



The **AFRODEBT** **QUATERLY NEWSLETTER**

Sept 2019



**PRIORITIZE FISCAL
TRANSPARENCY**

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**MINIMIZE THE RISK OF
DEBT DISTRESS IN AFRICA**

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**DEBT BAROMETER
TO TAME DEBT CRISIS**

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Greetings from AFRODAD!

The year is approaching to a close and we are glad about progress made so far. Plans we made towards the end of last year have been fruitfully implemented and beyond expectations in some instances. We continue appreciating your partnership and support at different aspects, both financial and programmatic. Through this newsletter we share how AFRODAD continues to influence policy through strengthening civil society voices, contributing to the existing body of knowledge, informing and challenging policy makers to either institute or implement policies and practices that promote sustainable development and citizens' rights.

This is the 7th Volume of the AFRODEBT, available on our website and in print. To subscribe click here and to receive a hard copy write to us at communications@afrodad.co.zw detailing your mailing contacts.

AFRICAN FORUM AND NETWORK ON DEBT AND DEVELOPMENT



**Influencing African governments
To institute and implement policies
And practices
For
Sustainable development
And poverty eradication**

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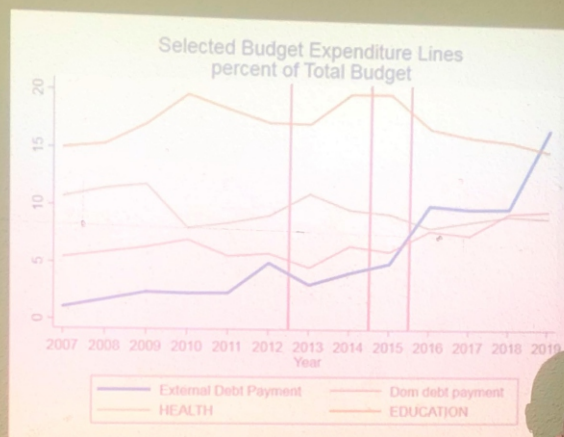
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Scope of Debt Crisis

In 2019, the government is spending more of its budget on debt service (27%) than on health and education combined (25%).



Ndlovu & Chish

AFRODAD and its partners are advocating for the establishment of an African debt Barometer to tame the debt crisis in sub-Saharan Africa

In the last decade there has been a dramatic increase in public debt, with governments around the world now owing trillions of dollars to external investors. [Almost 40% of countries in sub-Saharan Africa \(SSA\) are in danger of slipping into a major debt crisis.](#) AFRODAD and its partners are advocating for the establishment of an African debt Barometer that will act as a yardstick to measure and profile the debt situation of African countries using specific indicators, which either show the debt burden or debt servicing capacity of a country.

AFRODAD was part of stakeholders invited by [The Southern African Institute for Policy and Research \(SAIPAR\)](#), an educational research Centre based in Lusaka Zambia together with its partner Cornell University based in the United States of America to witness a presentation on the [Zambian Debt Barometer](#) researched by two college students from Cornell University. According to Lev Busch, one of the researchers, the ultimate research goal was derived from the need to understand [several factors](#) that led to [the current Zambian debt situation](#) and to find indicators that measure them.

Deriving their study from an AFRODAD concept of [the African Borrowing charter](#), the presentation brought out numerous factors that continue to fuel the [debt crisis in Zambia](#) namely legal framework, governance and macroeconomics as summarized below:

Legal Framework: Limited legislative oversight over debt contraction, Limited separation of power, and lack of an appraisal process for infrastructure projects, lack of transparency and publishing requirements.

Governance (Rule of Law): Legislative rubber stamping and excessive judicial deference to executive, corruption particularly in public procurement, low tax compliance and restriction of opposition voices.

Macroeconomics: High interest rates or non-competitive contracting clauses, appreciation of USD and Investor extreme appetite for lofty profit.

The current scope of the debt crisis in Zambia reveals that the government is currently spending more of its budget on debt service (27%) than on health and education combined (25%). [The majority of the external debt has been appropriated towards infrastructure projects, with the hope that they will provide sufficient returns to justify the interest payments.](#)

[Unfortunately, however, some of the Eurobond funds have been used for general budget support thus worsening the looming debt crisis in Zambia.](#)

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AFRODAD enhanced media's capacity for effective reporting on: **Debt and Illicit Financial Flows in Zambia**

Trainings



A FRODAD, in partnership with the [Center for trade policy and Development \(CTPD\)](#) and [Debt Jubilee Campaign UK](#) hosted a three-day media capacity building workshop on debt and Illicit Financial Flows (IFFs) in Lusaka, Zambia on 28 – 30 August 2019.

The workshop which ran under the theme “Financing for Development: Building on Effective DRM and Public Debt Management” was attended by over 30 participants including journalists from Zambia's leading and most influential media outlets based in Lusaka and representatives from various government ministries. Speakers from the academia and seasoned trainers raised the profile of Africa's developmental issues related to debt and IFFs that are often underreported yet have the potential to frame government agenda to improve citizens' living standards.

The intensive training programme provided the journalists and government officials with information, tools and strategies to understand issues surrounding debt sustainability and the meaning of IFFs and how curbing them can help government to provide much needed public services.

Mr Tirivangani Mutazu, AFRODAD senior



policy analyst underscored the need to continuously capacitate journalists in Africa to be able to identify societal problems and to report on them in a manner understandable by the citizens while ensuring that the identified issues get on the government agenda. Mr Brian Mwiinga, Head of programmes & research CTPD emphasised the role that needs to be played by media in transmitting information, thereby raising public awareness and encouraging positive action by government office bearers in solving developmental cancers like unsustainable debt and IFFs.

The training couldn't be timelier as [Zambia has borrowed heavily in recent years and is now under high risk of debt distress](#). Zambia's external debt at the end of the first quarter of this year had increased to

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\$10.178 billion from \$10.05 billion at the end of 2018. The International Monetary Fund (IMF) has repeatedly warned that Zambia is struggling with high debts and shrinking foreign currency reserves. "[Zambia's foreign-exchange reserves have plunged from a peak of almost \\$4 billion in 2015 to \\$1.4 billion in February as foreign-debt servicing costs soared. Yields on the country's \\$1 billion Eurobonds due in April 2024 jumped 69 basis points to 18.09%.](#)"

Zambia also needs to curb IFFs in order to increase funding and expenditure to key sectors of health and education if the nation is to make meaningful progress towards human development. As per the AFRODAD's recent study ".....", the proportion of IFFs to actual expenditure on the education increased from 383 percent in 2009 to 509 percent in 2013. The highest proportion of 624 percent was recorded in 2012. Therefore, IFFs were as high as 624 percent of the actual expenditure on education and as high as 1,748 percent of the actual expenditure on health.



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AFRODAD and its partners are advocating for the establishment of an African debt Barometer to tame the debt crisis in sub-Saharan Africa

What's the way forward?

AFRODAD is advocating for an enhanced international and regional cooperation to build institutional capacity in addressing Africa's development finance needs and debt management challenges. Regional integration could play a critical role in coordinating and mainstreaming key regulatory and institutional dimensions of broader development financing initiatives.

New dynamics of public debt in Africa call for the implementation of debt sustainability strategies and frameworks within current debt portfolios. On such a background, the African Debt Barometer can proffer an in-depth evidence based analysis of debt, profiling trends, patterns and dynamics of debt as well as key drivers of debt in Africa.

In brief, the Barometer will provide a source of reference for policymakers, governments, citizens and other key stakeholders on debt issues.

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Regional integration could play a critical role in coordinating and mainstreaming key regulatory and institutional dimensions of broader development financing initiatives.

AFRODAD Proposes the Alignment of Legislation Impacting Public Finance Management (PFM) in Zimbabwe

In a policy brief published by AFRODAD in conjunction with ZIMCODD, “Alignment of Legislation Impacting Public Finance Management (PFM) in Zimbabwe,” the dou proposed a set of recommendations on the alignment of the legislation impacting Public Finance Management in Zimbabwe.

Six years after the adoption of the Constitution of Zimbabwe Amendment (No. 20) Act in 2013 legislation impacting on public finance management, primarily the Public Finance Management Act [Chapter 22:19] which is the principal Act regulating public finance management in Zimbabwe has not been aligned to the Constitution. More so, it is also not cross referenced with other legislation that have direct and indirect implications on sustainable fiscal policies and public finance management .

This non-alignment has contributed to a series of fiscal leakages in Zimbabwe as evidenced by the annual reports published by the Auditor General and limited effective oversight by the Parliament and citizens alike in key spheres of public finance management such as public procurement and public debt management.

This policy brief published by AFRODAD aimed to assess the conformity of legislation impacting

public finance management in Zimbabwe to the guiding principles of public financial management as provided for in the Constitution. It also aimed at identifying gaps between the Public Finance Management Act and other legislation that have a direct or indirect impact on public financial management in Zimbabwe.

Notable recommendations raised by AFRODAD amongst others included: The role of the parliament in public finance management to be strengthened through institutional, technical and analytical capacity to enable them to play their role of budget oversight, The duties and powers of Minister of Finance must be extended to advising the Government on equitable and geographical distribution of resources between provincial and local tiers of government as well as gender sensitive budgeting in line with the Constitution.

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Engagement & Recommendations



AFRODAD is Demanding that: Public Private Partnerships Prioritize Citizens

AFRODAD joined various stakeholders and regional Civil Society Organisations (CSOs) that attended the [Open Society Initiative for Southern Africa \(OSISA\)](#) regional conference that took place on July 2-3, 2019 in Johannesburg, South Africa. The two day multi-stakeholder conference emanated from growing concern about southern African countries' rising debt level, which threatens developmental aspirations.

Dr. Fanwell Bokosi, AFRODAD's Executive Director represented the organisation as a panellist on one of tabled discussion topics: 'Public-private partnership blessing or a curse?' with a specific emphasis on the pros and cons of Public-private partnership (PPPs) in the region. Other panellists included Ms. Caroline Chema Eric –World Bank, PPP Operations Officer; Mr. Isiah Mhlanga, Alexander Forbes Investment, Executive Chief Economist and Ms. Lebohang Pheko – Trade Collective, Senior Research Fellow.

PPPs in many instances have been found to be a useful tool to foster development. However PPPs also come with their form of negativity such as extended projects longevity, marginalization of women and communities at large and increased public debt.

You see, [PPPs](#) are an opportunity for blended financing which enables governments to deliver services which would otherwise not be available. These partnerships are strategic for improving the efficiency, robustness and quality of public services. However Dr. Bokosi highlighted the other face of PPPs that cannot be overlooked. He

tackled challenges that are associated with PPPs such as very high cost compared to public services and difficulties to negotiate and renegotiate. They are also risky and they often lack transparency and sufficient accountability. "There are very few PPPs that have delivered the developmental outcome that they set out to deliver" he emphasized.

AFRODAD's position is that if in the future African Countries wish to deal with PPPs, there is need to make a demarcation on specific projects which require PPPs since financing gaps will always be there anyway. African governments should not be pressured to execute such projects in a rush *there is need to plan for what is important and relevant for the betterment of the community.*

If you look at it analytically, PPPs are not always bad BUT there is need to approach PPPs in a sufficiently transparent manner that must be debated upon by both parties to achieve the intended outcomes. PPPs should put people first though they often do not!

Find out more on [AFRODAD's position and recommendations on PPPs.](#)

....there is need to plan for what is important and relevant for the betterment of the community.

AFRODAD is part of the movement to accelerate Southern Africa's industrialization while putting People first!

Engagement & Recommendations



- **Multilateral Development Organizations should stop promoting PPPs and Privatization as the magic answer for financing social services delivery.**
- **Governments should not engage in Privatization without clear rationale and assessment of the development impacts from the engagements.**
- **Given the current negative impact and state of Privatization in Southern Africa, CSOs should resist Privatization of public goods.**
- **African governments should adopt a broad and transparent regional domestic resource mobilization strategy to monitor financial contributions on a regular basis.**



The above are the four submissions that AFRODAD made to contribute to a position paper meant for the SADC during the [39th SADC Heads of States SADC Summit](#), as a participating member at the [2019 Southern Africa People Solidarity Network People Summit \(SAPSN\)](#).

Over 900 delegates from civil society organizations, Non-Profit Organisations (NGOs), social and grassroots movements across Tanzania and SADC region gathered at the Tanzania National Museum in Dar Es Salaam to rally behind a united SADC people's agenda. The three-day event held alongside the SADC Summit took place on 13th -16th August 2019.

In line with the event's theme“ towards a prosperous and

integrated Africa – equity and justice for all”, participating members were equipped with relevant knowledge and skills to foster inclusive growth and sustainable development in the SADC region and eradicating poverty through social and economic transformation of SADC and the continent as a whole.

CSOs were empowered with skills to initiate debates and influence governments to make informed decisions related to development processes of the SADC region and Africa as a whole. Engagements were loaded with insights on advancing sustainable development while putting people first. Meetings closed with a call for greater engagement of civil society, NGOs in the SADC region including grassroots community organizations to convert acquired knowledge to action for change.

Organizers included AFRODAD, [Zimbabwe Coalition on Debt and Development \(ZIMCODD\)](#), [Zimbabwe Council of Churches \(ZCC\)](#), [Oxfam](#), [OSISA](#), [Norwegian People's Aid](#), [Plan International](#) and [Zimbabwe Environmental Law Association \(ZELA\)](#). They facilitated various engagements and presentations that scored positives towards advocacy for the development agenda.

African governments must stop watching themselves sink into debt crisis while compromising lives of their citizens!

Engagement & Recommendations



[As the effects of Debt in Zambia continue to increasingly hit ordinary citizens](#), AFRODAD together with representative groups across Zambian society led by the Consumer Unity and Trust Society (CUTS) and the Civil Society for [Poverty Reduction \(CSPR\)](#), hosted a public debt symposium on the 30th August 2019 in Lusaka, Zambia. The main objective of the same was calling on government to take serious and consolidated action on debt.

Earlier in November 2018, the [public Debt Indaba](#) called upon government to take action through: communicating clearly on the issue of debt in Zambia and providing regular and detailed updates on the level of debt, building collaborative plans to tackle Zambia's debt and consulting stakeholders to build strong plans to support growth in Zambia. The symposium was a follow up on progress.

The Zambian Government must find immediate action on the prevailing debt crisis that continues to threaten the economy and forcing ordinary Zambians to bear the brunt of the nation's debt burden. The impact of debt in Zambia has led to a downward trajectory of confidence, depreciation of the Kwacha worsened by the impact of the global slowdown all resulting to the government's inadequacy to effectively provide public services.

AFRODAD together with the Broad representation from across various sectors at the symposium agreed that there is a need for the Government to act immediately. Comprehensive action is required to address liquidity constraints, improve investor confidence and promote stagnant private sector performance. The concern of rising debt is not specific to Zambia, but rather a regional concern and therefore an opportunity to make use of comparative tools, such as the Afro-barometer, to draw

lessons from other African neighbors is necessary.

A number of recommendations targeted at the Ministry of Finance were developed during the meeting:

‘ The Government needs to take early action to signal to investors. This means prioritizing the implementation of financial oversight reforms and increasing debt transparency and accountability. The proposed revision in the Constitution to Zambia (Amendment) Bill that seeks to remove parliamentary oversight threatens to reverse the gains that the country has already made in this direction.

The Government needs to consider how to use its available resources to develop a legitimate refinancing strategy for its debt repayments, including the first Eurobond owed in 2022. One of initial steps is that Zambia should consider selling non-essential assets and use proceeds to pay down Eurobond debt.

The Government should double its efforts to deliver fiscal consolidation. This includes reducing expenditure, particularly on large infrastructure projects and improving domestic resource mobilization instead. Strengthening the fiscal contract requisite to hold the government to account should be high on the agenda. Harnessing the potential within the informal sector could also add value.

The Government should seek to engage the [International Monetary Fund \(IMF\)](#), whose technical assistance and financial support could help to ease budget pressures, protect social spending and put the economy on a sustainable path.

Collaboration between AFRODAD and Tax Justice Network Africa to strategize on litigating Double Taxation Agreements in Africa



[A court judgment by the Kenyan High court in March 2019](#) that saw the striking down of [a tax agreement with offshore haven Mauritius](#) as unconstitutional has opened a positive avenue for African governments to rethink the formulation of Double Taxation Avoidance (DTA) as a measure to curb the continued illicit flows of billions of dollars in lost revenue through tax evasion.

This ruling has set precedence and validates the call for African countries to review all their tax treaties and bilateral loan agreements particularly those signed with tax havens and multilateral institutions respectively. [Tax Justice-Network Africa \(TJNA\)](#) in collaboration with AFRODAD co-hosted a two-day expert meeting to strategize on the implications of the court ruling on the Kenya – Mauritius Double Taxation Avoidance Agreement. This meeting held in Nairobi on the 19th-20th August 2019, focused on gathering expert positions on the impact of the ruling and to rethink the costs, benefits and motivations around the signing of Double Tax Agreements (DTAs) in Africa. Furthermore, the meeting provided AFRODAD with expert insight and strategies on how to litigate odious and unconstitutional public debts. Key issues discussed included Legal aspects of the case, constitutionality of DTAs, different models of DTAs, the capacity to negotiate DTAs and strategies to challenge them.

“The fact that DTAs are subject to abuse and treaty shopping which makes tax avoidance and tax evasion permissible thus resulting in revenue losses requires us to have a relook at DTAs that our governments have signed with capital exporting

countries” said AFRODAD's Policy Analyst Rangarirai Chikova who was in attendance.

The ruling from the TJNA court case has given like-minded organizations like AFRODAD the impetus to formally petition against African governments that continue to sign flawed loan deals and DTAs especially with multilateral institutions and tax havens without public scrutiny. Such situations promote IFFs and tax avoidance consequently denying African countries the much needed revenues to finance development. AFRODAD will utilize some adept strategies acquired from the workshop for its litigation against illegal debt.

Key among discussed strategies was the need to strengthen evidence that the Kenya Mauritius DTAA results in tax losses by the Kenyan government. As a conclusion, experts unanimously agreed that the case would be appealed. The meeting ended with a call to African governments to revisit all their signed DTAs and those under negotiation to ensure that they are compliant with constitutions that puts citizens first as beneficiaries of all tax revenues. The meeting also asked African governments to set up DTA policy frameworks that set out basic guidelines that countries in Africa should consider while signing bilateral tax agreements.

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AFRODAD partnered with CROSET to advocate for improved debt management for greater transparency and accountability in Chad



AFRODAD in partnership with the Reflection and Orientation Circle on the Sustainability of the Chadian Economy (CROSET) hosted a high level advocacy workshop on the management of public debt in N'Djamena, Chad.

This workshop drew expertise from various CSOs, economic bodies namely the Audit Bench of the Supreme Court, the National Assembly Finance-Budget and Public Accounting Committees, representation from the Ministry of Economy and Development Planning, the Ministry of Finance and Budget as well as the private sector in Chad.

This workshop was placed under the high patronage of the President of the Chamber of Accounts of the Supreme Court Madam Zara Brahim Itno whom in a keynote address noted “the time is now ripe for African countries including Chad to move away from debt bondage”, which has caused so [much distress](#) to government's ability to provide public services to the populace of Chad.

“[Our country has been debt](#) – burdened from a while now with most of our resources being diverted from much needed spending in areas such as health, education, and infrastructure. “There is need for Chad to learn and adopt effective public debt management best practices from organisations like AFRODAD that will help reduce Chad's financial vulnerabilities” said Mme Itno.

The overall objective of the advocacy meeting was to provide a platform for debt management stakeholders to promote mutual learning and knowledge exchanges based on the Chadian experience and to enable participants to explore means to enrich the country's debt management strategies.

[Because Chad is still considered by IMF assessment to be at high risk of debt distress, the country is currently going through a period of massive macroeconomic restructuring which involves a lot of programming that demand large spending and financing needs.](#) As AFRODAD and like minded organisations like CROSET, we are doing the best we can through advocacy initiatives to help countries like Chad to effectively manage their debt as they strive towards sustainable development.

AFRODAD received the commitment from CSOs, the government and other stakeholders to participate and strengthen inclusive and transparent public loan contraction processes.

AFRODAD advocated for effective Domestic Resource Mobilization and safe Public Private Partnerships during the 39th SADC summit side-events in Tanzania

A FRODAD joined various social movements, communities and civil society groups from the region for sideline summit events to discuss development related issues during the 39th [Southern African development community \(SADC\) annual summit](#). The side events were coordinated by the ['Southern Africa Peoples solidarity Network \(SAPSN\)](#) a network currently chaired by the [Zimbabwe Coalition on Debt and Development \(ZIMCODD\)](#).

The summit which took place in Dar es Salaam, Tanzania from 5th to 18th August 2019 was themed “A Conducive Environment for Inclusive and Sustainable Industrial Development, Increased Intra-Regional Trade and Creation”. AFRODAD in partnership with ZIMCODD hosted one of lined-up side events on the 14th August deliberating on a wide range of issues with AFRODAD leading discussions on: The nexus between Illicit Financial Flows (IFFs), Corruption and Domestic Resources Management and Public Private Partnerships risks in Public Services Delivery.

The nexus between IFFs, corruption and DRM agenda

Domestic resources present the African continent with potentially the biggest source of long-term financing for sustainable development. However, IFFs and corruption are some of major hindrances to economic growth in SADC countries and Africa as a whole.

As per the summit theme, AFRODAD focused on advocating for effective domestic resource mobilization as a measure to provide African governments with the resources necessary to alleviate poverty, fund essential public services and somehow free governments from aid dependence.

Public Partnerships risks in Public Services Delivery

Whilst the notion of having private actors closing the financing gap that government is failing to cover is commendable, there is a concerning trend of privatization of public goods in the SADC region in which private sector players are progressively assuming the role of public services delivery that is traditionally the constitutional obligation of central governments. Moreover, this take over is coupled with negative impacts which include hiking user fees thus promoting access inequality, crowding out of expertise and the high cost of PPPs investment on the public purse.

AFRODAD through representation from its international public finance (IPF) portfolio updated CSOs on trends and risks associated with PPPs. One of the outcomes was a communiqué with action points to influence African governments' decisions on PPPs uptake.

The SADC Summit is responsible for the overall policy direction and control of the community's functions, thus being the policy-making institution. It is made up of all SADC Heads of States or Government. Side summit meetings represent a unique opportunity to discuss challenges and ways to advance the continent's regional integration agenda as they draw a varied representation from policy makers, civil society groups, heads of international organizations and business leaders from media and academia.

Side summit meetings represent a unique opportunity to discuss challenges and ways to advance the continent's regional integration agenda ...

Africa must rely on its own financial resources for sustainable development: Over-borrowing isn't working!



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Date et lieu : Mardi 17 septembre 2019 au Bénin Royal Hôtel

AFRODAD & SOCIAL WATCH Benin Challenge Governments and Development Stakeholders ...

to Minimize the Risk of Debt Distress

A FRODAD in partnership with Social Watch Benin organized a one-day national debt advocacy meeting in the Republic of Benin on September 17, 2019 to discuss the debt situation in the country and to deliberate on strategies to ensure that country's debt levels remain sustainable. The meeting also sought to draw lessons that can inform debt management strategies in other Africa countries. The main subject matter was "Debt Management strategies in Benin: Lessons for the States of West and Central African Countries". The meeting brought together more than 30 participants drawn from government, civil society organizations and multi/bilateral development partners.

In her keynote address, the Chair of the Board of Directors of Social Watch Benin, Mrs. Blanche Sonon, described the forum as a well-timed initiative to generate commitments from government and various stakeholders to step up efforts to curb Benin's corruption challenges and to reduce the country's public debt which had reached 56.2% by December 31 2018. "It is impressive to realize how much Benin, through forums like these can benefit. This forum presents a good opportunity for the country and Africa to improve debt management strategies and at the same time allow citizens, civil society and the government to come together and shape the future of Benin in the face of the country's unfavorable debt situation." Sonon, said.

Speaking on AFRODAD's behalf, Mr Yungong Theophilus Jong, Policy Analyst under the Debt Management highlighted AFRODAD's commitment to support national governments and other development stakeholders to ensure that debt contraction reflects set institutional rules and frameworks that promote the

transparent and accountable management of public funds. This includes working to establish a fair, accountable and sustainable debt resolution mechanism as fully captured in the African borrowing charter by AFRODAD.

The Assistant Director of the Autonomous National Sinking Fund of the Republic of Benin as well as the Director of the Civil Cabinet to the Ministry of Economy and Finance of the Republic welcomed the idea of Civil Society involvement in issues of debt management. To them, this is a sign that old approaches to issues of managing public finances have to change.

They confided that discussions from the meeting would provide significant inputs into country's ambitious debt management plans and innovative strategies of managing public finance. They highlighted the fact that Benin has rigorous multi-stakeholder institutional frameworks on debt management that have kept the country relatively free of debt distress. They committed to remain open and receptive to suggestions on transparent debt management as per AFRODAD and its partner Social Watch Benin advice.

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.... the forum allow citizens, civil society and the government to come together and shape the future of Benin in the face of the country's unfavorable debt situation.



AFRODAD Continues to urge government to prioritize fiscal transparency and accountability

Zimbabwe's public finance management is plagued with a weak accountability system characterized by widespread corruption within political and bureaucratic systems, a poor debt servicing history, non-enforcement of own Public Finance Mechanism (PFM) laws and constitutional provisions.

During a panel discussion on PFM hosted by the National Association of Non-Governmental Organizations (NANGO) In Harare, Zimbabwe, Mr. Tirivangani Mutazu, AFRODAD's Senior Policy –Analyst under Debt Management said Zimbabwe's public finance management has been poor and the evidence is vividly contained in the lives of the ordinary citizens who are finding it hard to access public services due to government's failure to provide.

“As a result of poor public finance management in the country, through evidence documented by the Annual Reports (2018, 2019), published by the Office of the Auditor General, the country has been experiencing fiscal leakages through corruptions and IFFs, wasteful expenditures, a tendering series of undeserving companies, bad cooperate governance practices and wasteful expenditures that has left the country bleeding” he expounded. The country is in debt distress despite abundant valuable natural resources.

Basic principles of PFM enshrined in Section 298(1) of the constitution must be adhered to in terms of offering

guidance on all aspects of public finance management in Zimbabwe, particularly on transparency and accountability.

As a civil society, AFRODAD calls on the government to strengthen Fiscal transparency and accountability in the nation's PFM framework with fiscal soundness, balance between revenue and expenditure, transparency, and management efficiency for financial operations. This will limit fiscal leakages and increase social spending and investment.

AFRODAD also calls upon the Government to ensure that there is fiscal transparency in the management of public resources; to guarantee trust between citizens and government through citizens participation in government programmes; to regulate PFM in the national and provisional government levels and to ensure that all revenue expenditures, assets and liabilities of national and provisional governments are managed efficiently and effectively.

ZIMCODD official Naomi Chakanya who was one of the panelists said a breaching of PFM rules as prescribed in the constitution can hinder Zimbabwe from achieving the sustainable development goals to reduce poverty, support health education and provide clean water and clean energy. She called for a change of culture from within government to shun corruption which she referred to as “a complete detrimental culture that continues to impoverish the ordinary Zimbabwean citizen”.

AFRODAD & SOCIAL WATCH Benin Challenge Governments and Development Stakeholders to Minimize the Risk of Debt Distress

from previous page...

One of the major highlights of the meeting included an interactive panel discussion which created fruitful exchanges on the way forward in challenging transparent management of public funds. One central issue that filtered from panel discussions included the fact that Civil Society engagements on issues of public finance should not just be a passive formality. They should play an active

role in promoting transparent and accountable debt management. The other highlight of the day was a presentation of a research on responsible debt contraction in the Republic of Benin commissioned by AFRODAD. Findings showed some debt management best practices from the Republic of Benin that should instruct other countries in the West and Central Africa regions on how to undertake transparent management of public funds.

Organizational Leadership



AFRODAD Board of Trustees met at the organization's headquarters in Harare, Zimbabwe as part of evaluation and strategizing on the organization's utmost effectiveness.

“It has been two days of fruitful debate with all the AFRODAD Board members and members of staff as we defined the direction of the organization. We are in the right direction and the future is bright” said Mr. Kapijimpanga. It was a full house meeting as all board members and staff members, including those working from other regions of Africa had gathered at the Secretariat.

AFRODAD board members are Mr. Opa Kapijimpanga (Chairperson), Mrs. Barbara Kalima-Phir, Prof. Edward Oyugi, Dr. Fred Muhumuza, Dr. Richard Kamidza, Dr. Tinenenji Banda and Mr. João José Uthui. Fanwell Bokosi, PhD is the board's Secretary and the Executive Director of AFRODAD.

“It has been two days of fruitful debate with all the AFRODAD Board members and members of staff as we defined the direction of the organization. We are in the right direction and the future is bright”

Responsible sovereign borrowing is the antidote for the African debt crisis!



Once beaten, twice shy!

Unfortunately, the above does not seem to apply to a number of African countries that [received debt relief after groaning beneath a heavy debt burden](#) that they could not repay as they also failed to provide basic human needs for their citizens. Before dust from the debt crisis would fully settle, some African countries quickly allowed their appetite for debt to lead them to irresponsible borrowing as soon as charming lenders showed up, perhaps confirming the moral hazard theory. Currently, some African governments are being reminded that all that glitters is indeed not gold, [such as Chinese loans](#). Unfortunately this is quite late for some that are [already in debt crisis or at high risk for the same](#).

In a nutshell, then and now, irresponsible borrowing and lending is the key reason why many African countries keep on succumbing to unsustainable sovereign debt. Unsustainable indebtedness seriously undermines governments' ability to guarantee the provision of public services and to [achieve sustainable development](#). Since another [debt write-off is not likely](#) especially because currently owed loans are from commercial lenders whose main goal is more towards making profit than improving peoples' and nations' well-being. A look at reasons some countries are struggling with debt confirms that irresponsibility, either from borrowers or lenders, has been at the heart of the matter.

Listed among proposed solutions to halt a new debt crisis version include responsible borrowing and lending, effective debt management and availing "smart" instruments that governments can use as taming guides.

In light of the above, the AFRODAD's [African Borrowing Charter](#) initiative was launched in 2018 with the aim of influencing African countries to sustainably balance public debt levels through improving the transparency of the political, institutional and administrative processes and the accountability of State actors involved in the contraction and management of public debt. The ultimate goal is to have the African Union endorse it as one of regional instruments for debt management.

The Charter covers specific guiding principles that encourage African governments to responsibly protect the interest of their citizens through making informed borrowing decisions that can enhance effective sustainable development in their countries while they take informed actions in pursuit of the African shared vision of "[The Africa We Want: Agenda 2063](#)" for "[A prosperous Africa based on inclusive growth and sustainable development](#)".

Other issues that AFRODAD is focusing on besides tackling the debt crisis include: the fight against illicit financial flows from Africa and corruption in order to enhance domestic resource mobilisation. Advising governments to cautiously engage in Public-Private partnerships and privatisation ventures has also been part of the main agenda. The ultimate goal is #poverty eradication #sustainable development.



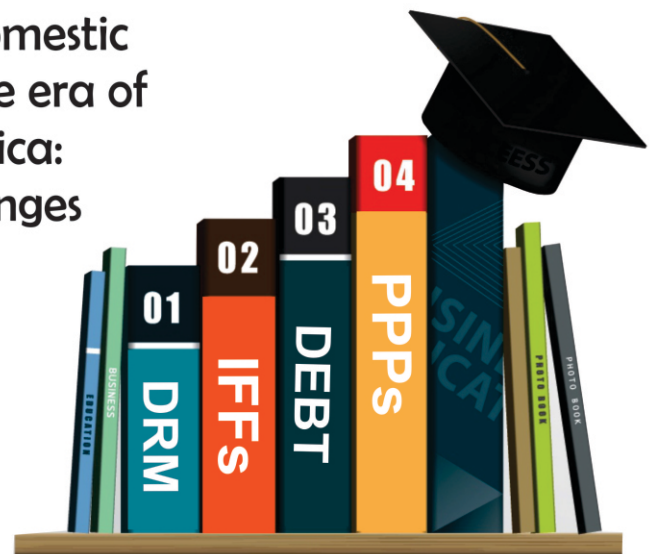
AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

2019 AFRODAD SUMMER SCHOOL

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