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RECONCILING FINANCING NEEDS AND RISING DEBT LEVELS IN AFRICA

Above; UDN's Julius Kapwepwe speaking on Uganda's debt, click on link to watch the clip :
https://youtu.be/OA5qAiJbBVw

1. Preamble

Talking about the world, reconciling sovereign debt and equitable development remains a long-term historical issue/ ulcer, especially for the Global South countries. Even with major debt relief initiatives whether under Naples Terms in the case of Uganda, or broadly HIPC in 1990s and MDRI in 2005 for various Low-Income Countries, unsustainable debt burden has kept re-occurring and a major threat to meeting basic needs, progressive realization of human rights and dignity, as well as desired development goals. Of course, increasingly so from the dawn of COVID-19 disruptions since 2019 to-date. The challenge of sustainable financing for Africa's development has not yet been fundamentally addressed.

2. GOVERNING SOVEREIGN DEBT IN AFRICA: CLEAR PROBLEMS, CLOUDY SOLUTIONS

UNDP estimated 72 countries are identified as vulnerable, and total external debt service at risk is estimated at a minimum of $598 billion for 2021-2025, $87 billion of which in 2021. Looking at the African Economic Outlook 2021 reports, already, the share of total sub-Saharan African states' public debt held by non-Paris Club creditors doubled between 2007-2016, from 17% to 40%, while the share of Paris Club bilateral debt fell from 53% to 7%. So, while we are glad about several global initiatives, can we simply rely on the charity whether so far under G20, G7, the Paris Club, the DSSI and the Common Framework out of the above predicament?

3. ARE SPECIAL DRAWING RIGHTS TO AFRICAN ECONOMIES SUFFICIENT?

We recognize the efforts of the U.S Treasury Secretary, Yellen since March 2020 through 2021 and the IMF, in regard to championing the availability of resources through the Special Drawing Rights (SDRs). Certainly, under the IMF good will, for instance, the world has been supported, towards COVID-19 and post-COVID recovery, where $650 billion of Special Drawing Rights (SDRs) has been availed. This so far remains the biggest IMF emergency historical currency creation in the struggle against COVID-19.

The G7 Countries will receive $280 billion and developing countries will receive $230 billion, Since March 2020, UDN, AFRODAD and at least other 268 organizations and Faith based institutions globally have raised such and related concerns on sharing/equity issues. We think the above IMF good will can still be reconfigured to be more transparent and equitable, so that the developing countries like Uganda rather get the bigger share given the greater need, say to vaccinate their populations with the currently available anti COVID- 19 jabs.

4. STRENGTHENING GOVERNANCE AROUND TAX REVENUE COLLECTION CAN HELP

African countries need to look into more generation of our own resources whether directly from the domestic market, tourism, remittance, production processing and export earning frontiers. Then after we can talk about social protection, improved healthcare, labor rights, climate, gender, and the broader social justice in the context of a post-COVID-19 recovery.

Uganda in particular, has domestic resources that can increase opportunities around overcoming Illicit Financial Flows, unfair international systems such as unfair trade, also processing of our natural resources such as fertilizer deposits in Tororo (eastern Uganda); our organic food processing and exports (across African market and globally); iron ore and steel.

5. Recommendations/conclusion

The challenge of sustainable financing for Africa's development remains a work in progress. Strengthening governance around tax collection offers a near-term solution to mobilize additional resources to finance the development agenda and slow indebtedness. Moreover, where appropriate, governments should resort more to innovative financing mechanisms such as blended finance or public-private partnerships and other risk mitigation mechanisms to crowd in more private sector investment and help preserve the solvency of public sector balance sheets. Taking these steps will sustain economic progress throughout 2021 and beyond.

We are also glad that Government of Uganda is already positively moving in this direction through own- investment, Foreign Direct Investment and partnerships. As we do all these matters, we shall also continue to look more in-ward back home in debt context, about the call for greater public transparency, accountability, and governance.

UDN IN PICTURES

Above; Participants attending the hybrid African Conference on Debt and Development organized by AFRODAD in collaboration with UDN and SEATINI.

UDN IN THE MEDIA

Click on Media links below;

1) Uganda Debt And Rate Of Borrowing Worrying
https://youtu.be/XCiF0Nm55HQ

2) Uganda's Debt Stock
https://youtu.be/5VwbXrAezol

3) Prioritise education sector to ease debt burden
https://www.newvision.co.ug/articledetails/113159

4) Economists Caution Government On Rising Debt
2021/08/civil-society-economists-cautions-

5) Bannakyewa Balabudde Gavumenti Ku Bbanja Lya
https://youtu.be/YGC4AASPKVY

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EDITORIAL TEAM:

Gilbert Musinguzi- gmusinguzi@udn.or.ug ; Priscilla Naisanga- communications@udn.or.ug; Opio Jacob– jopio@udn.or.ug;

Please visit/ talk to us at; Uganda Debt Nework , P.O. Box 21509, Kampala -Uganda,
Plot 153/155 Ntinda—Nakawa Road , Tel +256-414-533840/543974
Website: www.udn.or.ug