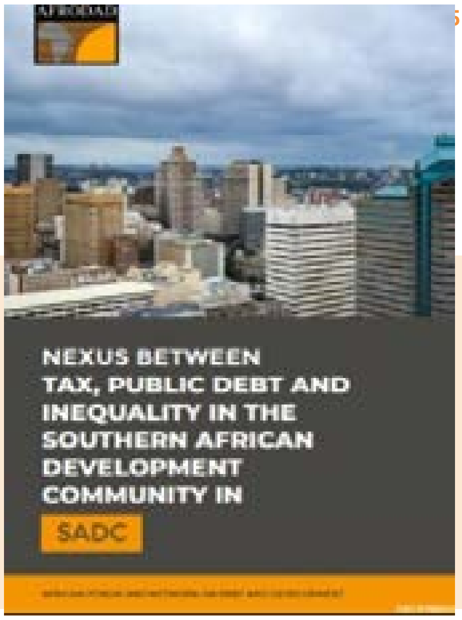
Summary

The study examines the role of digital finance and DRM in funding Africa's Agenda 2063 and United Nations SDGs, noting that while digitalisation can unlock up to USD 4.2 trillion in new deposits and USD 2.1 trillion in new credit, it also creates opportunities for IFFs that erode tax proceeds and slow down sustainable development. Agenda 2063's Financing and Resource Mobilisation Strategy identifies different sources of funding including government budgets, domestic capital markets, and foreign investment, but current frameworks do not support platform-based business models well enough. The report demands national tax policies that harness subscription, ad-supported, freemium, and e-commerce revenue streams to support DRM and optimise private sector flows for development needs.

The brief provides several recommendations. First, utilise FinTech and digital platforms to mobilise private capital and domestic resources. Second, ensure revenue is captured from cross-border digital services, and renegotiate bilateral tax treaties to recognise the digital presence as a taxable nexus, guaranteeing fair taxation of digital companies operating in African markets. The third recommendation focuses on the implementation digital taxation policies that align with global frameworks, such as the OECD/G20 BEPS Inclusive Framework, to expand taxing rights and ensure consistency, while strengthening the regulation of digital finance to prevent IFFs occurring through digital platforms. Fourth, establish oversight mechanisms to monitor and audit digital financial transactions and develop national strategies to identify and close loopholes in digital taxation. Finally, invest in digital infrastructure and cybersecurity to support safe and inclusive digital financial ecosystems, promote transparency and accountability in digital financial flows to enhance trust and compliance, and leverage data analytics to better understand digital financial behaviours and inform policy design.

NEXUS BETWEEN TAX, PUBLIC DEBT AND INEQUALITY IN THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY



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https://afrodad.org/wp-content/uploads/2021/11/Nexus-between-Debt-tax-and-inequality-1.pdf

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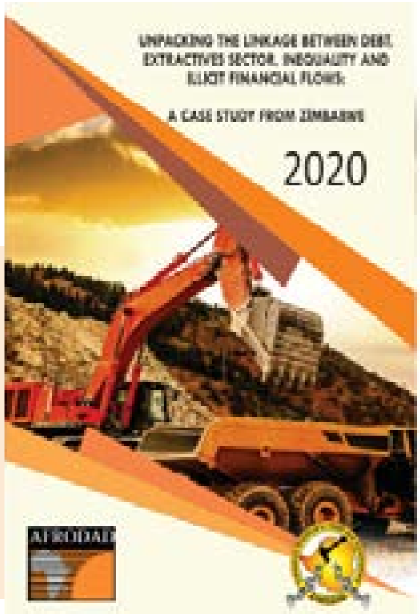
Summary

The paper explores the relationship between tax, debt and inequality in the SADC region, pointing out that inequality in SADC countries has remained high, with countries such as South Africa having extreme inequality compared to regional and global averages. The SADC region is considered most unequal with countries such as Namibia, Comoros, South Africa, Angola, Botswana, Lesotho and Swaziland rated in the top ten of the most unequal countries in Africa. The high levels of inequality have persisted despite successive growth rates and accompanying rise in DRM over the years. The low tax revenue amid high gross financing needs have also seen SADC countries accelerating borrowing from both domestic and external sources to finance development expenditure. Consequently, public debt has been rising in SADC economies posing the risk of accumulating debt to unsustainable levels with costly debt service obligations that could crowd out social expenditure.

Inequality in the region persists despite growth, moderate increases in tax revenues, and expanded borrowing for development. While tax-to-GDP ratios have been relatively stable and some poverty reduction achieved, slow economic growth, rising debt distress, and unequal income distribution continue to undermine progress. The study concludes that boosting economic growth, improving fiscal inclusivity, and strengthening institutions are critical to reducing inequality and ensuring debt sustainability.

The recommendations highlight that CSOs and labour unions have an important role to play in advocating for improved budget transparency, effective debt management systems and fair distribution of income, including resource rents. Second, transparency in public debt management is critical to help SADC countries make prudent borrowing and investment decisions that will not hinder sustainable financing of social expenditure. Third, SADC countries should also take advantage of the growing values of properties in urban areas to expand the coverage of property taxes as an additional source of revenue for financing social expenditures. Finally, for growth and accompanying rise in tax capacity to be effective in reducing inequality, emphasis should be on inclusive growth and progressivity of the tax system.

UNPACKING THE LINKAGES BETWEEN DEBT, EXTRACTIVES SECTOR, INEQUALITY AND ILLICIT FINANCIAL FLOWS: A CASE STUDY FROM ZIMBABWE



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https://afrodad.org/wp-content/uploads/2021/04/Inequality-and-Illicit-Financial-Flows.pdf

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Available in English

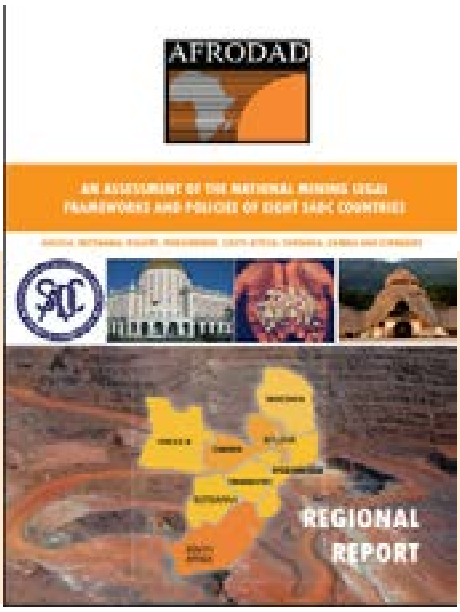
Summary

Zimbabwe has not been able to utilise the returns gained from its mineral wealth to sustainably improve its economy or better citizens' living standards. To meet its recurrent and development needs, the Government placed reliance on bailouts and loan packages which by their nature are conditional. On closer scrutiny such loans also appear unjustified and odious. Mining is the backbone of the economy in Zimbabwe and has a potential to contribute towards economic and human development. However, the ownership and management of the extractives sector have been at the centre of the patronage system in Zimbabwe. Against this context, the study sought to interrogate the link between public debt, the extractives sector, inequality and IFFs in Zimbabwe and assess the challenges for Zimbabwean policy makers arising from lack of domestic resources from the four themes.

The study finds that the ballooning debt taken in phases continually reduces Government's ability to stimulate human and economic development. The Government continues to mortgage the country's resources especially to the Chinese in the name of infrastructure development. It is important to note that the loan-centred and external revenue generation financing models utilised by the Government are associated with major risks and any the burdens of any failings thereafter are shifted to the poor and the marginalised. The research also noted that benefits from the extractives sector are not trickling down to the poor and vulnerable groups in the society and the legal framework on mining has loopholes which have fuelled IFFs and the widening inequality gap.

The study recommends that government should find innovative approaches to finance development and embedding tax justice and sustainable development within the RBL model of governance for the management of the extractives sector to curb IFFs and inequalities.

AN ASSESSMENT OF NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF EIGHT SADC COUNTRIES: REGIONAL REPORT



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https://afrodad.org/wp-content/uploads/2021/04/An-Assessment-of-the-National-Mining-Legal-Frameworks.pdf

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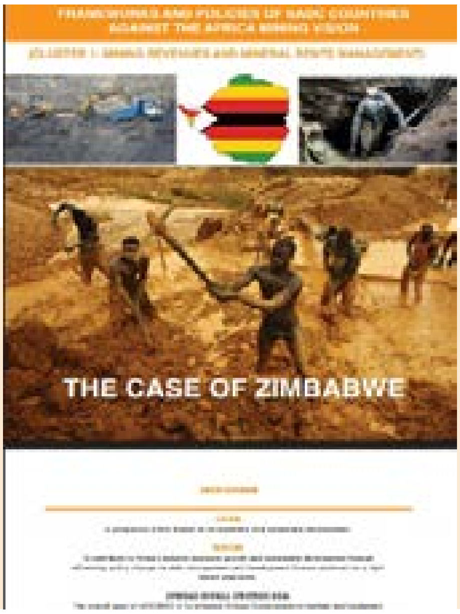
Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of SADC countries are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development". The study focuses on eight selected SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on the fiscal issues of mining as guided by the AMV Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management.

The study finds that while there are well-ingrained structures of auditing mineral output and export in some countries, including Botswana and Tanzania, the majority lack the explicit existence of mineral audit institutions or enforcement. The reviews of fiscal regimes have been carried out in all nations, with variable success in attaining maximum revenues. Angola and Botswana stand out for establishing Sovereign Wealth Funds, while most others are still stuck at the intention stage. There are still capacity gaps in contract negotiation, taxation compliance monitoring, and avoiding IFFs, and the most important of these is transfer pricing. While Botswana, South Africa, and Mozambique have community employment and development requirements in law, many countries depend on voluntary Corporate Social Responsibility initiatives. National-level revenue management dominates, with little capacity building at sub-national levels.

The report recommends that national governments should devise more revenue optimisation strategies and strengthen mining rents systems in harmony with the AMV. Additionally, countries should adapt Country Mining Vision as national blueprints to guide strategies and initiatives of the broader AMV at national level. Moreover, national governments need to develop and strengthen the capacity of their officials especially in contraction negotiations with mining firms and tax administrations. Finally, governments need to introduce a mechanism that ensures communities hosting mines directly benefit from the mining activities.



AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1 MINING REVENUES AND MINERAL RENTS MANAGEMENT): THE CASE OF ZIMBABWE

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https://afrodad.org/wp-content/uploads/2021/04/An-Assessment-of-the-National-Mining-Legal-Framework-Zimbabwe.pdf

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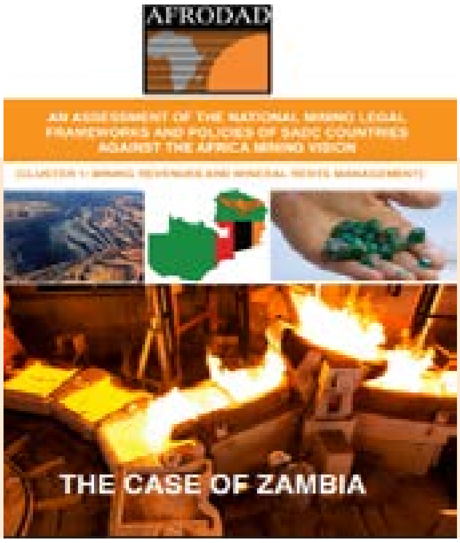
Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of Zimbabwe are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal" exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This national study contributes to a broader regional study focusing on eight SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on fiscal issues of mining as guided by the AVM Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well governed mining sector that effectively garners and deploys resource wealth." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African mining countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of Zimbabwe are evaluated in this study.

The Zimbabwe mining fiscal regime has been under review since 2013. The same also applies to the country's principal mining legislation, the Mines and Minerals Act 1961, where efforts are also underway to amend and modernise it through the Mines and Minerals Amendment Bill 2015. The old mining fiscal regime that is under review is characterised by a multiplicity of taxes and uncoordinated collections by the local authorities and a number of government agencies such as Zimbabwe Revenue Authority, Environmental Management Agency, Ministry of Mines and Mining Development and Rural District Councils (RDCs), which have all hindered efficient revenue collection from the mining sector.

The paper recommended that the country finalise the amendments of the Mines and Minerals Act and the Development of the Mining Cadastre System, build and strengthen national capacity to physically audit mineral production and exports, consider the establishment of an institute like the Tanzania Minerals Audit Agency to address the weak revenue accountability and transparency concerns in the mining sector, and strengthen implementation and oversight of the Community Share Ownership Trusts.



AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1 MINING REVENUE AND MINERAL RENTS MANAGEMENT): THE CASE OF ZAMBIA

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Available in English

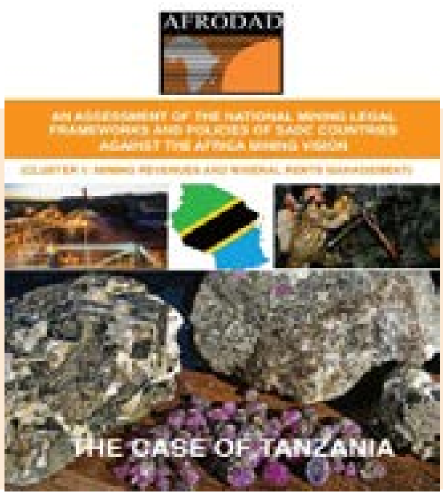
Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of Zambia are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal" exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This national study contributes to a broader regional study focusing on eight SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on fiscal issues of mining as guided by the AVM Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well governed mining sector that effectively garners and deploys resource wealth." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African mining countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of Zambia are evaluated in this study.

Zambia has a long history of mining with copper being the main mining product form the country. Mining has played a key role in the social and economic development of Zambia and continues to play a critical role in the economy with the production of metallic minerals dominating the mining sector. The policy and legal regime governing the mining industry in Zambia has been changing with government trying to optimise revenue and rents from the sector whilst striving to maintain its spot as a top copper producer in the continent.

The paper notes that Zambia still needs to work on devising more revenue optimisation strategies in harmony with the AMV and strengthening mining rents management systems. The Government needs to introduce a mechanism that ensures communities hosting mines directly benefit from the mining activities. There is also need to renegotiate DTAs with more countries especially parent countries from which the mining firms come from to ensure Zambia equally benefits from its natural resources.

AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1 MINING REVENUES AND MINERAL RENTS MANAGEMENT): THE CASE OF TANZANIA



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Published by: AFRODAD
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Available in English

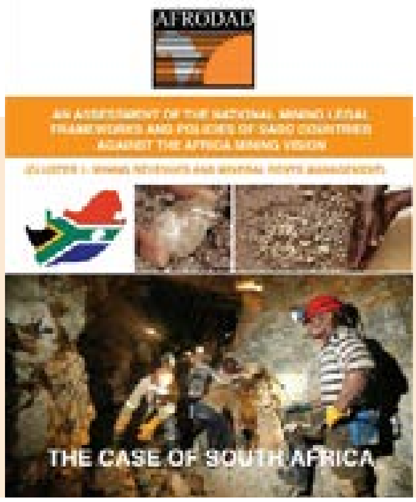
Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of Tanzania are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal" exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This national study contributes to a broader regional study focusing on eight SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on fiscal issues of mining as guided by the AVM Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well governed mining sector that effectively garners and deploys resource wealth." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African mining countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of Tanzania are evaluated in this study.

Tanzania enacted a Mineral Policy in 2009 and the 2010 Mining Act. The Mineral Policy was formulated within the framework of the Tanzania Development Vision 2025 and prioritises FDI with no emphasis on maximising revenues from the mining sector, contrary to the aspirations of the AMV. Under the Mineral Policy, the vision for the next 25 to 30 years for the Mineral Sector is to have a strong, vibrant, well organised large- and small-scale mining industry conducted in a safe and environmentally sound manner with public-private partnership. The Policy also stresses on the private sector-led mineral development while the major roles of the Government are regulating, promoting and facilitating the same. The Policy also aims at maximising Government benefits from mining, promoting mineral value addition activities and developing small-scale mining operations.

Despite these positive highlights, Tanzania is still lagging in terms of harmonising its regulatory frameworks with the AMV. The paper notes the need to revisit existing DTAs, especially with developed countries, to ensure that Tanzania is not undermined. There is also need to improve on the management of mining revenue particularly strengthening of local government bodies on fiscal management as well as establishing a Sovereign Wealth Fund for the nation. The Government must also make it an obligation for mining companies to engage in community development initiatives and ensure that Tanzanians benefit directly from their mineral resources.

AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1 MINING REVENUES AND MINERAL RENTS MANAGEMENT): THE CASE OF SOUTH AFRICA



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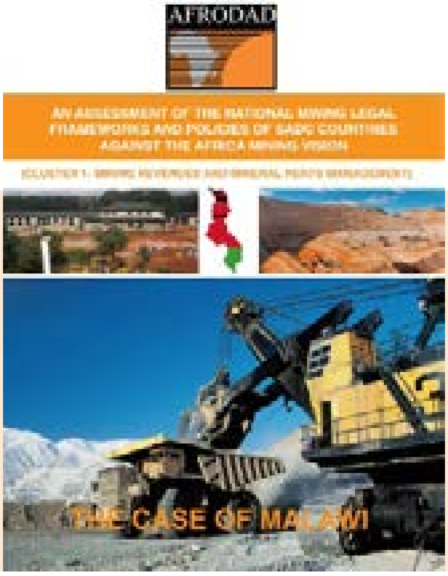
Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of South Africa are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal" exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This national study contributes to a broader regional study focusing on eight SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on fiscal issues of mining as guided by the AMV Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well governed mining sector that effectively garners and deploys resource wealth." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African mining countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of South Africa are evaluated in this study.

South Africa generally has in place the structures and laws meant to enhance the share of mineral revenue accruing to the State. These include, among others, the 2008 Minerals and Petroleum Resources Royalty Act and the Minerals and Petroleum Resources Royalty (Administration) Act No. 29 of 2008, with a mineral royalty formula that is progressive in nature and ensures compensation to the State, regardless of whether a mine is profitable or not.

The need to strengthen oversight and enforcement of mining laws and policies is highly recommended for South Africa to enable full attainment of the AMV aspirations in the country. The study also recommends that the South African Government should consider the establishment of a Sovereign Wealth Fund and the setting up of a minerals audit office responsible for auditing mineral production and exports in line with the AMV aspirations.

AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1 MINING REVENUES AND MINERAL RENTS MANAGEMENT): THE CASE OF MALAWI



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Published by: AFRODAD
Year: 2020
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Summary

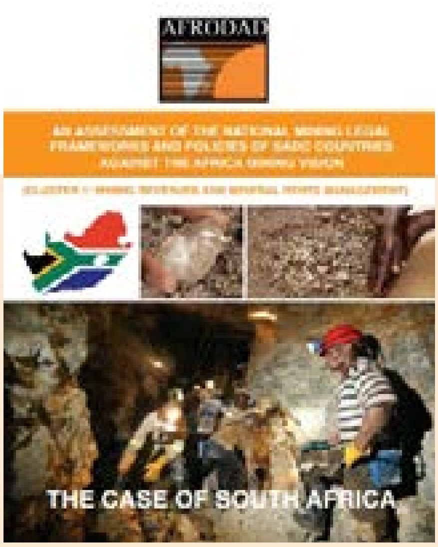
This report is an assessment of the extent to which the mining policies and legal frameworks of Malawi are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal" exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This national study contributes to a broader regional study focusing on eight SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries, particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on fiscal issues of mining as guided by the AMV Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well governed mining sector that effectively garners and deploys resource wealth." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African mining countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of Malawi are evaluated in this study.

Mining in Malawi is primarily governed by the Mines and Minerals Act of 1981 and the Mines and Minerals Policy of 2013. The archaic 1981 Act has become irrelevant to the changing national and global economy and has presented Malawi with various structural challenges that manifest in the lack of technical capacity coupled with poor administration of the sector. Although the law specifies the royalty and taxes payable, the general fiscal regime in mining remains negotiable, leading to delays in finalising mining developments agreements, opening opportunities for corruption and unnecessary rent seeking behaviour. A new Mines and Minerals Bill was gazetted in 2016 but has neither been adopted nor discussed

in Parliament. The goal is to make the mining industry in the country attractive and competitive in the region, thereby attracting more investment in the sector.

Malawi still has a long way to go in terms of aligning its mining policies and legal frameworks to the AMV. Malawi therefore needs to address structural loopholes focusing mainly on reviewing mining legislation, developing artisanal and small-scale mining policy, embracing and strengthening community development agreements, strengthening mineral audits and reforming the mining tax regime. There is also need to revisit its mining contracts with the mining firms and renegotiate the contracts so that mining activities primarily benefit the Malawian citizens and host communities whilst at the same time upholding the arm's length principle. Malawi also needs to establish a stabilisation fund to enhance economic benefits from the extractive sector and ensure mineral rents are efficiently managed in a transparent manner.

AN ASSESSMENT OF THE NATIONAL MINING LEGAL FRAMEWORKS AND POLICIES OF SADC COUNTRIES AGAINST THE AFRICA MINING VISION (CLUSTER 1 MINING REVENUES AND MINERAL RENTS MANAGEMENT): THE CASE OF BOTSWANA



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Available in English

Summary

This report is an assessment of the extent to which the mining policies and legal frameworks of Botswana are in line with the aspirations of the AMV, whose goal is to promote "transparent, equitable and optimal" exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This national study contributes to a broader regional study focusing on eight SADC countries, including Angola, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe. Given the significant role of the mining sector in the economies of these countries,

particularly mining exports and mining revenue contributions to total government tax revenue, the assessment was solely focused on fiscal issues of mining as guided by the AMV Action Plan Cluster 1 on Mining Revenues and Mineral Rents Management. This Cluster aims "to create a sustainable and well governed mining sector that effectively garners and deploys resource wealth." It identifies a variety of activities and monitoring indicators for promoting two expected outcomes, namely an enhanced share of mineral revenue accruing to African mining countries and improved management and use of mineral revenue. It is against these activities and/or monitoring indicators that the mining policies and legal frameworks of Botswana are evaluated in this study.

Major reviews of the fiscal, legal and policy frameworks for mineral exploration and mining in Botswana include the 1999 amendment of the Income Tax Act. The review of the Mines and Minerals Act resulted in the abolition of the Government's right to a 15% free equity participation in all new mining projects, replaced by an option to acquire up to 15% working interest participation, with the view of increasing government revenue through dividends. Although these amendments were before the 2009 adoption of the AMV, the mining regime has been competitive enough to enhance mineral revenue accruing to the country. Botswana has also DTAs with the host countries of some of its major mining companies such as South Africa. The DTA provides that income from immovable property in Botswana which includes a mine, an oil or gas well, a quarry, or any other place of extraction or exploration of natural resources may be taxed in Botswana. Furthermore, Botswana's Income Tax Act requires that income from mining operations with sources within Botswana be taxed at source. This is in line with the AMV aspiration that the terms of DTAs and Bilateral Investment Treaties with host countries of mining companies be reviewed in such a way that the minerals are taxed at the point of extraction, as a way of enhancing the share of mineral revenue accruing to a mining country.

Botswana needs to have an objective regulatory and fiscal regime for the diamond mining sector as is with the rest of the extractives. Information on contracts with diamond mining companies and the agreed tax arrangements should be published and accessible to all stakeholders. Botswana needs to fulfil its transparency obligation by allowing the parliamentarians and especially parliamentary portfolio committees to monitor the performance of the Government including the extractive sector. To ensure transparency and accountability as prescribed by the AMV, Botswana needs to revoke the commercial confidentiality regulations that prohibit parliamentary committees from overseeing negotiations between the Mines Ministry and diamond mining companies.

ALIGNMENT OF LEGISLATION IMPACTING PUBLIC FINANCE MANAGEMENT IN ZIMBABWE

Weblink:

https://afrodad.org/wp-content/uploads/2021/04/Alignment-of-Legislation-Impacting-Public-Finance.pdf

Published by: AFRODAD
Year: 2019
Available in English

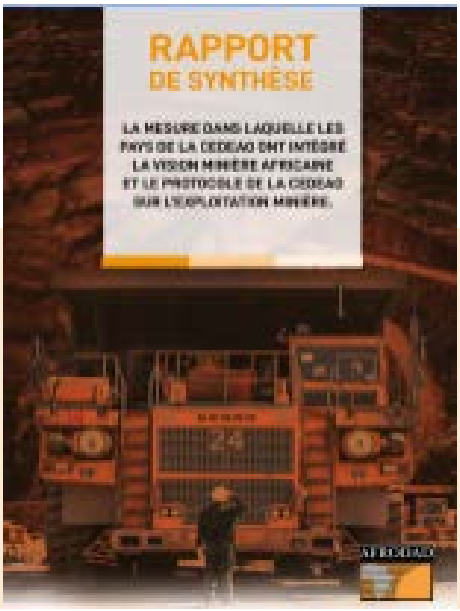
Summary

This policy brief examines the conformity of PFM legislation in Zimbabwe to the guiding principles of PFM as provided for in the Constitution. It also aims to identify gaps between the Public Finance Management Act and other legislation that has a direct or indirect impact on PFM in Zimbabwe as poor PFM systems represent a major constraint on the country's ability to turn high level policy ambitions into real-life outcomes.

The study finds that the adoption of the Constitution of Zimbabwe Amendment (No. 20) Act in 2013 created an enabling foundation upon which a strong PFM system should be premised, yet there has been no alignment of these laws. This has contributed to a series of fiscal leakages as evidenced by the annual reports published by the Auditor General and limited effective oversight by the Parliament and citizens alike in key spheres of PFM such as public procurement and public debt management.

Among other things, the study recommends that the preamble of the PFM Act must embody the principles of public financial management towards national development as embodied in the Constitution, the object of the PFM Act must be amended to incorporates the principles of public financial management which must guide all aspects of public finance in Zimbabwe as stipulated in section 298(1) of the Constitution and Section 24(3) of the PFM Act must be aligned to section 306(1)(b) of the Constitution with regards to the time frame within which special warrants for issues to meet unforeseen expenditure must be presented to the National Assembly.

SYNTHESIS REPORT: THE EXTENT TO WHICH ECOWAS COUNTRIES HAVE INTEGRATED THE AFRICA MINING VISION AND THE ECOWAS PROTOCOL ON MINING



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Published by: AFRODAD
Year: Unspecified
Available in French

Summary

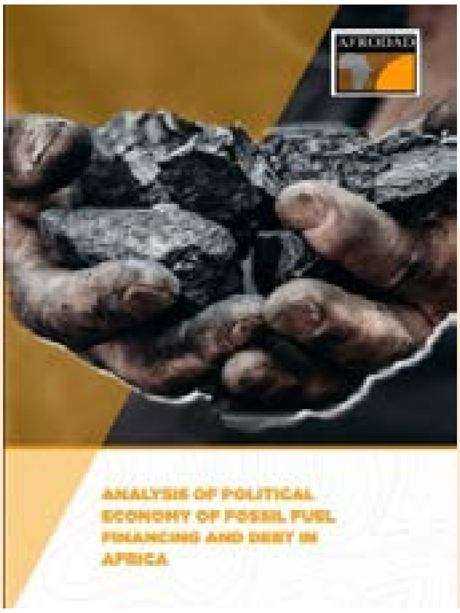
The report examines to what extent ECOWAS Member States have gone in integrating the AMV into their national laws and policies. At its core, it addresses the pressing issue of the gap between the AMV's aspirations and the realities of mining governance in West Africa. Although the AMV was conceived as a framework to use mineral resources for sustainable development and economic diversification, the report finds that most ECOWAS countries still operate under an enclave mining model. This model limits linkages between mining and other sectors of the economy, leaving local communities with little benefit. The report also highlights inadequate institutional capacity, weak regional coordination, and a heavy dependence on foreign investment as significant barriers to achieving the AMV's goals. The report uncovers gaps between policy intent and practice, identify successful examples within the region, and propose strategies to strengthen resource governance. It further assesses how civil society can play a stronger role in promoting inclusive and transparent reforms in the mining sector.

The findings show that progress in implementing the AMV across ECOWAS has been slow and uneven. Some countries, such as Ghana and Burkina Faso, have made strides toward aligning national policies with the AMV, particularly in areas like local content and value addition. However, many states continue to rely on outdated mining laws that focus on revenue collection rather than long-term development. The report also reveals weaknesses in monitoring mechanisms and limited community participation in decision-making. Environmental and social protections are inconsistently applied, and regional efforts to harmonise mining policies have been slow due to differing national interests.

To address these challenges, the report recommends that ECOWAS urgently develops a unified regional mining policy rooted in the AMV. Member States are urged to revise mining codes to emphasise value addition, local participation, and fair community benefit-sharing. Building institutional capacity to enforce and monitor policies is essential, alongside creating stronger platforms for civil society and community voices. The report also stresses the importance of economic diversification beyond raw mineral exports and calls for transparent contracts and accountability mechanisms to ensure that mineral wealth supports sustainable growth.

Section C:

INTERNATIONAL PUBLIC AND PRIVATE FINANCE



ANALYSIS OF POLITICAL ECONOMY OF FOSSIL FUEL FINANCING AND DEBT IN AFRICA

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https://www.afrodad.org/sites/default/files/publications/Analysis-of-Political-Economy-of-Fossil-Fuel-Financing-and-Debt-in-Africa.pdf

Published by: AFRODAD
Year: 2025
Available in English

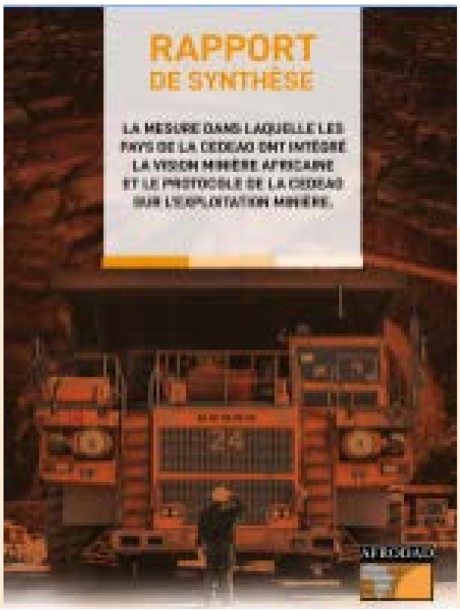
Summary

This impactful analysis by AFRODAD delves into one of Africa's most complex and politically charged dilemmas – how fossil fuel financing, under the guise of development, is aggravating the continent's debt burden while locking it into a high-emission future. At the core of the paper is a provocative but vital question: Is Africa's reliance on fossil fuel financing truly a development strategy, or a debt trap in disguise? The report lays bare the contradictions of Africa's energy financing model. Fossil fuels (oil, gas, and coal) continue to attract billions in investment from both public and private financiers, often with the promise of poverty reduction, energy access, and economic transformation. But in practice, the paper reveals, these projects frequently result in environmental degradation, displacement, fiscal vulnerability, and long-term debt exposure.

One of the major themes is how fossil fuel infrastructure is disproportionately financed through non-concessional loans and complex PPPs. These arrangements often privilege foreign capital and multinational corporations, while pushing African governments to absorb significant risks and liabilities. The result is a financial structure that favours short-term extraction over long-term sovereignty or sustainability. The paper does not stop at the numbers; it traces the power dynamics behind the financing decisions. MDBs, export credit agencies, and even new players like China are funding fossil fuel projects under energy security narratives that align more with global market needs than African development priorities. Meanwhile, African governments, eager for revenue and under pressure to grow, lack the policy space to pursue a clean, equitable energy transition. Another critical finding is the lack of transparency in fossil fuel contracts, with secretive deals, tax exemptions, and limited public oversight fuelling corruption and weakening DRM. Even worse, many of these deals contribute little to domestic energy access. Instead, fossil fuel energy is often exported, leaving local communities without power and with increased environmental harm.

In response, the paper calls for a radical rethinking of energy finance on the continent. It urges governments to adopt just transition frameworks that centre people over profits and prioritise renewable energy investment, especially for underserved rural communities. The report also recommends a shift toward climate-resilient debt financing, advocating for the use of debt swaps for climate and development, and stricter conditions on fossil fuel lending by IFIs. Moreover, AFRODAD calls on African civil society to play a leading role in resisting extractive financing models, pushing for debt audits, transparency reforms, and community-led energy governance. This is not just a technical debate, the report insists; it is a justice issue, and Africa must reclaim the right to shape its energy and debt futures.

THE ROLE OF THE NEW DEVELOPMENT BANK'S AFRICA REGIONAL CENTRE IN FACILITATING BRICS FINANCE IN AFRICA



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https://www.afrodad.org/sites/default/files/publications/The-Role-of-the-New-Development-Bank-Africa-Regional-Center-in-Facilitating-BRICS-Finance-in-Africa.pdf

Published by: AFRODAD
Year: 2023
Available in English

Summary

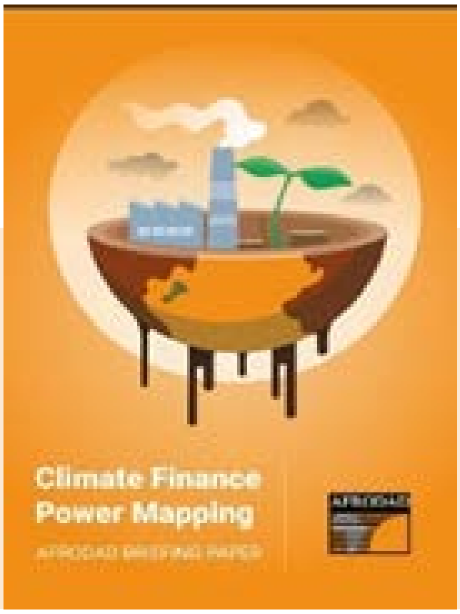
This briefing paper examines the operations of the New Development Bank (NDB) in Africa, with a sharp focus on its Africa Regional Centre (ARC) and its financing of the Lesotho Highlands Water Project Phase II (LHWP II). Set up by BRICS countries as a fresh alternative to Western-dominated financial institutions, the NDB has been touted as a game-changer for the Global South. However, the briefing paper raises a pressing question: is the NDB (through the ARC) offering a genuinely new model of development finance, or is it simply repackaging old frameworks with new branding?

The LHWP II serves as a revealing case study. Backed by a loan of ZAR 3.2 billion from the NDB, the project affects over 2,300 households across 17 villages in Lesotho. Communities have experienced forced displacement, loss of land, and major disruptions to their livelihoods. Alarmingly, the NDB chose not to implement its own Environmental and Social Framework for this project. Instead, it relied on the African Development Bank's Integrated Safeguards System, even though past-experience with LHWP Phase I had already exposed gaps in that system. This decision raises red flags about the Bank's commitment to its own social and environmental standards.

The issue of accountability is also front and centre. A Host Country Agreement between the South African government and the NDB grants the bank diplomatic immunity, effectively shielding it from legal scrutiny. For affected communities, this means no clear path to justice if they experience harm. Even AFRODAD's formal attempts to request basic project information were ignored, contradicting the Bank's own Information Disclosure Policy.

More broadly, the briefing finds that the ARC's involvement in the region suffers from a lack of coherence with national systems and often sidesteps meaningful community consultation. Despite the rhetoric around sustainable development, the NDB's project rollout appears to prioritise speed, infrastructure delivery, and scale, without adequate attention to rights, participation, or social equity. Gender dimensions and environmental risks are often under-addressed or entirely overlooked.

The briefing paper sets out a series of targeted reforms that could make BRICS-backed financing work better for African people. These include requiring the NDB to consistently apply its Environmental and Social Framework in all co-financed projects; establishing robust, independent oversight bodies; and creating accessible grievance mechanisms. CSOs should also have a formal role in project monitoring, and financing agreements must be grounded in transparent, inclusive consultations between governments, communities, and funders. At its core, the paper calls for a fundamental shift. If the NDB truly wants to champion a new South-South financial model, it must go beyond infrastructure financing and embrace an approach that centres people, rights, and sustainability. Without such a pivot, BRICS development finance (like many before it) risks replicating the same extractive, top-down models that African civil society has long resisted.



CLIMATE FINANCE POWER MAPPING

Weblink:

https://www.afrodad.org/sites/default/files/publications/Climate-Finance-Power-Mapping.pdf

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Year: 2023
Available in English

Summary

This policy brief offers a sharp critique of the global climate finance system, showing how its current architecture not only reflects existing global power imbalances, but actively reinforces them. Despite Africa's extreme vulnerability to climate change, the continent continues to be sidelined in both the design and distribution of climate finance flows. The paper urges a radical rethinking of the global climate finance paradigm, placing justice, historical responsibility, and equity at its centre.

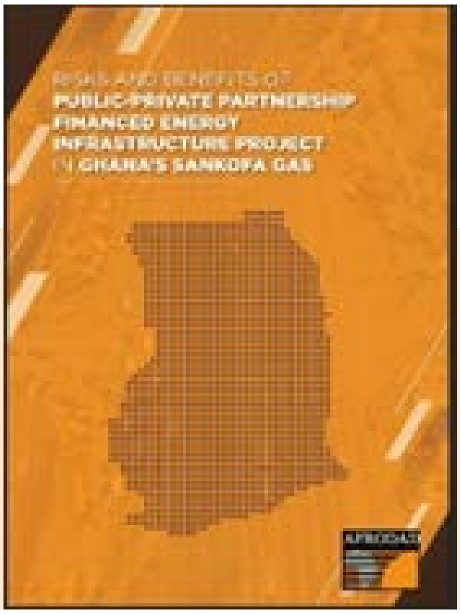
One of the central concerns raised is the massive gap between climate finance rhetoric and reality. While global declarations promise bold funding commitments, actual delivery falls far short, especially for adaptation, and loss and damage, the two areas most critical for Africa. Between 2019 and 2020, USD 632 billion in climate finance was tracked globally. But only USD 36 billion of this came in the form of grants. The vast majority consisted of loans, commercial investments, and private capital, all instruments that burden recipient countries rather than empower them.

The paper categorises climate finance into three main areas: mitigation, adaptation, and loss and damage. Mitigation continues to absorb most of the funds, despite being more aligned with the priorities of wealthier, high-emitting countries. Adaptation, the kind of investment needed for communities facing droughts, floods, and food insecurity, remains chronically underfunded. Even more neglected is loss and damage, a politically sensitive category that wealthier nations often fold into adaptation to avoid any admission of liability. Alternatives like catastrophe bonds and parametric insurance are offered in its place, but these are often expensive, technically complex, and inaccessible to the most affected communities.

The study also delves into the limitations of carbon markets. Although they are framed as an opportunity for developing countries to attract finance, the reality is that Africa captures only a small fraction of the benefits. Even worse, these markets drastically underprice the true social cost of carbon, allowing polluters to buy cheap offsets while African countries shoulder the real environmental and social costs. Another area of concern is the growing reliance on blended finance and private sector-led climate investments. These models often exaggerate the actual climate finance available, counting public risk guarantees and vague leverage ratios as mobilised funds. Public resources are increasingly embedded into private deals that lack transparency and accountability. Meanwhile, concessional finance is routinely overstated, hiding the fact that low-income countries are still footing a substantial portion of the bill, often through debt.

In response to these findings, the paper calls for a bold reorientation of the climate finance system. Grant-based financing must become the default, not the exception. African institutions – governments, CSOs, and local development banks – must have direct, simplified access to funds. Global actors must prioritise adaptation, and loss and damage with the seriousness they deserve, and carbon pricing must reflect real-world impacts. Finally, AFRODAD makes a clear case for justice-based reform: climate finance should not be about market efficiency, but reparative equity – that means stronger accountability frameworks, more transparent fund flows, and a departure from financial instruments that leave Africa with the bill for a crisis it did not cause.

RISKS AND BENEFITS OF PUBLIC-PRIVATE PARTNERSHIP FINANCED ENERGY INFRASTRUCTURE PROJECT IN GHANA'S SANKOFA GAS



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https://afrodad.org/sites/default/files/publications/Risks-Benefits-of-PPP-Financed-Energy-Infrastructure-Project-in-Ghana-Sankofa-Gas.pdf

Published by: AFRODAD
Year: 2023
Available in English

Summary

This policy paper offers an in-depth look at Ghana's flagship PPP in the energy sector, the Sankofa Gas Project. Positioned as a transformational initiative to reduce energy shortages and unlock Ghana's domestic gas reserves, the project is examined here not just for its potential, but for the institutional, fiscal, and development challenges it presents. Ghana's pivot toward PPPs in energy did not occur in a vacuum. Faced with fiscal constraints, rolling blackouts, and surging energy demands, the Government turned to the private sector for capital. The Sankofa project, launched in partnership with the Ghana National Petroleum Corporation (GNPC), Italy's Eni, and the Netherlands' Vitol, was designed to deliver clean energy to power homes and industries. It was backed by a massive USD 7.7 billion financing package, with guarantees from the World Bank Group and a coalition of international financiers.

However, the paper makes it clear that the structure of the deal raises tough questions about the fairness and sustainability of PPP arrangements in African energy sectors. Ghana has indeed made legislative strides, notably with the 2020 PPP Act, but implementation still suffers from limited institutional capacity. While the Ministry of Finance is tasked with coordination, gaps in environmental oversight, stakeholder consultation, and public transparency persist. These weaknesses risk undermining the democratic and developmental credibility of large-scale infrastructure deals

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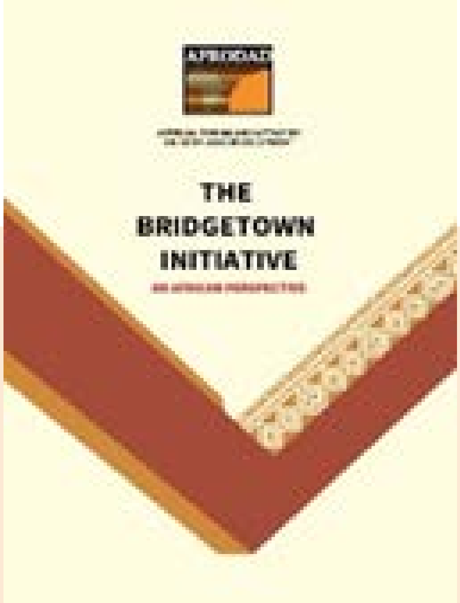
A major concern spotlighted in the paper is the distribution of risk. Though PPPs are often promoted as risk-sharing mechanisms, the Sankofa case reveals a clear imbalance. The Ghanaian government assumes most of the financial risk, while private partners enjoy guaranteed returns. World Bank-backed guarantees helped secure favourable conditions for the private sector, but exposed the public sector to contingent liabilities in the event of revenue shortfalls, price volatility, or technical delays. This asymmetric arrangement raises broader concerns about fiscal sovereignty and accountability in development finance.

On cost-effectiveness, the results are mixed. While the project was intended to reduce generation costs and increase reliability, developing offshore gas infrastructure proved more expensive than anticipated. The internal rate of return dropped from an expected 20.2% to just 14% and actual investment returns, at USD 1.3 billion, fell short of projections. Local capacity gains were minimal, and the broader promise of affordable, resilient energy remains underwhelming for many stakeholders.

The paper ends with a strong call for reform and a set of recommendations. Governments must enter PPPs with their eyes wide open, armed with independent risk assessments, robust consultation frameworks, and clear development benchmarks. IFIs must ensure that their instruments (such as guarantees and concessional loans) do not entrench fiscal risks or erode national policy space. The Sankofa Gas Project serves as a cautionary tale: while PPPs can mobilise capital, their success depends on fair risk-sharing, accountable governance, and a deep commitment to long-term public value.



THE BRIDGETOWN INITIATIVE: AN AFRICAN PERSPECTIVE

Weblink:

https://www.afrodad.org/sites/default/files/publications/The-Bridgetown-Initiative-An-African-Perspective.pdf

Published by: AFRODAD
Year: 2023
Available in English

Summary

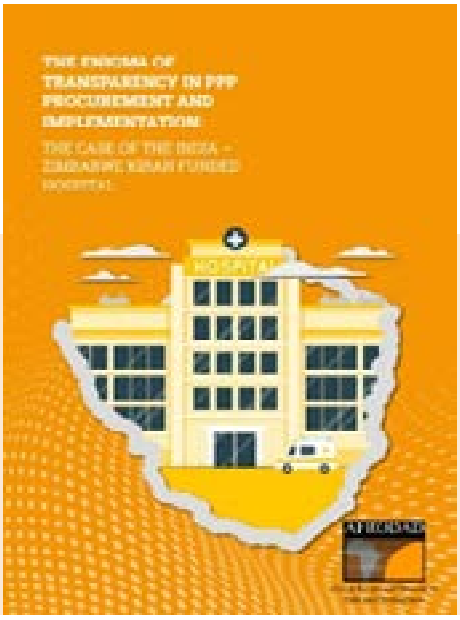
This policy brief puts forward a clear and timely proposition: Africa must move from the margins to the centre of global financial reform debates. Drawing inspiration from the Bridgetown Initiative, launched by Prime Minister Mia Mottley and the Government of Barbados, it calls for an assertive African response to a GFA in crisis. While the Bridgetown Initiative was initially crafted with Small Island Developing States (SIDS) in mind, its core demands for fairer, climate-sensitive, and debt-aware financial systems are profoundly relevant to the African context.

At the heart of the argument is a rallying cry for systemic reform of the Bretton Woods institutions, whose outdated structures continue to perpetuate inequality, debt distress, and underrepresentation of the Global South. Africa, the paper argues, cannot afford to remain a passive recipient of these reforms. Instead, it should articulate and advance its own agenda, one that aligns with the African Union's Agenda 2063 and the ambitions of the AfCFTA.

A central proposition of the brief is the elevation of the Right to Development (R2D) as a normative and strategic anchor for Africa's global economic engagement. Enshrined in international law, the R2D allows African leaders, intellectuals, and civil society to push back against purely technical or market-based solutions to development. By placing justice, sovereignty, and equity at the core of its financial reform proposals, Africa can shift the narrative and demand transformative change, not just tinkering at the edges. The brief makes a compelling case for broader African engagement in shaping global finance. This includes not just governments, but also civil society, policy think tanks, academic networks, and grassroots movements. African voices, often sidelined in global forums, must now co-author new financial blueprints that respond to the continent's needs, values, and long-term vision.

Looking to the future, the brief outlines several practical steps. First, it encourages the consolidation of African CSOs into a unified front advocating for an Afrocentric reform agenda. Second, it highlights the need to invest in intellectual infrastructure (networks, research centres, and advocacy hubs) that can frame and advance the R2D as a legitimate development doctrine. Third, it proposes a dual-track approach: African states should simultaneously work to reform traditional institutions like the IMF and World Bank, while actively supporting alternatives such as the BRICS-led NDB and other South-South cooperation mechanisms. In essence, this policy paper envisions an Africa that is not waiting for a seat at the table but building its own. It views the current moment, marked by climate breakdown, pandemic recovery, and debt crises, as a strategic opportunity to reshape global financial governance. With solidarity, vision, and political will, Africa can lead the charge toward a more just and inclusive international financial system, one that reflects the realities and aspirations of its people.

THE ENIGMA OF TRANSPARENCY IN PPP PROCUREMENT AND IMPLEMENTATION: THE CASE OF THE INDIA – ZIMBABWE KIRAN FUNDED HOSPITAL



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https://www.afrodad.org/sites/default/files/publications/The-Enigma-of-Transparency-in-Public-Private-Partnership-Procurement-and-Implementation-the-Case-of-the-India-Zimabwe-Kiran-Funded-Hospital.pdf

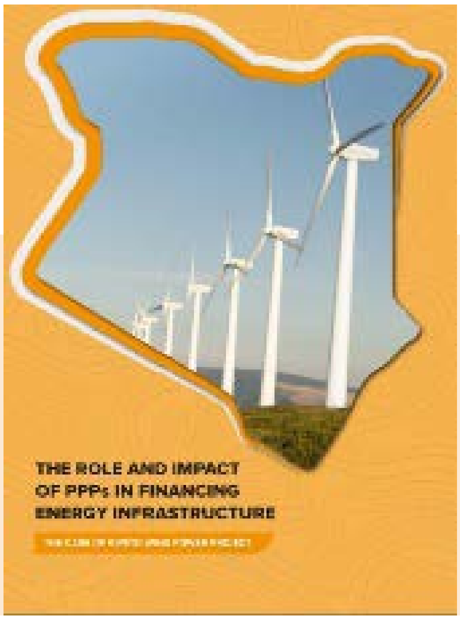
Published by: AFRODAD
Year: 2023
Available in English

Summary

This policy brief takes a hard and necessary look at a development project that promised much but revealed even more about the systemic flaws in PPPs in Zimbabwe. Using the Kiran Hospital in Zimbabwe as a case study, the brief dissects how transparency gaps, weak oversight, and politicised decision-making compromise the effectiveness and credibility of PPPs, especially in critical sectors like health. The Kiran Hospital, financed through India's concessional line of credit to Zimbabwe, was envisioned as a boost to the country's ailing healthcare infrastructure. On paper, it was a partnership meant to combine public and private strengths for national benefit. In practice, however, the brief exposes how lack of clarity around financing, contractor selection, and project management left both citizens and oversight bodies in the dark. From the beginning, public information on the project was almost non-existent. Ministries involved invoked emergency procurement clauses, despite the hospital being a long-term development project rather than a crisis response, allowing them to bypass the Public Procurement and Disposal of Public Assets Act. Parliament, the Auditor General, and the broader public were left without meaningful data on how decisions were made, how much was spent, and who bore what risks. At the heart of the analysis is a powerful argument: transparency is not optional, it is foundational to good governance, especially when public money and public health are on the line. The brief raises red flags about politically connected actors allegedly influencing procurement decisions, emphasising diplomatic relationships over merit-based contractor selection. These dynamics not only skew accountability but also risk undermining project quality and sustainability. There is also a fiscal caution embedded in the report. The line of credit from India was denominated in foreign currency, raising questions about Zimbabwe's long-term debt servicing obligations, a weighty burden in a country already facing economic fragility. Despite the promise of better health infrastructure, citizens are left to wonder: at what cost, and with what returns?

Importantly, the brief does not just critique, it points the way forward, urging the Zimbabwean government to embed transparency in all PPP frameworks, making contract terms, financial structures, and risk-sharing arrangements publicly accessible. Parliament and independent watchdog institutions must be given real-time access to data and legal mandates to hold implementers accountable. Bilateral partners also have a role: development finance must uphold transparency and democratic oversight, not sidestep it. In essence, this is more than just a review of one hospital project. It is a broader cautionary tale for African governments navigating the complex world of infrastructure financing. Without clear rules, strong institutions, and inclusive oversight, PPPs risk becoming tools for elite capture, opaque debt accumulation, and minimal public benefit – and in sectors as vital as health, that is a price no citizen should be asked to pay.

THE ROLE AND IMPACT OF PPPS IN FINANCING ENERGY INFRASTRUCTURE: THE CASE OF KIPETO WIND POWER PROJECT



Weblink:

https://www.afrodad.org/sites/default/files/publications/The-Role-Impact-of-PPPs-in-Financing-Energy-Infrastructure.pdf

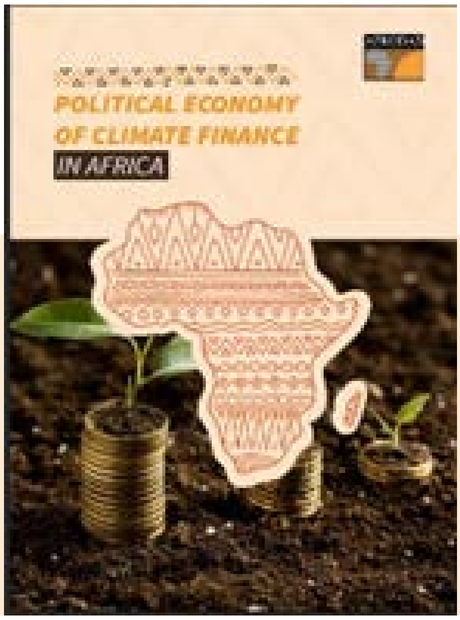
Published by: AFRODAD
Year: 2023
Available in English

Summary

This paper explores the role and impact of PPPs in financing renewable energy infrastructure in Kenya, focusing on the Kipeto Wind Power Project as a case study. Commissioned in July 2021, the Kipeto project generates 102 megawatts of electricity through 60 wind turbines and was developed via a PPP involving Kipeto Energy PLC, Actis, Craftskills Wind Energy International, and the International Finance Corporation, with senior debt financing from the U.S. Overseas Private Investment Corporation. The study assesses the project's contributions to Kenya's energy transition, its alignment with Vision 2030 targets, and its socio-economic, environmental, and governance outcomes.

Findings indicate that the project has delivered tangible community benefits, including land lease payments, revenue-sharing arrangements, healthcare and education infrastructure, and environmental safeguards. The model promotes inclusive development through community ownership of equity and a bottom-up grievance mechanism. However, the analysis also highlights significant challenges, including limited transparency in procurement, weak government oversight, and the absence of a robust legislative and policy framework to guide PPPs in the energy sector.

The paper concludes that while PPPs can be instrumental in advancing Kenya's renewable energy ambitions, their success depends on inclusive governance, strengthened institutional capacity, and effective legal frameworks. It recommends that the Government of Kenya prioritise public participation, enhance regulatory oversight, and adopt cost-benefit analyses to ensure that PPPs serve national and community interests equitably. The Kipeto Wind Power Project demonstrates both the opportunities and limitations of PPPs in delivering sustainable infrastructure in low- and middle-income contexts.



POLITICAL ECONOMY OF CLIMATE FINANCE IN AFRICA

Weblink:

https://afrodad.org/sites/default/files/publications/POLITICAL-ECONOMY-OF-CLIMATE-FINANCE-IN-AFRICA.pdf

Published by: AFRODAD
Year: 2023
Available in English

Summary

This policy brief takes a hard look at Africa's climate finance realities, calling attention to the deep structural and political economy barriers that continue to shape, and often limit, how climate finance reaches the continent. At its core, the paper argues that Africa is not underserved because of a lack of need or vulnerability, but because of how the global climate finance system is designed: dominated by donor priorities, tethered to debt-inducing instruments, and increasingly controlled by market logic.

One of the clearest imbalances the paper highlights is the stark disparity between mitigation and adaptation financing. In 2016, a staggering 93% of climate finance went to mitigation while adaptation, which is far more relevant to Africa's climate risks, received only a sliver of attention. This is not accidental – it reflects the Global North's climate priorities which are to reduce emissions at home and abroad, often at the expense of Africa's need to build resilience against droughts, floods, and food insecurity. This misalignment not only undermines the continent's ability to weather climate shocks but reinforces long-standing inequalities in the global climate architecture.

Debt also looms large in Africa's climate finance landscape. Countries increasingly turn to green bonds and concessional loans to fund climate-related projects, but these come with strings attached, adding to public debt even when projects underdeliver. Instead of building resilience, these financial tools risk creating long-term vulnerability, especially for economies already under pressure.

Another major theme is the marketisation of climate responses. The brief critiques how climate finance has become dominated by private sector incentives, investor confidence metrics, and risk-return calculations. This financialisation of climate action tends to push aside non-market actors like civil society, while privatising both the risks and rewards of public goods like clean air, water, and stable agriculture. Local ownership of projects is often weak, with African governments and communities finding themselves stuck in donor-led frameworks riddled with complex conditions and limited transparency.

Governance challenges compound the problem. Decision-making at the global level remains heavily skewed toward developed nations, IFIs, and private capital actors. African voices are too often sidelined. Nationally, most countries still lack dedicated climate finance coordination institutions, leading to fragmented implementation and weak fund absorption.

Despite this sobering picture, the paper identifies concrete steps Africa can take to reclaim agency and drive reform. First, it calls for the creation of African-led continental climate finance institutions governed by Africans, for Africans. These institutions would enhance sovereignty, transparency, and alignment with African development agendas. It also urges all African countries to establish National Climate Funds to better manage and direct resources in line with domestic priorities.

The brief pushes for a major shift toward equity and justice in climate finance – that means prioritising adaptation grants over loans, holding donors accountable to the unfulfilled USD 100 billion pledge, and rejecting financial models that externalise risks onto poor communities. Civil society must be empowered to demystify climate finance and bring grassroots voices into national and global policy debates. Lastly, the paper supports targeted donor-backed de-risking mechanisms to draw in private investment without transferring financial risk onto the continent's most vulnerable populations. Ultimately, the message is clear: Africa must lead its climate financing future, on its own terms, with its own institutions, and in ways that serve its people and ecosystems first.

DEVELOPMENT EFFECTIVENESS AND COVID-19: IMPLICATIONS FOR POLICY, PRACTICE AND INTERNATIONAL PARTNERSHIPS

Weblink:

https://afrodad.org/sites/default/files/publications/Development-Effectiveness-and-Covid-19.pdf

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Available in English

Summary

The COVID-19 pandemic did more than disrupt global health, it laid bare the fragilities and entrenched inequities in the international development system. This paper offers a sharp, reflective analysis of how the crisis stress-tested the long-standing principles of development effectiveness, country ownership, inclusive partnerships, transparency, accountability, and a focus on results and what that means for the future of development cooperation.

Drawing from case studies across Africa and Asia, the paper shows how the pandemic amplified systemic weaknesses. Marginalised communities were hardest hit: with limited access to health services, social protection, and emergency relief, their vulnerabilities deepened. For women, the fallout was especially severe, job losses surged, unpaid care work ballooned, and gender-based violence spiked. Yet, frustratingly, most responses lacked any gender-sensitive framing, revealing a consistent blind spot in emergency policymaking.

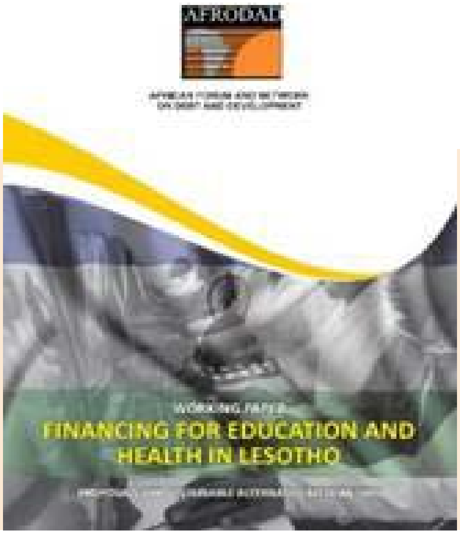
Despite early calls for global solidarity, much of the pandemic response remained donor-driven and top-down. Governments in recipient countries, especially those navigating governance challenges or debt dependencies, had limited say in shaping interventions. CSOs, which often act as the bridge between institutions and communities, were sidelined. In some countries, emergency powers were used to shrink civic space, restrict participation, and curtail freedoms, weakening both transparency and citizen accountability.

One of the paper's stark findings is how chaotic and fragmented the development response became. Funding was heavily skewed toward health and humanitarian aid, often ignoring equally critical sectors like education, livelihoods, and democratic governance. The rush to distribute aid also led to reduced oversight — accountability mechanisms were diluted, and duplication of effort was common. Meanwhile, the pivot to digital platforms brought both opportunities and challenges: while digital tools created space for innovation and remote engagement, they also exposed deep digital divides and raised fears around data privacy and surveillance.

The broader takeaway is clear, while the crisis demanded agility and urgency, it also revealed just how unequal, uncoordinated, and donor-centric the current aid system remains. The paper argues that this moment calls for a fundamental rethink of how development cooperation is conceptualised and delivered. Recovery efforts must shift away from orthodox models toward genuinely equitable partnerships, built on mutual accountability, rights, and local leadership.

The recommendations are bold but necessary. Country ownership must be re-centred; governments should lead recovery strategies, with donor support aligned to national priorities. Inclusive partnerships need to be institutionalised so that CSOs, grassroots movements, and marginalised groups are not afterthoughts, but equal stakeholders. COVID-19 recovery funds should be transparent and participatory, monitored openly using accessible data tools. Crucially, civic space must be protected, even in crisis, because democracy and accountability are not luxuries, but pillars of resilience. The paper also urges that development planning become deliberately gender-responsive. Budgets and policies should integrate gender equity from the outset. More broadly, the pandemic should not be remembered only as a health crisis, but as an inflection point, an opportunity to break from aid models that have failed to deliver transformation and to build systems that are democratic, localised, and durable enough to withstand the next global shock.

FINANCING FOR EDUCATION AND HEALTH IN LESOTHO: PROPOSALS FOR SUSTAINABLE ALTERNATIVE MECHANISMS



Weblink:

https://www.afrodad.org/sites/default/files/publications/Working-Paper-on-Sustainable-Alternative-Financing-for-Health-and-Education-in-Lesotho.pdf

Published by: AFRODAD
Year: Unspecified
Available in English

Summary

The working paper explores Lesotho's over-reliance on privatisation and PPPs in financing essential public services, particularly education and health. These sectors, while top government priorities, have seen declining public investment and increasing dependence on loans, grants, and PPPs. This trend, the paper argues, is unsustainable and risks undermining social equity and the Government's fiscal stability.

Lesotho's development is heavily state-led, with public expenditure making up about 60% of GDP. However, this dominance has crowded out the private sector, limited job creation, and worsened inequality. The country's finances are further constrained by dwindling revenues, especially from the Southern Africa Customs Union (SACU), and by the rise in public debt linked to infrastructure PPPs – some of which, like the Queen Mamohato Memorial Hospital, have locked the country into costly, long-term contracts with questionable returns.

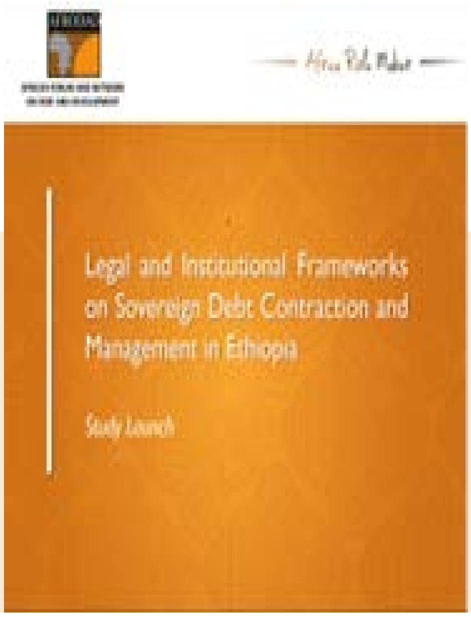
The paper cautions against uncritical adoption of PPPs, highlighting their negative impacts such as rising user fees, reduced access to basic services for low-income citizens, and reduced state control. Rather than fostering inclusive development, PPPs often commercialise essential services, leaving marginalised communities behind.

In response, the paper proposes a range of sustainable alternative financing strategies. These include broadening sin taxes (on products like alcohol, tobacco, and luxury goods), earmarking revenues from booming industries (such as diamonds and medicinal cannabis), and modernising tax administration to reduce leakage and improve collection. The paper also advocates for a renegotiation of SACU revenue-sharing formulas and greater efforts to diversify Lesotho's economy, especially by boosting domestic private sector involvement. Ultimately, the paper calls for the Government of Lesotho to increase direct public investment in education and health in line with global standards, while also strengthening regulatory frameworks and engaging civil society in policy reform. The message is clear: genuine sustainable development must prioritise equitable access to quality public services, not their commodification.

Section E:

LEGAL ANALYSIS AND ADVOCACY ON DEBT

LEGAL AND INSTITUTIONAL FRAMEWORKS GOVERNING SOVEREIGN DEBT CONTRACTION AND MANAGEMENT IN ETHIOPIA



Weblink:

https://afrodad.org/sites/default/files/presentation/Legal%20and%20Institutional%20Frameworks%20on%20Sovereign%20Debt%20Contraction%20and%20Management%20in%20Ethiopia.pdf

Published by: AFRODAD
Year: March 2025
Available in English

Summary

The summary is a shortened version of a forthcoming research paper from AFRODAD which discusses Ethiopia's legal and institutional approach to sovereign debt contraction and management. The research paper seeks to assess the legal instruments and institutional mandates that regulates the contraction and management of sovereign debt in Ethiopia, evaluate the procedures for domestic and external borrowing in Ethiopia including the compliance with fiscal and monetary policy frameworks, and to identify gaps, weaknesses, and challenges in the legislative and institutional frameworks, and offer practical, evidence-based recommendations for reform.

It adopts both doctrinal and empirical methods to assess legal instruments, procedures, institutional roles, and contemporary challenges. The study reveals that sovereign debt in Ethiopia is sourced both domestically and externally, with the Ministry of Finance playing the central role in negotiation, authorisation, and debt servicing. Domestic borrowing can proceed without parliamentary approval, while external debt requires authorisation by the House of Peoples' Representatives, except in specific cases – where borrowing is undertaken for repayment, conversion, redemption and consolidation of loans, and where the loan is for the management of consolidated funds.

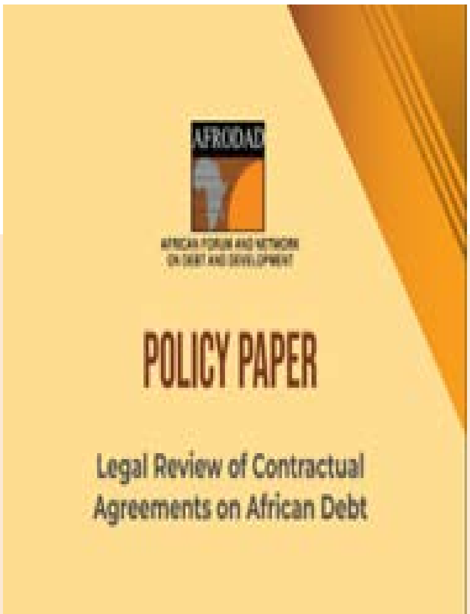
The debt governance is anchored in Ethiopia's Constitution and several legislative instruments including Proclamations and Directives. Institutional oversight includes the Ministry of Finance, House of Peoples' Representatives, the Auditor General, and regulatory agencies. Ethiopia also utilises tools such as the

Medium-Term Debt Management Strategy and Debt Sustainability Analysis to guide debt planning and ensure fiscal prudence. However, challenges persist – the legal framework lacks comprehensiveness, fails to mandate public participation, and omits provisions for debt ceilings, dispute resolution, and accountability during shocks such as pandemics or war.

A major concern is Ethiopia's recent default on a USD 33 million Eurobond coupon payment, making it Africa's third sovereign defaulter in 2023. This reflects structural vulnerabilities driven by civil conflict, dwindling foreign reserves, inflation, and external shocks, such as COVID-19. Despite legal mechanisms highlighted hereinabove, the country's debt burden remains unsustainable.

Overall, the summarised version of the research paper recommends enacting a comprehensive sovereign debt law that consolidates current fragmented legal instruments and governs all aspects of debt contraction, management, and repayment; establishing of clear minimum terms and conditions for sovereign debt contracts, including dispute resolution mechanisms and mandatory clauses protecting Ethiopia's national interest; introducing mandatory public participation and civil society involvement in debt approval processes to enhance transparency and accountability; developing effective monitoring systems, including a public debt tracking mechanism and regular debt sustainability analyses; building institutional capacity for debt negotiation, especially within the Ministry of Finance, to improve bargaining power and safeguard national interests; defining a legally enforceable annual borrowing ceiling to prevent excessive debt accumulation; and ensuring robust oversight of SOEs to limit contingent liabilities on the national debt stock.

LEGAL REVIEW OF CONTRACTUAL AGREEMENTS ON AFRICAN DEBT.



Weblink:

https://afrodad.org/sites/default/files/publications/Legal%20Review%20of%20Contractual%20Agreements%20on%20African%20Debt2%2030052024.pdf

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Year: July 2024
Available in English and French

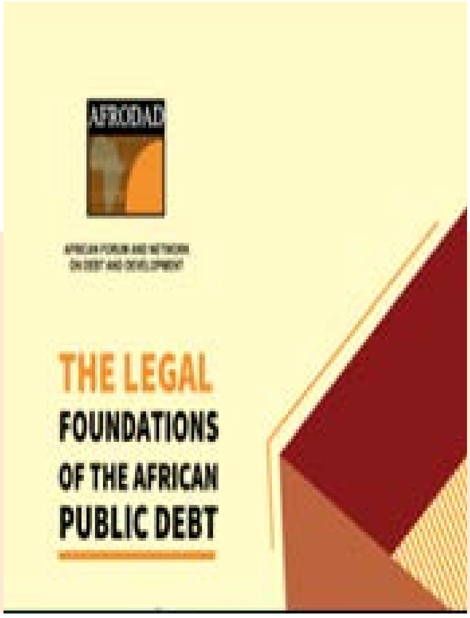
Summary

The paper identifies structural issues arising from opaque and complex debt contracts, weak negotiating capacity, and power imbalances between African countries and creditors, especially non-traditional ones like China. The absence of a global legal framework worsens debt sustainability concerns and leads to inequitable contractual terms. The paper delves into key contractual challenges, including confidentiality clauses, lack of transparency, and collateralisation of public assets, which limit public accountability and expose countries to risks of asset seizure. It cites case studies such as the Mozambique's Tuna Bond scandal, Uganda's Entebbe Airport loan, and Kenya's Standard Gauge Railway project to demonstrate the real-world consequences of poor debt governance.

The paper seeks to: examine the legal frameworks governing sovereign debt contraction in African countries, assessing their effectiveness in protecting debtor interests; propose strategies that strengthen negotiation capacity, improve legal protections, and promote fairer debt systems; equip CSOs with knowledge on the legal and contractual dimensions of debt agreements, enhancing their role in advocating for equitable debt processes; and rethink Africa's debt architecture and recommend changes that incorporate transparency, accountability, and development priorities.

It recommends that debt contracts must avoid excessive confidentiality of clauses and promote timely disclosure of terms, collateral arrangements, and debt figures; inclusion of standstill provisions and catastrophe clauses to allow temporary debt relief during crises or natural disasters; clear definition of "events of default" to prevent creditor overreach and ensure fair enforcement; enhancing creditor coordination by embedding Collective Action Clauses and majority voting provisions to streamline debt restructuring and avoid holdouts; institutionalisation of mechanisms for regular, structured dialogue with creditors to foster cooperative resolution processes; development of African-led model debt contracts that incorporate social, environmental, and human rights protections; investing in legal and negotiation training for African officials to strengthen bargaining positions during debt negotiations and the establishment of a "Borrowers' Club" to promote intergovernmental solidarity and shared bargaining leverage.

The paper also critiques the dominance of creditor-favoured legal frameworks like the New York or English law and highlights the limited participation of African stakeholders in shaping contractual norms. To remedy these issues, the author recommends reforms including the development of model contracts from an African perspective, enhanced transparency requirements, the use of natural disaster clauses such as Climate Resilient Debt Clauses, and the inclusion of robust collective action clauses to improve creditor coordination. The paper advocates for increased borrower coordination, capacity building for African negotiators, and civil society engagement to strengthen bargaining power and ensure debt agreements serve public interests. Finally, the paper calls for a shift from opaque, creditor-centric contracts to fairer, development-oriented frameworks that prioritise sustainability, accountability, and sovereign agency. This aligns with a broader AFRODAD initiative to empower African countries in managing and renegotiating debt more equitably.



THE LEGAL FOUNDATIONS OF THE AFRICAN PUBLIC DEBT

WebLink:

https://afrodad.org/wp-content/uploads/2023/12/Afrodad-The-legal-foundations-08112023-1.pdf

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Year: July 2023
Available in English and French

Summary

This research provides a detailed analysis of public debt in African economies, tracing its historical roots to colonialism and capitalism while also examining its legal basis. It argues that African public debt is not only an economic concern but also a legal, political, and human rights issue deeply rooted in colonial legacies and global capitalist systems. Historically, the research outlines that Africa's current debt crises stem from colonial public finance systems designed to serve colonial interests. Newly independent states inherited these debts without consent, initiating cycles of borrowing to meet postcolonial development goals. The paper positions these colonial debts as odious, since they were not procured to serve the interests of the African countries. Public debt is legally grounded in contract law, where sovereign states negotiate binding agreements with creditors often under unequal terms favouring creditors. National legal frameworks, including constitutional provisions and statutory laws, vary significantly in their effectiveness, with debt provisions often fragmented across legal instruments. International and regional legal structures, such as IMF treaties, WAEMU convergence criteria, and the UN's soft law initiatives, also shape debt governance but often lack enforceability.

This paper: traces the colonial origins of African public debt highlighting how inherited liabilities and post-independence borrowing entrenched economic dependency; analyses the legal architecture of debt procurement, focusing on national constitutional and statutory provisions, as well as international legal frameworks; explores theoretical perspectives including economic, legal, socio-political, and human rights analyses to understand the multifaceted impact of debt on African societies; assesses transparency, accountability, and management practices in debt governance across African nations; and provides actionable policy recommendations that promote responsible borrowing, fairer legal standards, and debt justice.

Theoretical perspectives discussed include economic, legal, and human rights frameworks. In this regard, the paper asserts that the classical and neoclassical economists warn against unsustainable borrowing, while Keynesian views advocate debt-financed growth during downturns. The research further integrates socio-legal and postcolonial analyses, invoking thinkers like Fanon and Rodney to argue that debt perpetuates historical exploitation and inequality. Finally, the research critiques existing debt relief mechanisms, including the HIPC initiative, DSSI, and the G20 Common Framework, for their limited scope, inconsistent enforcement, and inadequate African representation. It advocates for a rights-based, inclusive, and legally coherent debt governance framework, supported by initiatives like AFRODAD's African Borrowing Charter, to ensure transparency, sustainability, and economic justice for the continent.

It recommends that strengthening legal frameworks is essential for improving public debt governance in African countries; transparency and public access to debt information must be enhanced to promote accountability; civil society and media should play a vital role in monitoring public debt and advocating for transparency; mirroring AFRODAD's African Borrowing Charter which offers a model framework for responsible borrowing that prioritises development, transparency, and accountability; constitutional reforms that include setting a debt ceiling as a percentage of GDP, parliamentary approval for all public borrowing; statutory reforms that include updating or enacting laws clarifying public debt definitions, responsibilities, and reporting duties; debt management strategy reforms that include comprehensive, regularly updated plans that manage risk and guide against borrowing; coordination of reforms that involve streamlining roles and responsibilities among institutions involved in debt management and the establishment of an independent DMO to professionalise debt handling and protect it from political influence.

MAURITIUS A SMALL ISLAND DEVELOPING STATE WITH PRUDENT PUBLIC DEBT MANAGEMENT TRENDS

Weblink:

https://www.afrodad.org/sites/default/files/publications/Policy-Brief_MAURITIUS.pdf

Published by: AFRODAD
Year: 2016
Available in English

Summary

This policy brief critically examines the legal and institutional frameworks governing loan contraction and public debt management in Mauritius, focusing on their effectiveness, inclusivity, and alignment with responsible borrowing principles articulated in the 2013 AFRODAD African Borrowing Charter. The key issue addressed is the increasing trajectory of public debt in Mauritius and the adequacy of existing laws and institutions in ensuring debt sustainability, democratic accountability, and citizen participation. Although Mauritius is widely regarded as a development success story in Africa, with an upper-middle-income economy, low extreme poverty, and strong governance structures, its debt levels have risen significantly in recent years. This has prompted closer scrutiny of whether the legal frameworks are sufficiently robust, participatory, and transparent to manage public debt responsibly.
The brief's objective is to assess how well Mauritius' debt governance practices conform to the standards outlined in the AFRODAD Borrowing Charter and explore whether the current system of debt oversight, spanning constitutional provisions, legislative instruments, and institutional bodies, ensures responsible and development-oriented borrowing. It also seeks to identify gaps in parliamentary engagement and public participation while offering policy and institutional reform recommendations to better align debt management with inclusive national development goals.

Key findings of the brief show that Mauritius has developed a comprehensive legal framework for debt governance, anchored in the Constitution, the Public Debt Management Act of 2008, and the Bank of Mauritius Act of 2004. These instruments clearly define borrowing authority, establish a public debt ceiling, and require the publication of debt statistics and strategies. The country's reliance on domestic borrowing has helped limit exposure to foreign currency risks, and its sound macroeconomic management has kept public debt sustainable, with debt servicing costs remaining manageable. However, due to fiscal expansion, the debt-to-GDP ratio has increased sharply since the 2008 global financial crisis, raising concerns over future fiscal space and the risk of crowding out private investment. Parliament plays a limited role in the loan approval process, as agreements are only presented after they have been signed. Additionally, there is no institutionalised mechanism for citizens or civil society to participate in debt decisions. While mandated to scrutinise public finances, the Public Accounts Committee suffers limited capacity, enforcement authority, and independence.

The policy brief recommends strategic reforms to strengthen debt governance in Mauritius. It calls for constitutional and legislative amendments to grant Parliament explicit authority to approve loans before agreements are finalised. Enhancing oversight bodies' technical capacity and autonomy, like the Public Accounts Committee, is also crucial. Transparency should be improved by making loan agreements, debt statistics, and performance evaluations publicly accessible. Civic education and citizen engagement on debt issues should be institutionalised to promote public awareness and accountability. Furthermore, the Government should adopt fiscal consolidation measures to reduce reliance on borrowing and safeguard fiscal sustainability, while avoiding excessive domestic borrowing that could crowd out the private sector.

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