



Concept note for the Uganda Advocacy Meeting & Dissemination of the voices of the indebted on the status of debt funded projects, Utilisation of Special Drawing Rights funds and the effect of public debt on citizens

Date: 23rd May 2024

Venue: Hotel Africana-Kampala.

Introduction.

Uganda debt Network (UDN) was established in 1996 to lobby for debt relief and has continued to be at the helm of campaigning for responsible public debt acquisition and management in Uganda through engagements with policy makers, awareness raising for citizens engagement, Civil Society Organisations (CSO)'s capacity building and partnerships strengthening as well as leveraging media spaces to champion the cause for accountable and citizen-centered public resource utilization.

Following the Highly Indebted Poor Countries Initiative (HIPC) in the late 1990s and later Multilateral Debt Relief Initiative (MDRI) in the mid-2000s, Uganda's debt owed to multilateral and Bilateral creditors was cancelled, reducing the country's debt portfolio to about \$3.3 billion at the end of FY2008/09¹ and the Country's risk of debt distress was downsized from high to low. Post debt relief, Uganda has largely embarked on borrowing to finance her long-term development agenda as highlighted in the Vision 2040 and the first three 5-year National Development Plans. Public Debt has largely been contracted for huge infrastructural projects in the roads, energy mineral Development sectors. Financing such investments has been responsible for the growth of non-concessional loans. On the other hand, concessional debt financing has reduced from 74% of the total debt in FY2016/17 to 53.2 percent as of December 2023. Also, the percentage composition of loans owed to commercial banks (largely non- concessional) increased from 2% to 7% over the same period.

Uganda's Public Debt portfolio was further worsened by the onset of the Global COVID 19 pandemic that led to heightened expenditure at the time there was drastic decline in domestic revenue growth rate from 14.95% in FY 2018/19 to 0.81% in FY 2019/20. This was a result of very low economic activity arising from global as well as national lock downs meant to combat the spread of COVID 19. Uganda's Public Debt portfolio increased from US\$ 15.27 billion at end of June 2020 to US\$ 23.7 billion as at June 2023. The non-concessional Borrowing and domestic debt high-cost structure have led to rising interest rate payments with 1 in 5 shillings collected in tax going to interest payments³.

As part of the initiatives taken by the International Monetary Fund (IMF) to help countries, the fund allocated Special Drawing Rights (SDRs) to member countries in August 2021 to finance the fiscal deficit and boost economic recovery inter alia. However, the effective utilisation of these funds and the broader management of public debt remain critical concerns.

The rising debt levels in Uganda and Africa, including its negative effects on people, has led to a new debt movement through the Stop the Bleeding campaign (STB) that is pushing for greater responsibility in borrowing and lending, and stronger transparency, accountability, and good governance. It also demands for Africa's rightful place within the global community as a Rule Maker and Not a rule taker.

¹ Medium Term Debt Management Strategy 2021/22-2024/25



The campaign seeks to address power imbalances between people and their governments, borrowers and creditors as well as the inequality and unfairness rooted in the global financial system which continues to push Africa in deeper debt and poverty.

Advocacy Meeting & Dissemination of the Voices of the Indebted

Following the successful AFCODD III advocacy meeting held in June 2023 in partnership with the African Forum and Network on Debt and Development (AFRODAD), the organisations will be hosting another national advocacy meeting on 23 May 2024. During the meeting, there will be the launch of a documentary dubbed the “Voices of the Indebted- Uganda”. This feature documents the status of debt funded projects, utilization of SDR funds and the effect of public debt on the citizens’ wellbeing i.e. capturing the voices of the indebted (targeting those living in the slum areas). Two focus areas are where the Rapid Credit Facility (RCF) funds –a loan from the IMF to respond to COVID-19 interventions were spent:

1. Funding for Emyooga (support for vulnerable groups in informal businesses and,
2. Funding to Ministry of Health (MOH) towards responses to COVID-19.

The feature was produced through the collection of relevant data including field visits during primary data collection in Kamuli district in the Eastern Region of Uganda. It highlights the status of debt-funded projects, the utilization of SDR funds, and the effect of public debt on the citizens’ wellbeing in Kamuli District.

Purpose of the Meeting

The purpose of both the national advocacy meeting and the Dissemination workshop:

- i. Discuss the gap in utilisation of the covid 19 funds and SDRs as well as develop strategic approaches to address the key challenges influencing policy decisions especially measures set up to ensure debt sustainability.
- ii. To share findings–the documentary on the voices of the indebted with policy makers, and generate public discussion to provide feedback, especially to the policy makers.

Specific Objectives

1. To draw Lessons that should inform Government’s consideration of key Development Financing options.
2. To stimulate public discussion on the impact of debt on citizens well-being including their health, and the country’s development.
3. To provide a platform for Citizens and Government to renew and strengthen their commitment towards transparent and accountable debt management practices in Uganda.

Target Audience:

The national advocacy and dissemination meeting will be attended by 50 participants drawn from Government CSOs, academia, local community members and the media.

These will be selected from Kamuli district and at the national level. Specifically, their role will include:

1. Local Community Leaders: Including village chiefs, community elders, and religious leaders who wield influence and can amplify our message within their networks.
2. Civil Society Organisations (CSOs): Partnering with local CSOs working on issues related to governance, accountability, and community development to leverage their existing platforms and reach.
3. Youth Groups: Engaging youth groups and student associations to ensure the next generation is informed and actively involved in shaping the future.
4. Media Outlets: Collaborating with local radio stations, newspapers, and online platforms to amplify the documentary's message and reach a wider audience.

Expected outcomes

Increased awareness and public debate and citizen demand for transparency and accountability in the management of public resources, including endorsing the Stop the Bleeding Campaign.