



Weekly Edition

Vol: 358

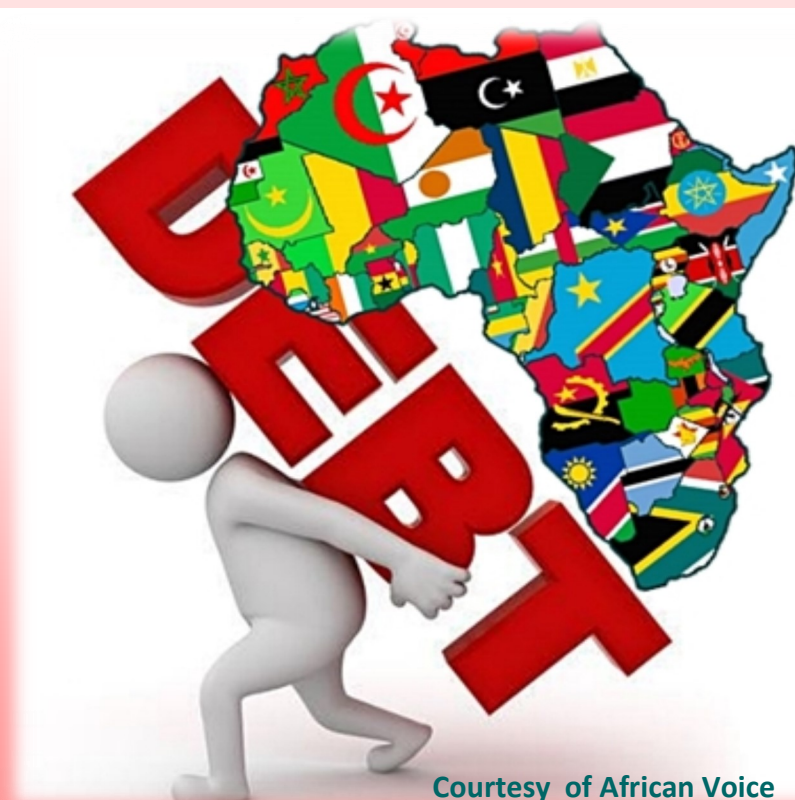
24th –28th August 2020

DEBT CANCELLATION FOR LICs VIABLE FOR LENDERS AND BORROWERS.

1. PREAMBLE

In context of Corona Virus Disease (COVID-19) and post-COVID macroeconomic outlook, the Low-Income Countries (LICs) globally and specifically across Sub-Saharan Africa still face huge part of public debt.

This is mainly External debt rather than Domestic. The LICs were already holding onto expanded current account and Fiscal deficit as well as debt distress or high risk to debt burden by December 2019 and before COVID-19.



2. CALAMITIES AND AFRICAN DEBT DISTRESS COMPOUNDED BY COVID-19

Calamities have compounded the fragile economies of the LICs. In the case of Africa, floods devastation had roamed across Southern Africa economies (e.g. Mozambique), then drought in IGAD (e.g. Ethiopia and Republic of South Sudan). Even outside COVID-19 pandemic, several LICs had suffered (and some still do) other infectious diseases as Ebola (e.g. Liberia, Guinea, Sierra Leone and Mali, as well as Yellow fever and Marburg in DR Congo and others. Such calamities have compounded the pre-existing economic and healthcare conditions in LICs, especially in Africa.

In the case of Uganda, the calamities included: Floods, Floating islands, Desert locusts, Landslides and mudslides. With the COVID-19 calamity alone, Uganda's abject poverty levels have between January and August 2020 been elevated from the prior 21% to a projection of 25%, with over 2.6 million people likely to slip into poverty by December 2020, adding onto the 8 million poor people hitherto.

Thus, a total of nearly 11 million people in 2020 alone (out of total of 43 million) have plunged into abject poverty. This is even higher if vulnerability numbers (due to job loss, shrunk salaries and wages, excess production capacity of firms) were to be included. Even outside COVID-19 in the case of Uganda, debt repayment has remained a key constraint to comfortable Fiscal space and liquidity positions.

UDN appreciates support by: UDN Membership; [DCA](#); [Save the Children in Uganda](#); [OSIEA](#), [Inspectorate of Government](#); [IBP](#), [Trocaire](#) and [DGF](#).

EDITORIAL TEAM:

Julius Kapwepwe - jkapwepwe@udn.or.ug; Gilbert Musinguzi - gmusinguzi@udn.or.ug; Priscilla Naisanga - communications@udn.or.ug

Uganda, for instance, paid \$42.8 million (including \$ 4,488 i.e. nearly 5 million USD interest payment) between January and December 2019 as external debt servicing alone. This translated into an approximate UGX 160 billion off estimated UGX 19 trillion domestic revenues under the UGX 40 trillion total national budget for fiscal period 2019/20. In the meantime, domestic revenues, balance of payments and GDP growth rates that had been struggling prior to, during and after the same fiscal period 2019/20. Such is the picture generally presented across the LICs, while increasing inequalities and social unrest that oftentimes disproportionately affect the vulnerable poor, especially the children, youths and women.

3. GOOD STEPS THIS FAR, BUT MORE IS RECOMMENDED

Meanwhile, in specific reference to COVID-19, UDN would like to acknowledge efforts of the global development partners such as the World Bank Group (WBG), International Monetary Fund, European Union, G.7 and G.20. The recent Grants, concessional loans and frameworks like IMF and the WBG-G.20 Debt Service Suspension Initiative (DSSI) for a 6-month debt moratorium till December 2020 to benefit 73 countries is an important step, e.g. to benefit Kenya, Rwanda and Uganda. Indeed, UDN believes that global actions can deliver local solutions. UDN and other Civil Society Organizations globally, entreat national Governments of the LICs and global institutions to support the cause for economic recovery of the LICs. This should be through total Debt Cancellation of outstanding debt owed to the G.20, IMF, World Bank Group, Regional banks; as well as Bilateral creditors (e.g. under Paris Club), Private external creditors (e.g. under London Club) and China.

To watch the UDN advocacy message on ;

Debt Cancellation for Low Income Countries, please click on the link below.

<https://youtu.be/a0BDzh3Hecw>



Please visit/ talk to us at; Uganda Debt Network ,
P.O. Box 21509, Kampala -Uganda,
Plot 153/155 Ntinda—Nakawa Road , Tel +256-414
-533840/543974

CANCEL THE DEBT

FIGHT CORONAVIRUS

Save lives.

