PROGRESS, CHALLENGES, AND STRATEGIES FOR IMPROVED DEBT MANAGEMENT
Progress registered so far

• A number of instruments have already been jointly developed on prudent debt management
• The AfRODAD African Borrowing Charter, the UNCTAD principles on sovereign lending and Borrowing
• Some level of transparency and information sharing has been achieved through the Word Bank’s International Debt Statistics
• The IMF is providing technical assistance to build borrower capacity to record, monitor and report debt
• The IMF is also supporting the G20 in enhancing debt transparency under the DSSI initiative
• UNCTAD has also supported countries on debt reporting and transparency efforts but also on achieving restructuring
• Some of the debt relief initiatives offered so far
  • The HIPC, the MDRI, the G20 DSSI, the G20 Common Framework for Debt Treatment beyond the DSSI, Paris Club, the London Club
Challenges

- Resource leakages still a major challenge (IFFS, tax exemptions, etc.)
- Rising debt crisis amidst Covid 19 as fiscal deficits widen
- Debt sustainability worsening as fiscal adjustment remains impossible
- Declining ODA
- The rise of Blended Finance (Privatization of International Aid)
- Increased reliance on non-concessional debt
  - The Boom in bond issuances (Tanzania, Rwanda, Zambia, Nigeria)
  - The trend towards off-balance sheet debt: Public Private Partnerships
  - The trend towards domestic debt
Continued.....

• Development needs and human rights have been neglected

• Responsible lending and borrowing is not secured

• Forum Fragmentation: Institutions for independent decisions and comprehensive treatment missing

• Fair burden sharing is not guaranteed

• Illegitimate lending goes unpunished
Continued......

• Transparency still a key challenge (on conditionalities and collateral)
• Current debt relief initiatives remain inadequate
• Failure of Private and multilateral creditor to take part
• More conditionalities
• Fear of down-grades by Credit rating agencies
• Unfair/weak debt architecture (The Debt sustainability framework, regulation of credit rating agencies)
Strategies for improved debt management

• Curb the leakages (IFFs)

• Enhance domestic resource mobilization

• Call for the issuance of new SDRs

• Seek debt relief
  • Extension of the DSSI
  • Allow for participation of all vulnerable countries
  • Call on private and multilateral lenders to take part
  • Regulate the role of credit rating agencies
Continued......

• Reform the debt architecture (to allow for speedy and efficient restructuring in times of crisis – a sovereign debt workout mechanism)

• That calls for participation of all the various creditor groups

• Setup a sovereign debt authority under the UN

• Sustainable financing options (ODA, and concessional loans)

• Ensure transparency on debt information (for all loans including both the terms and conditionalities)

• Putting people first: ensuring the primacy of human rights over debt service (this requires monitoring the human rights impact of debt servicing)
Continued.....

- Promoting universal consensus and acceptance for principles on prudent debt management (UNCTAD principles on responsible lending and borrowing; the AfRODAD African borrowing Charter)
- Sanctioning non-compliance: illegitimate debt must be cancelled
- Resolving debt crises: An international debt workout mechanism
- Tackling vulture funds