



Concept Note

Establishing the African Debt Monitoring Mechanism (ADMM) An African Agency towards Data ownership

Event Details

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| Date & Time: | 13 May 2025, |
| Location & Venue: | Hotel 2 Fevrier, Room XX, |
| Co-organizers: | The African Union Commission & FES AU Cooperation Office |
| Participants: | Conference Participants |

Background

The pace of debt accumulation and the present debt crises across African countries is raising concerns among policymakers, researchers, and advocates. African countries' government debt as a share of GDP has increased from 38% between 2011-2019 to 57% in 2022 (IMF, 2023a). Africa's debt landscape has deteriorated significantly in recent years, with external debt surpassing \$1 trillion in 2023. This escalation is attributed to increased borrowing, higher borrowing costs, reduced export revenues, and sluggish economic growth. Notably, the composition of this debt has shifted, with commercial debt—including bonds and loans from private entities—now constituting 43% of total external debt, up from 26% in 2000, largely due to the rise of Eurobonds. In contrast, bilateral debt has declined from 52% to 25% over the same period.

The financial implications of this debt accumulation are profound. In 2024, Africa's external debt service is projected to reach a record \$89.4 billion, significantly constraining the continent's ability to invest in essential sectors such as education and healthcare. Between 2017 and 2022, countries like Egypt and Ghana allocated an average of 42% of their public revenues to interest payments, underscoring the escalating debt-servicing costs. This substantial financial burden diverts resources from critical development goals, exacerbating socio-economic challenges across the continent. Despite the severity of Africa's debt crisis, comprehensive and sustainable debt treatment remains elusive. The G20 and the Paris Club introduced the Common Framework in November 2020 to facilitate debt restructuring for eligible countries. However, only four African countries—Chad, Ethiopia, Zambia, and Ghana—have applied for treatment under this initiative. The lack of an enforcement mechanism to ensure comparability of treatment among public and private creditors has hindered the effectiveness of the Common Framework. Therefore, African governments must engage in coordinated, simultaneous negotiations across creditors to achieve meaningful debt relief.

Apart from the need for comprehensive debt treatment, several African countries also find it difficult to navigate the highly technical terms and conditions of debt relief negotiations. Additionally, Africa does not have its own centralized debt data center and continues to rely on the World Bank and IMF for debt data and Debt Sustainability Analysis (DSA). Debt is a highly sensitive and technical issue, and decisions regarding the parameters, data points, and indicators included in World Bank and IMF assessments have profound implications for the effectiveness of DSA and for credit rating agencies. Thus, debt data is both a technical and a political matter. To date, the African continent lacks an independent agency dedicated to gathering, collating, and standardizing debt-related data. There is no African mechanism to oversee debt transparency and reporting across the region. The reliance on data being collected and provided by organizations outside the continent creates several challenges, including limited control over the methodology, data selection, and analysis parameters that shape global perceptions of Africa's debt situation. Without ownership of debt data, African nations are often placed in a weak negotiating position when engaging with creditors, as they lack independent verification of their financial status. Furthermore, the ability to generate real-time, standardized debt reports would enhance transparency, facilitate informed policymaking, and

improve creditworthiness. It would also reduce the asymmetry of information between African governments and international lenders, allowing for proactive debt management rather than reactive crisis response.

Recognizing the need for a centralized, Africa-led approach to debt management, the African Union has been working toward establishing an African Debt Monitoring Mechanism (ADMM). This initiative gained momentum following the 40th AU Executive Council's decision in February 2022 (Decision EX.CL/Dec.1147(XL)) to explore the feasibility of creating such a debt monitoring mechanism. The ADMM aims to provide timely, accurate, and standardized debt data, serve as a research and advisory platform, and enhance Africa's institutional capacity in debt restructuring and management. The 2025 African Union Conference on Debt presents a timely opportunity to advance discussions on ADMM and mobilize support for its implementation. This side event will bring together key stakeholders to examine the role of ADMM in strengthening Africa's capacity to monitor and respond to debt crises through an integrated, data-driven approach.

Objectives

The purpose of the side event is to:

- Inform (-re) African member states and stakeholders about the importance of establishing a common African agency for debt data, a centralized database, and a monitoring mechanism
- Galvanize political support for the establishment of the African Debt Monitoring Mechanism (ADMM).
- Gather recommendations and suggestions on the feasibility of the ADMM and outline the next steps for its implementation.

Expected Outcomes

- Increased Recognition of the need for Debt Architecture Reform, addressing structural inequalities in the global financial system.
- Stronger Alliances with Key Member States and Stakeholders, leading to coordinated advocacy and negotiation strategies for the inclusion of a UN Framework Convention on Sovereign Debt in the FFD4 Outcome Document.

Panelists/Moderator

Panelists:

- Dr. Patrick Ndzana Olomo – Acting Director for Economic Development, Integration and Trade, ETTIM Department, African Union Commission
- Malack Luhanga – Assistant Director, Debt Data Management Unit at Ministry of Finance, Zambia
- Mmakamma Ekeruche, Expert on Debt and Independent Consultant
- Dr. MALEK BOUZGARROU, African Development Bank (AfDB)
- Jason Braganza, Executive Director, AFRODAD

Moderator: Amanuel Desalegne Haile, Head of Project, FES AU Cooperation Office

Format

The side event will be held in-person on the sidelines of the 2025 African Union Conference on Debt, scheduled for 13 May 2025. The event will span 90 minutes, with the first 45 minutes dedicated to a panel discussion, followed by a Q&A session with the audience.

Co-organisers

The African Union (AU) is a continental organization made up of 55 African countries, working together to promote unity, peace, and sustainable development across the continent. It was established in 2002, succeeding the Organization of African Unity (OAU). The AU also advocates for Africa's interests globally and works on issues like governance, trade, health, and security.

The Friedrich Ebert Stiftung (FES) is a non-profit German foundation promoting the values of Social Democracy together with partners around the world. The FES AU Office in Addis Ababa supports the economic transformation, the peace and security agenda as well as good governance in Africa. FES AU works closely with the AU Commission, with Regional Economic Communities (RECs), international organisations, CSOs, think tanks, as well as academic and research institutions across the continent.

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