

EASTERN & SOUTHERN AFRICA REGIONAL DEBT CONFERENCE

“Towards strengthening accountability and transparency around public debt management and the use of IMF Special Drawing Rights (SDRs) in Eastern and Southern Africa

20 – 21 JUNE 2022

EKA HOTEL - NAIROBI, KENYA

A large conference hall with a stage and a screen displaying a line graph. The screen shows a line graph with the text 'OVERALL GROWTH' and '2019-2021'. The graph shows a line that starts at a low point, rises sharply, and then levels off. The conference hall is filled with people seated at round tables, facing the stage. The stage has a large screen and a podium.

Accountability in Public Debt Management and Use of Special Drawing Rights: Why it Matters

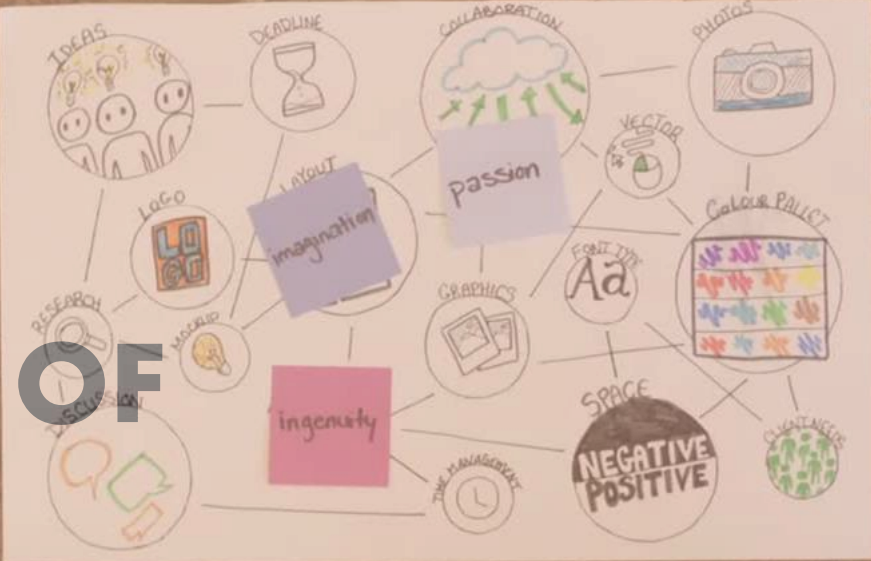
YUNGONG Theo. Jong (PhD)

Objectives of this presentation

- ❑ **PART 1: Overview of the concept of accountability:** - *focus on conceptualization of accountability – its various facets and what it would mean in the context of debt management and public finance management*
- ❑ **PART 2: Examine Africa's accountability outlook:** - *the Crisis of accountability in Africa – how it manifests itself, a screenshot of how African countries are faring and the public debt and public finance management implications. Zoom into why accountability matters in public debt and PFM*
- ❑ **PART 3: Operationalising Accountability:** *What is required to achieve and enforce accountability: - Modalities of accountability – way of implementing bringing accountability to live*



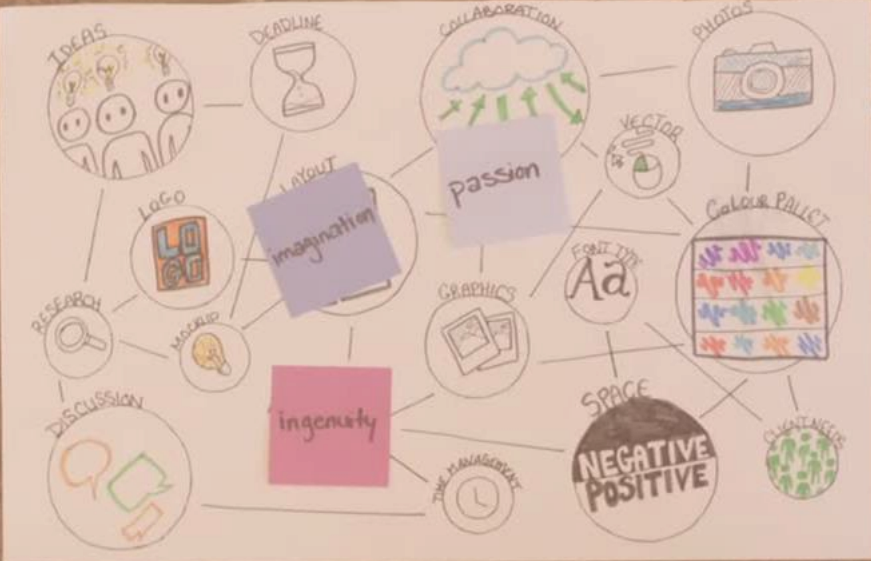
PART 1: OVERVIEW OF THE CONCEPT OF ACCOUNTABILITY



□ Defining accountability

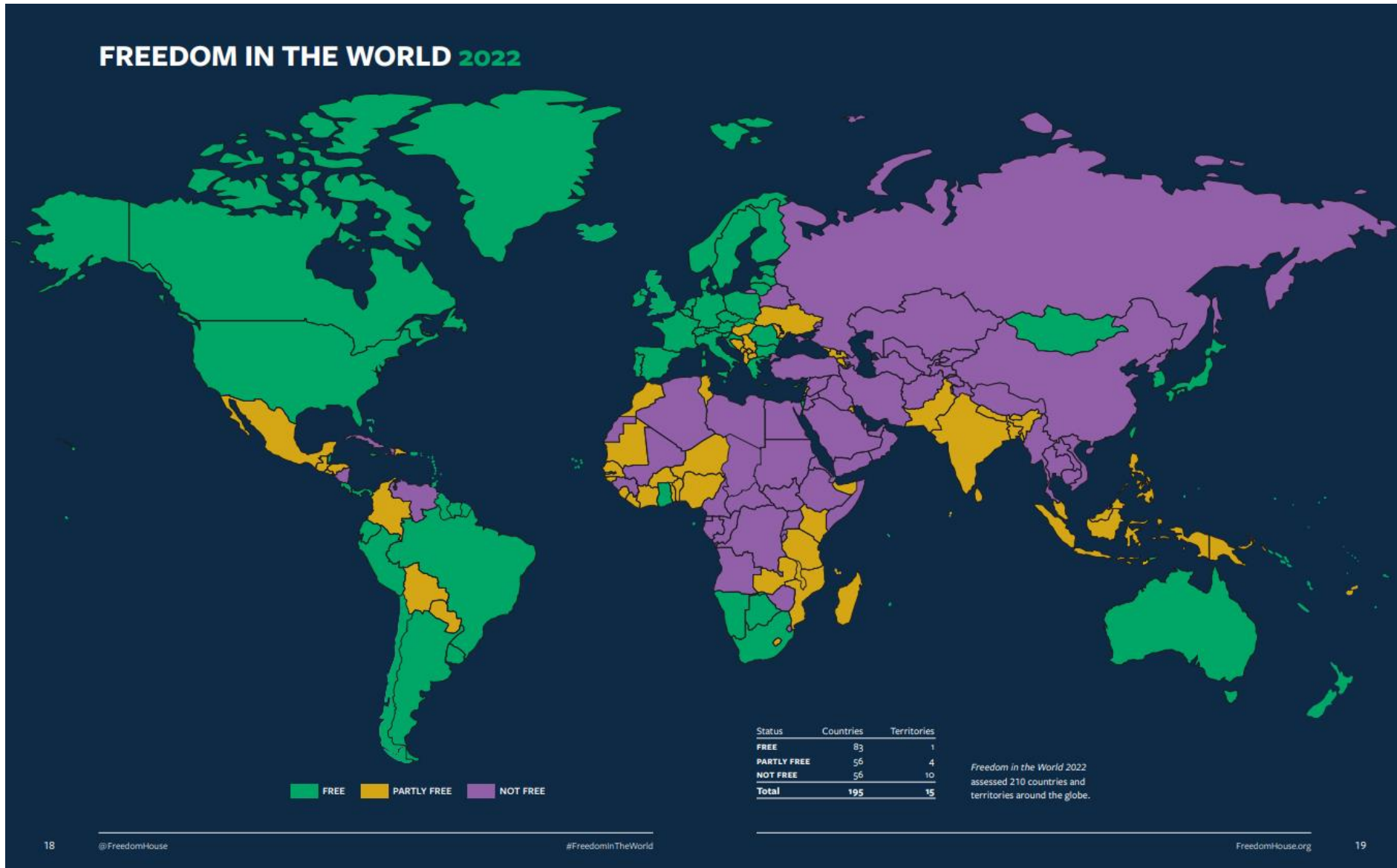
- Exercise of power and authorities at different levels and settings and the various entitlements presumed
- Measures for answerability to authority – to the people
- Associated with the question of transparency
- Issues dating as far back as in the struggle against authoritarian forms of governments
- Public accountability, managerial, corporate accountability or civil society accountability
- Public accountability
- Always easy to for people to demand accountability than what is required to ensure successful accountability modalities

PART 2: AFRICA'S ACCOUNTABILITY OUTLOOK

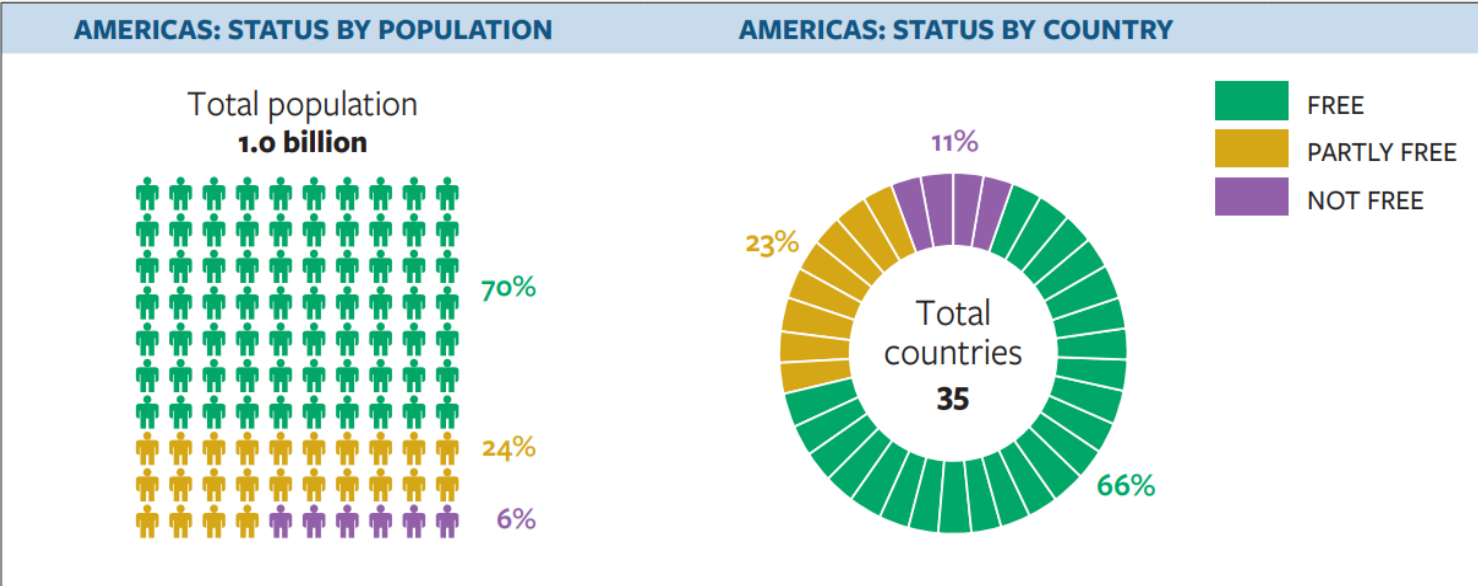
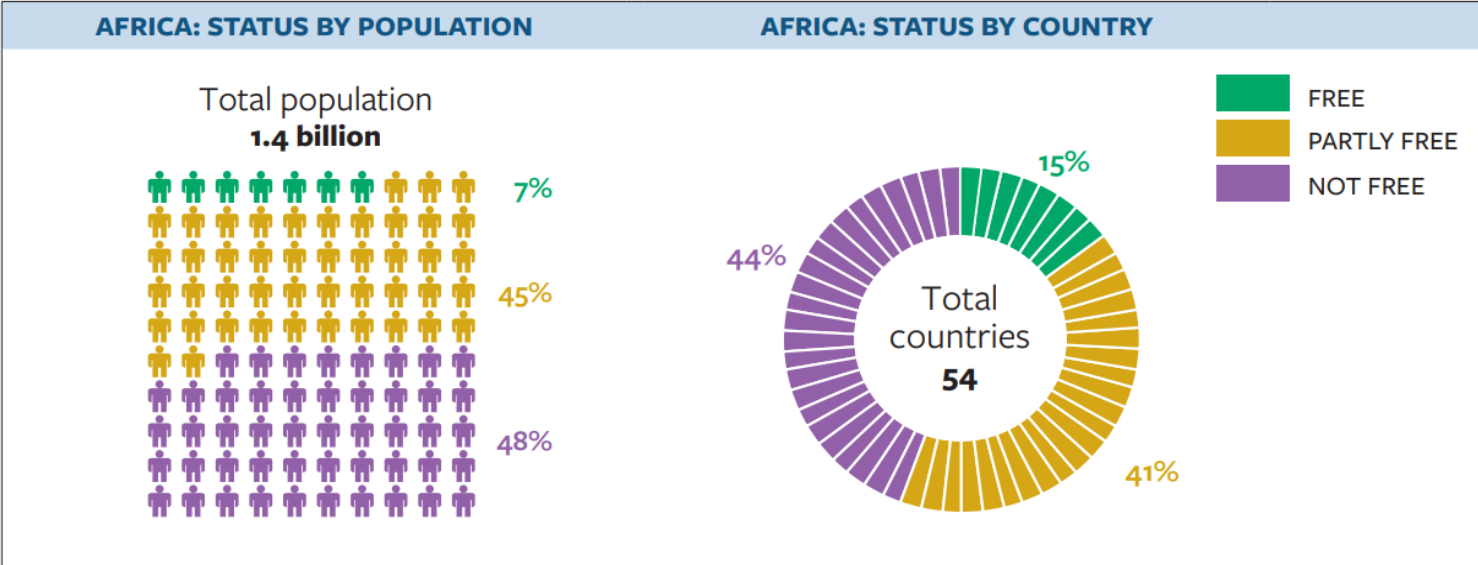


- ❑ What data says on possible accountability trends in Africa**
- ❑ Why accountability matters in public debt and PFM**

❑ What data says on possible accountability trends in Africa

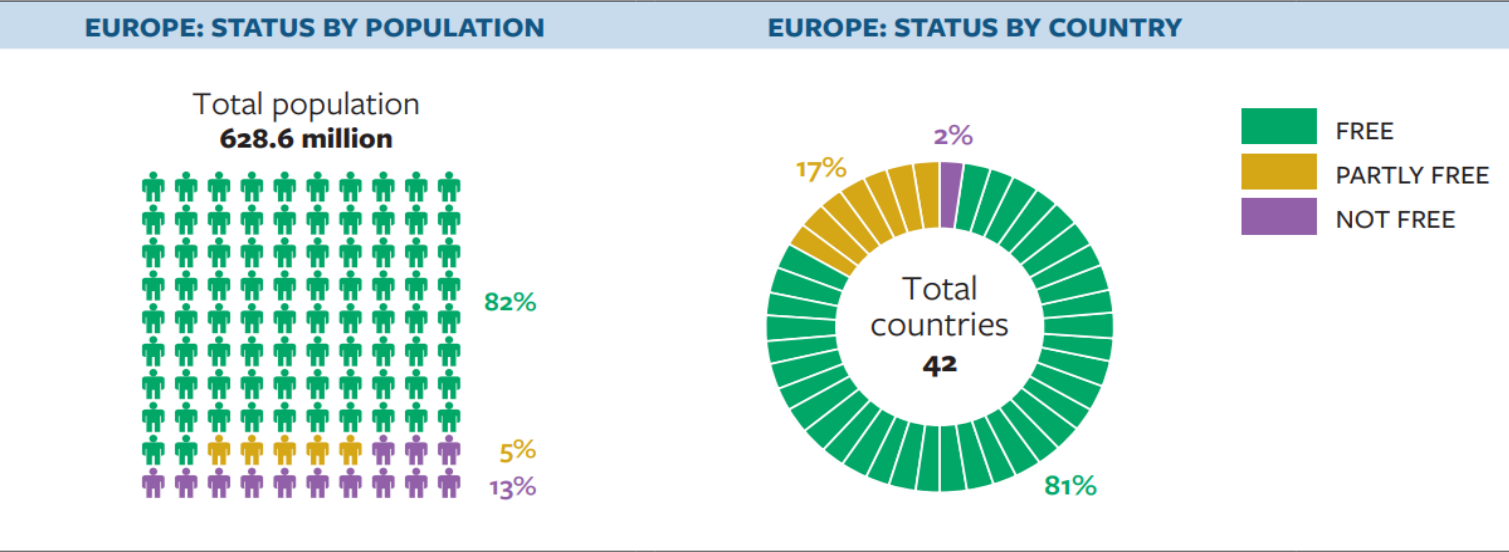
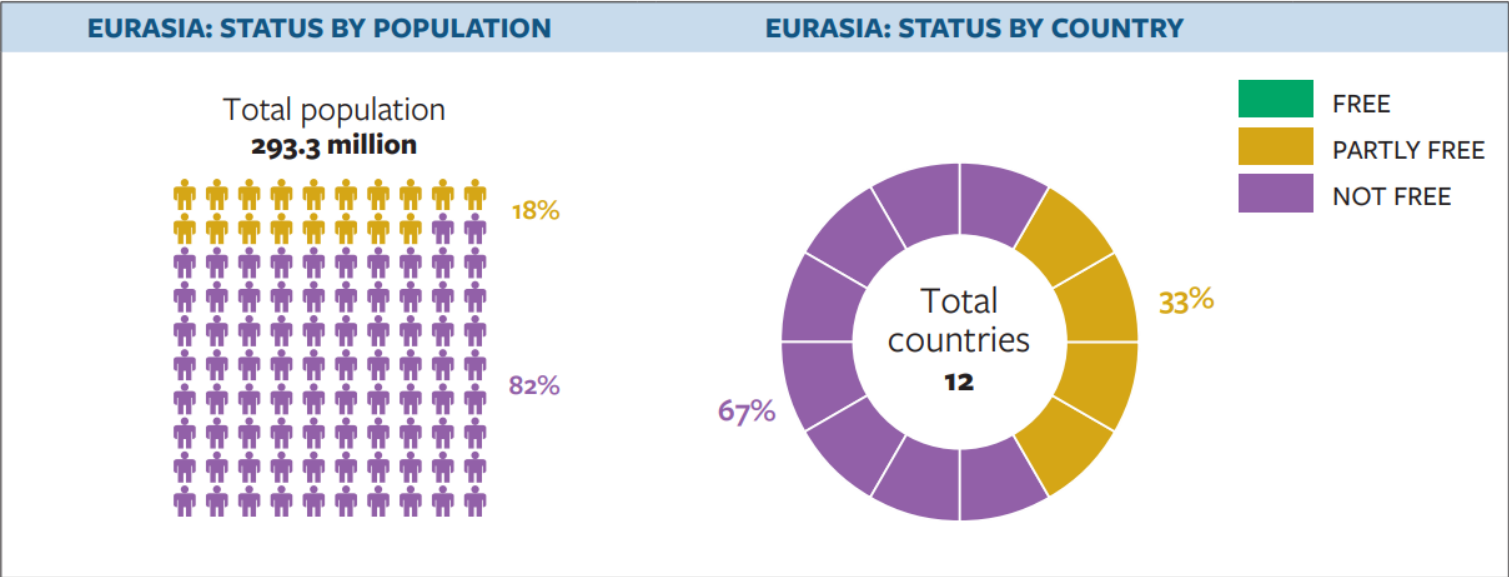


❑ What data says on possible accountability trends in Africa



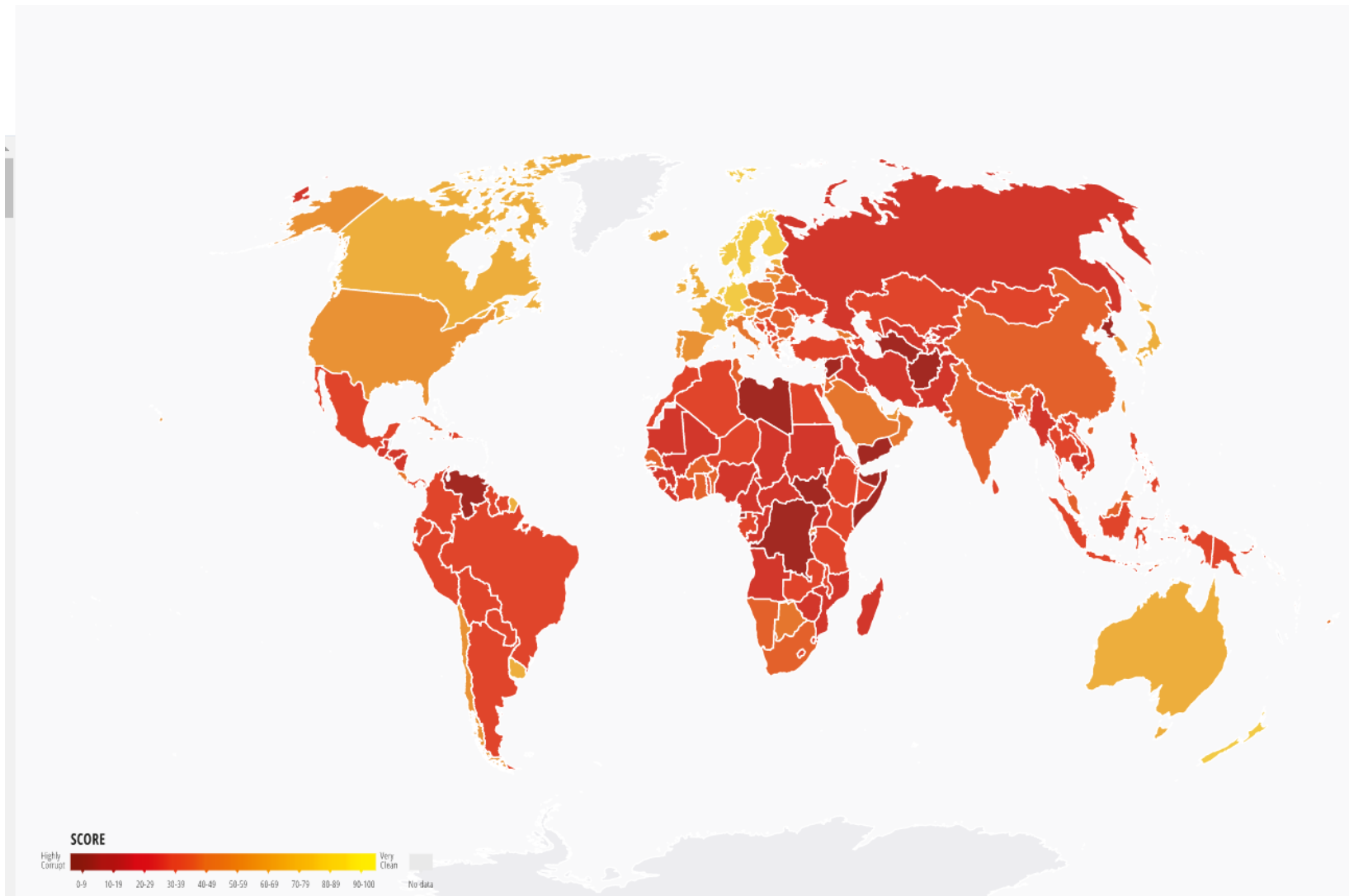
Source: Freedom House 2022

❑ What data says on possible accountability trends in Africa



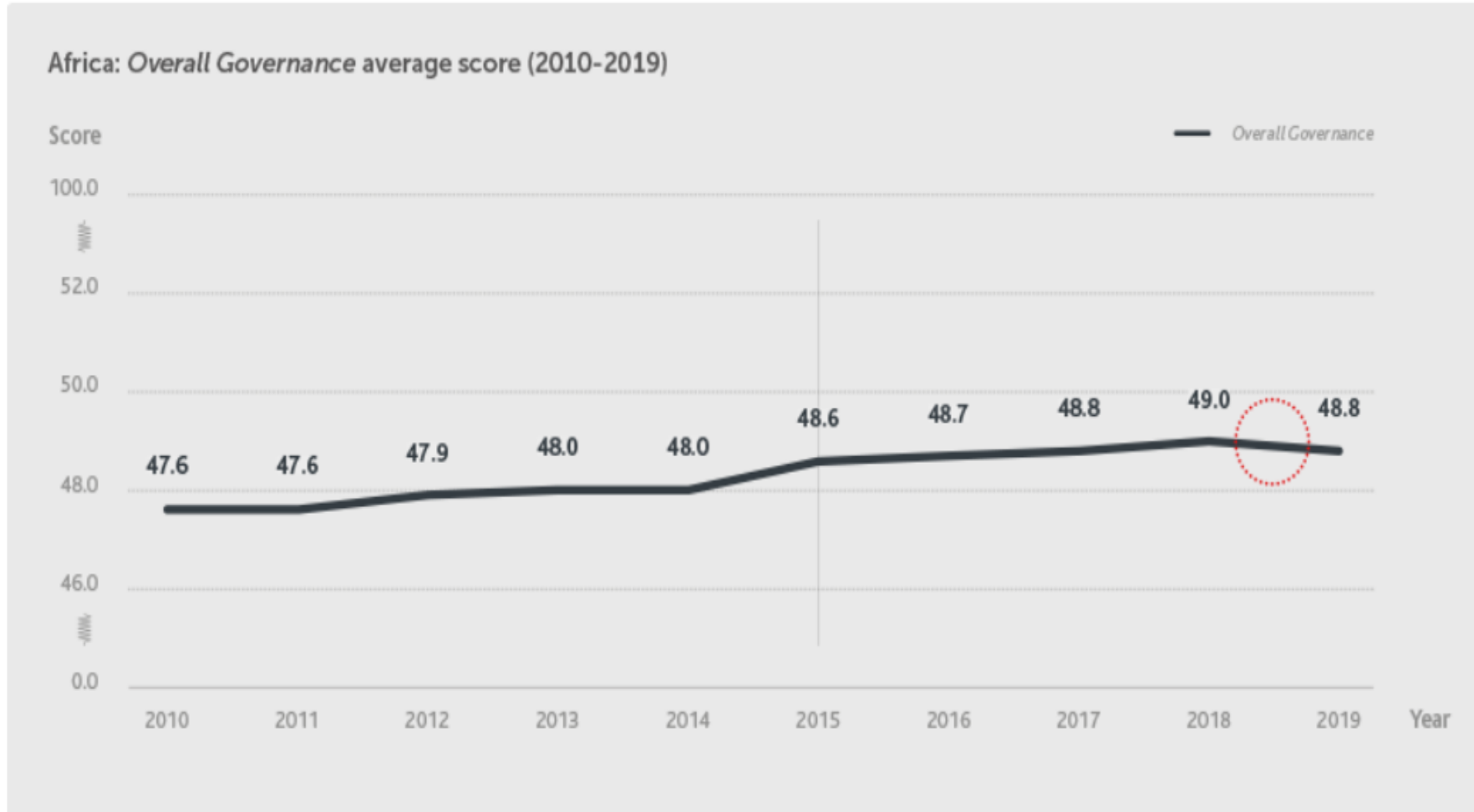
Source: Freedom House 2022

❑ What data says on possible accountability trends in Africa



Source: Transparency International CPI, 2021

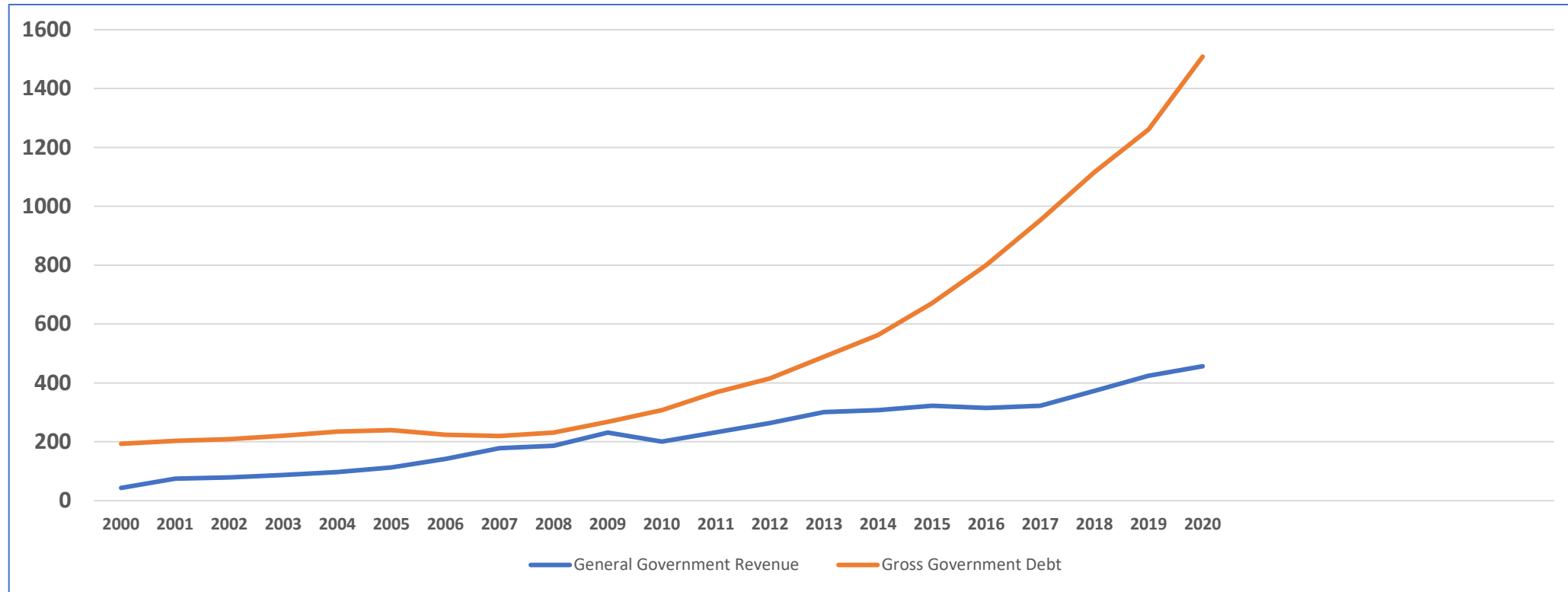
❑ What data says on possible accountability trends in Africa



Source: ILAG, 2020 Report

❑ Why accountability matters in public debt and PFM

Africa's rising debt

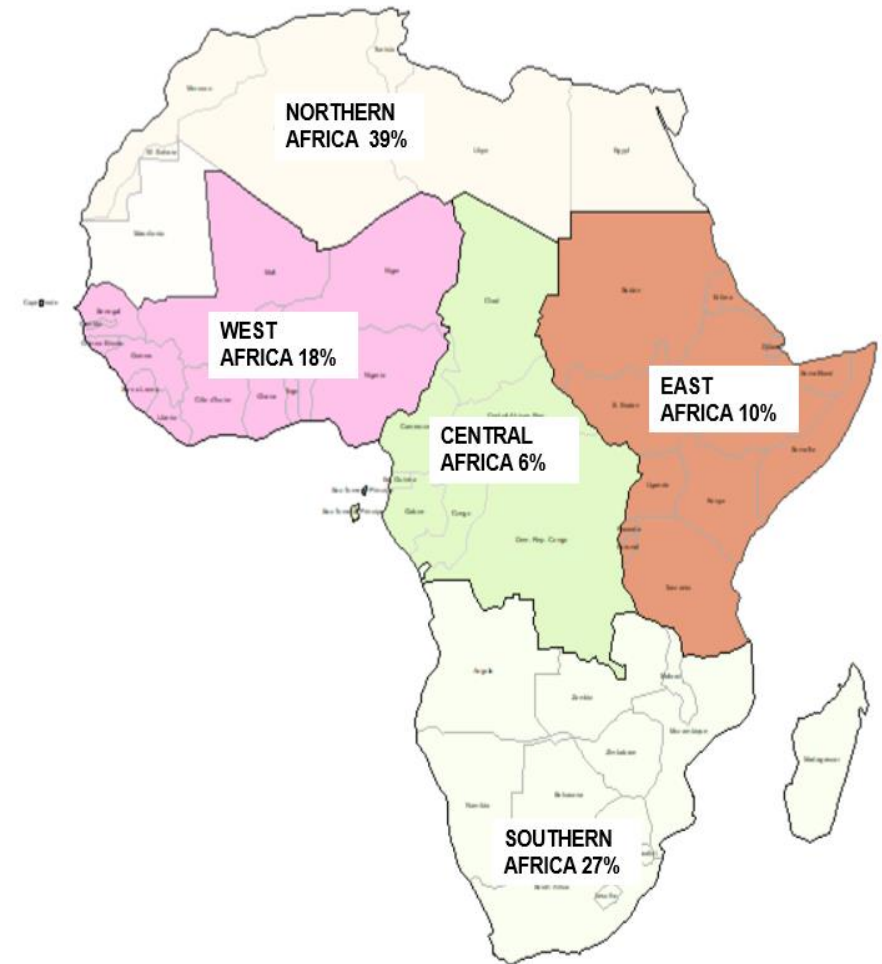
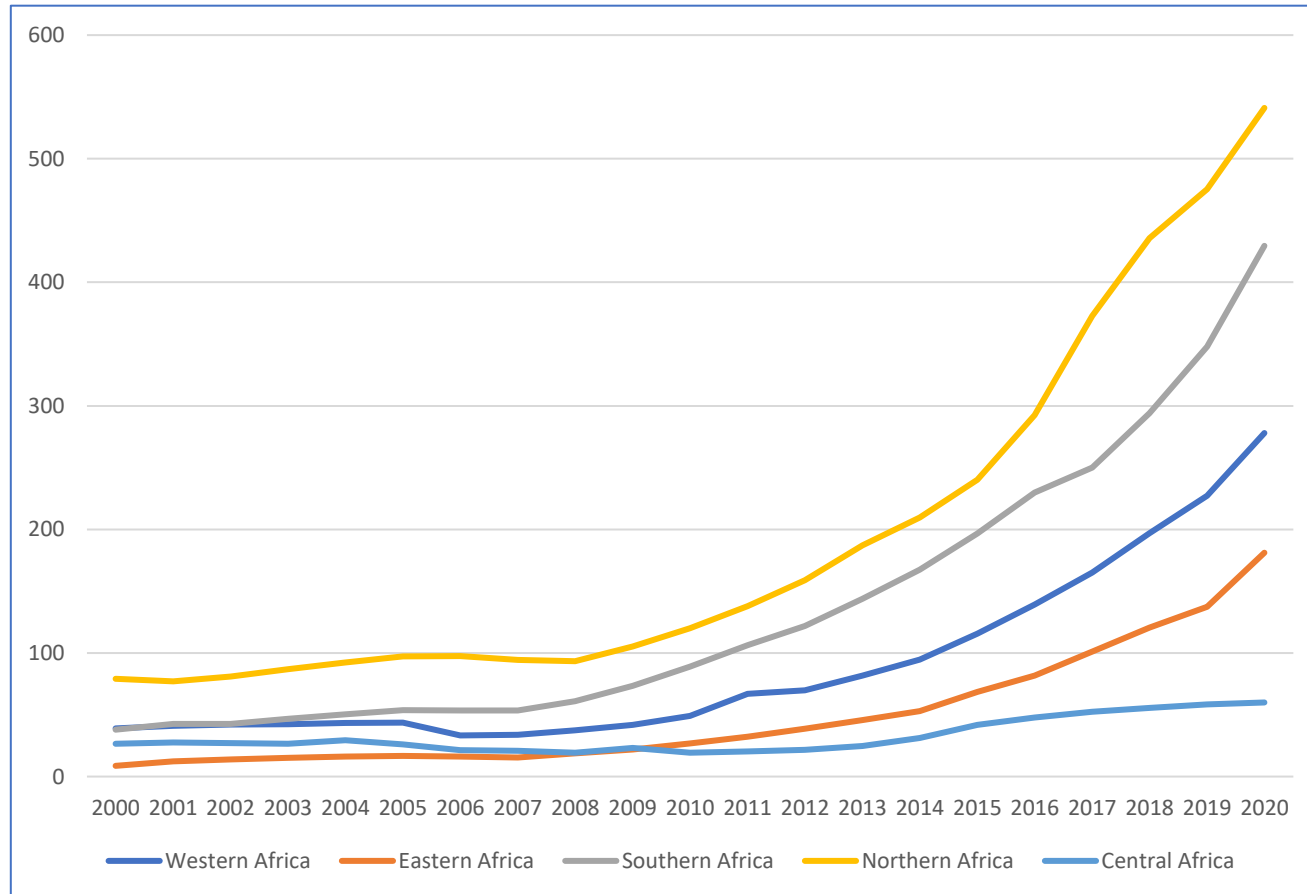


- Widening gap between the two variables – more debt accumulation, less revenue

Source: computed from WEO database

□ Why accountability matters in public debt and PFM

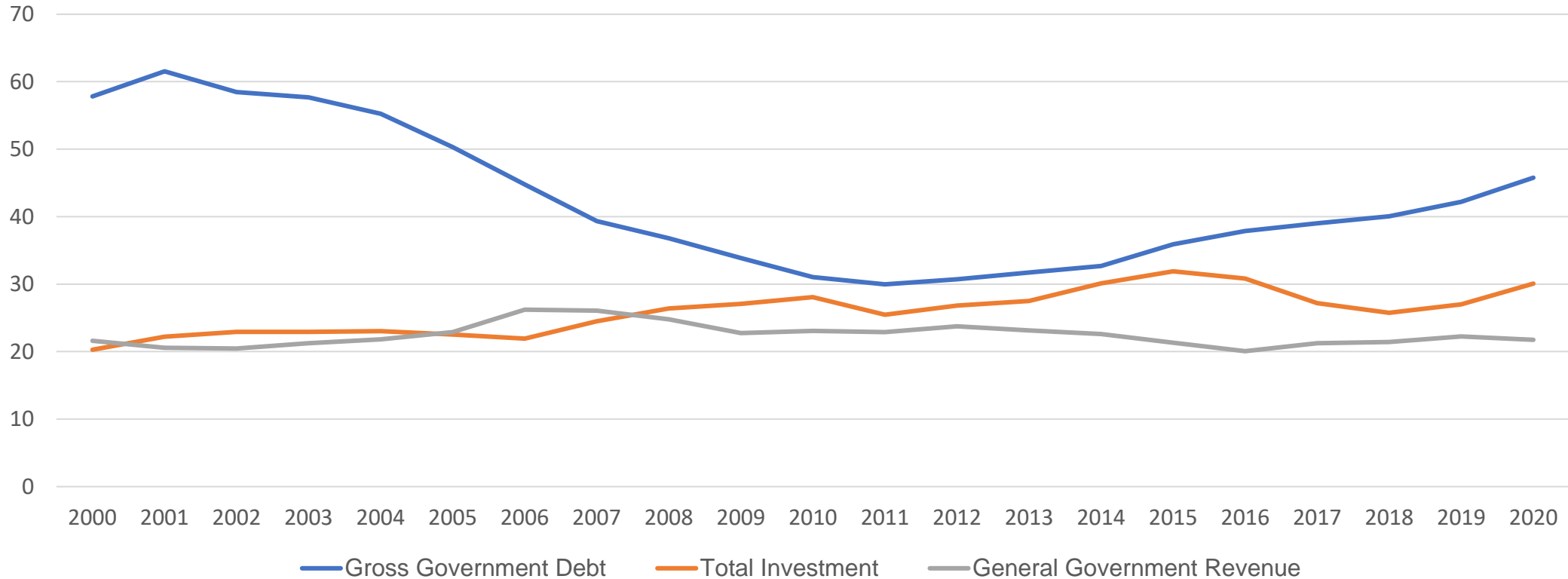
Africa's rising debt



- Reflects total liabilities to be debt free / all accrued financial obligations

□ Why accountability matters in public debt and PFM

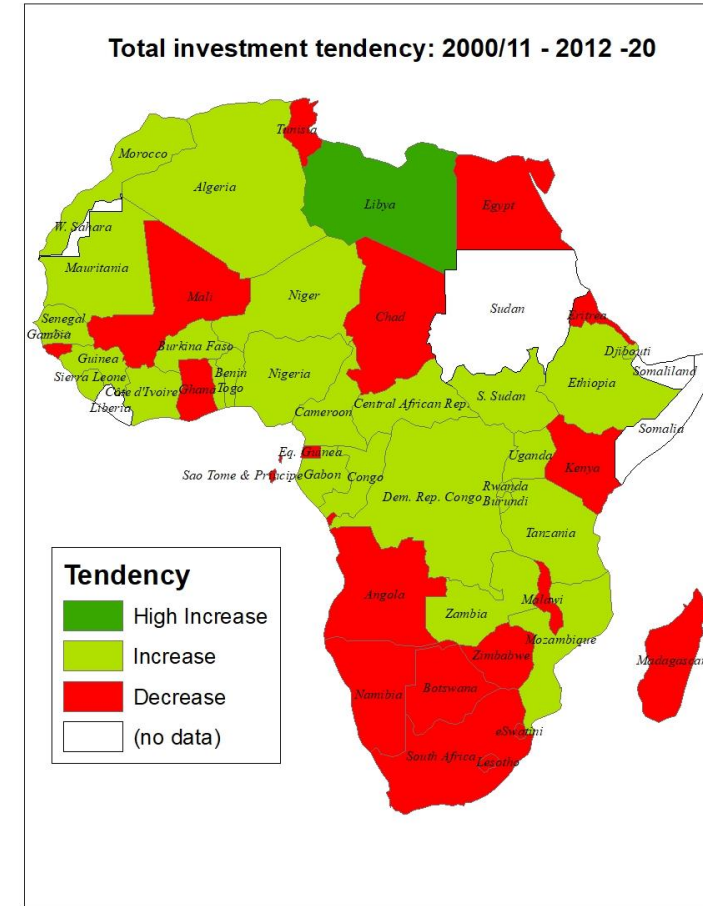
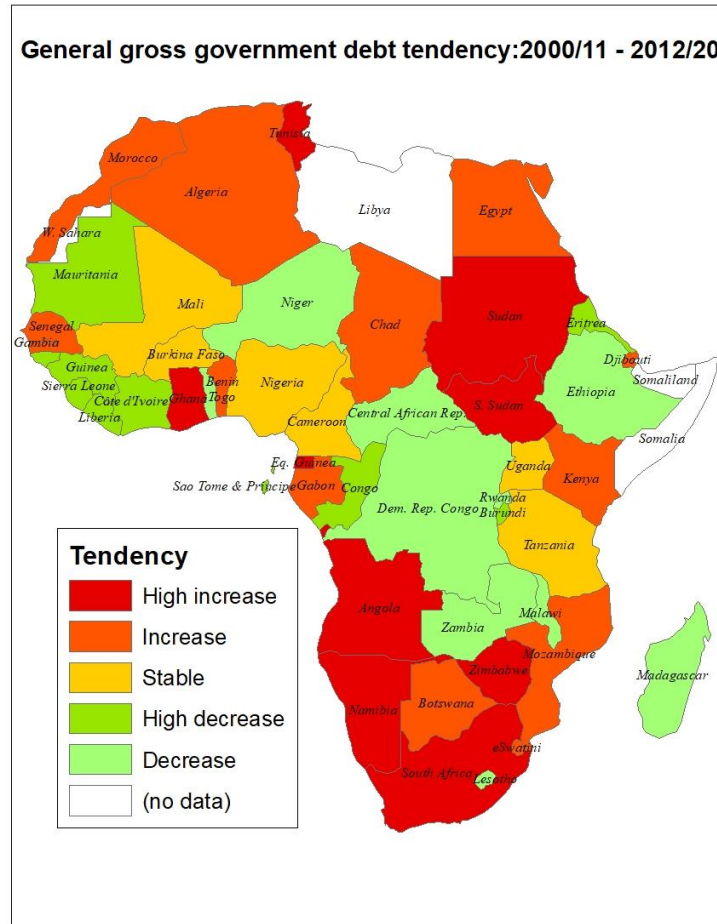
Africa's rising debt



- Gross government debt declined due to debt relief (2001-11) but has stayed above total investment and Government revenue for the past 20 years (as % GDP)

□ Why accountability matters in public debt and PFM

General Gross Government Debt and Total Investment tendencies in various countries: 2000-11 and 2012-2020

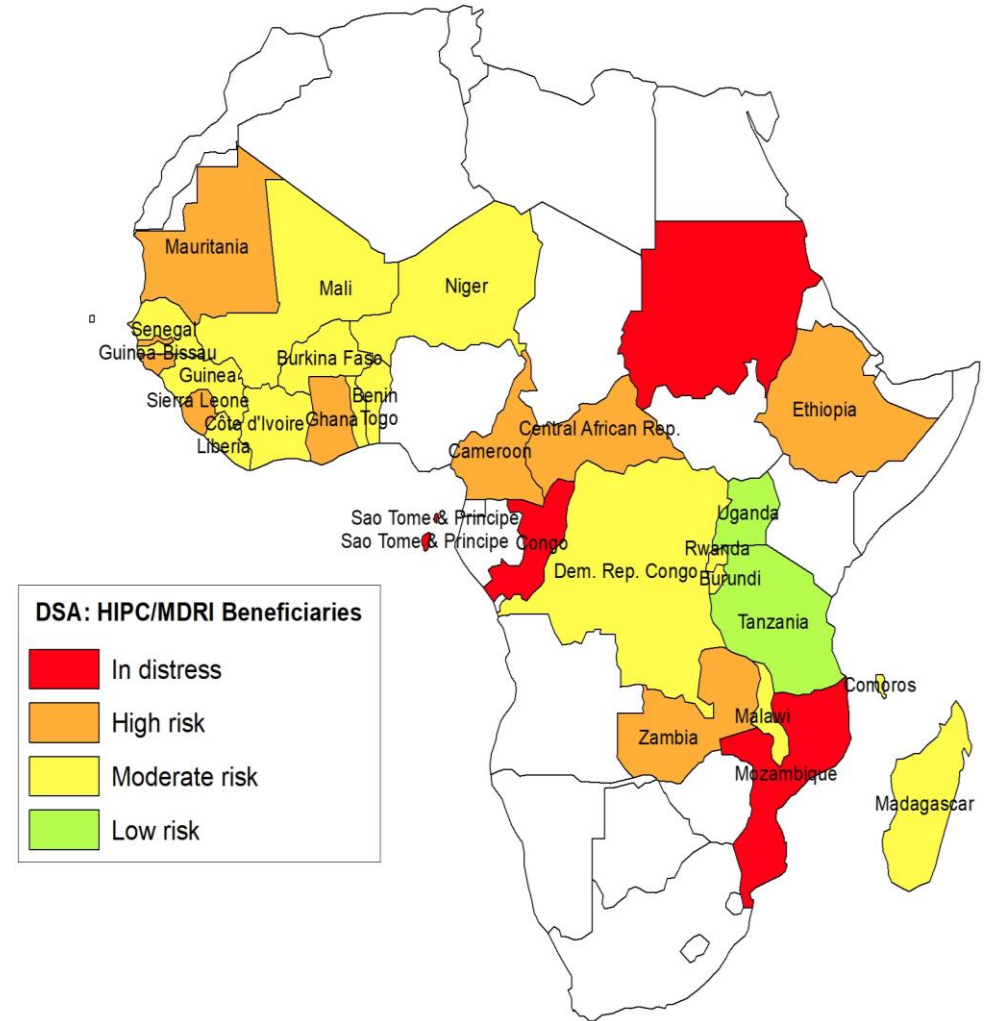
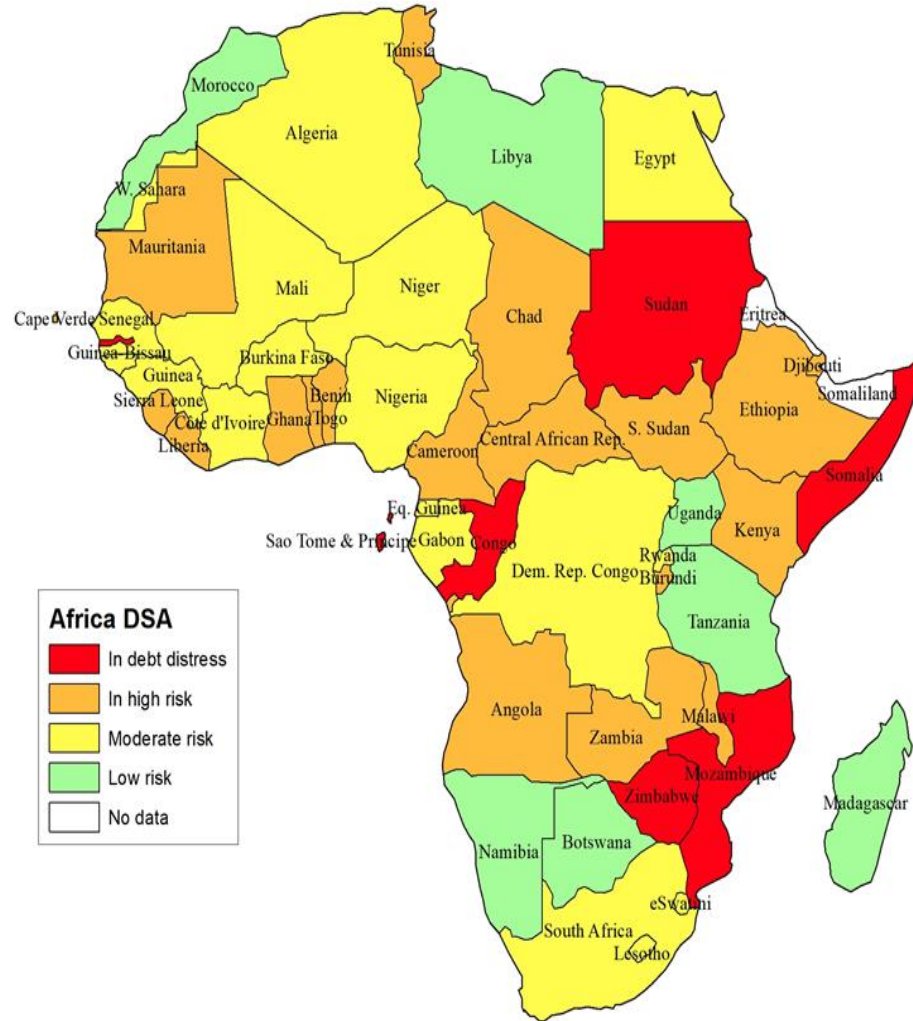


- Growth in total investment in many countries but below debt accumulation

Source: computed from WEO database

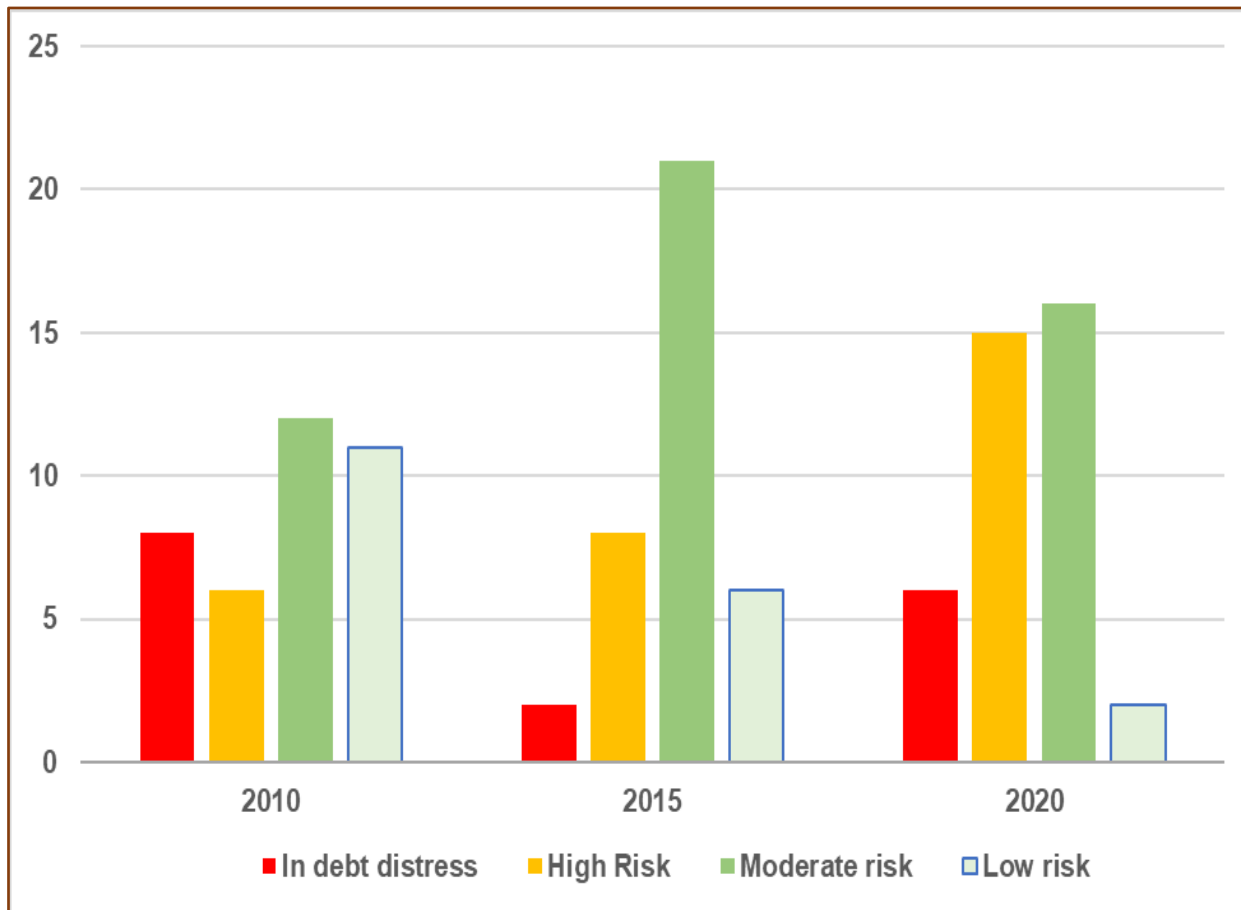
Why accountability matters in public debt and PFM

Debt Sustainability Analysis



□ Why accountability matters in public debt and PFM

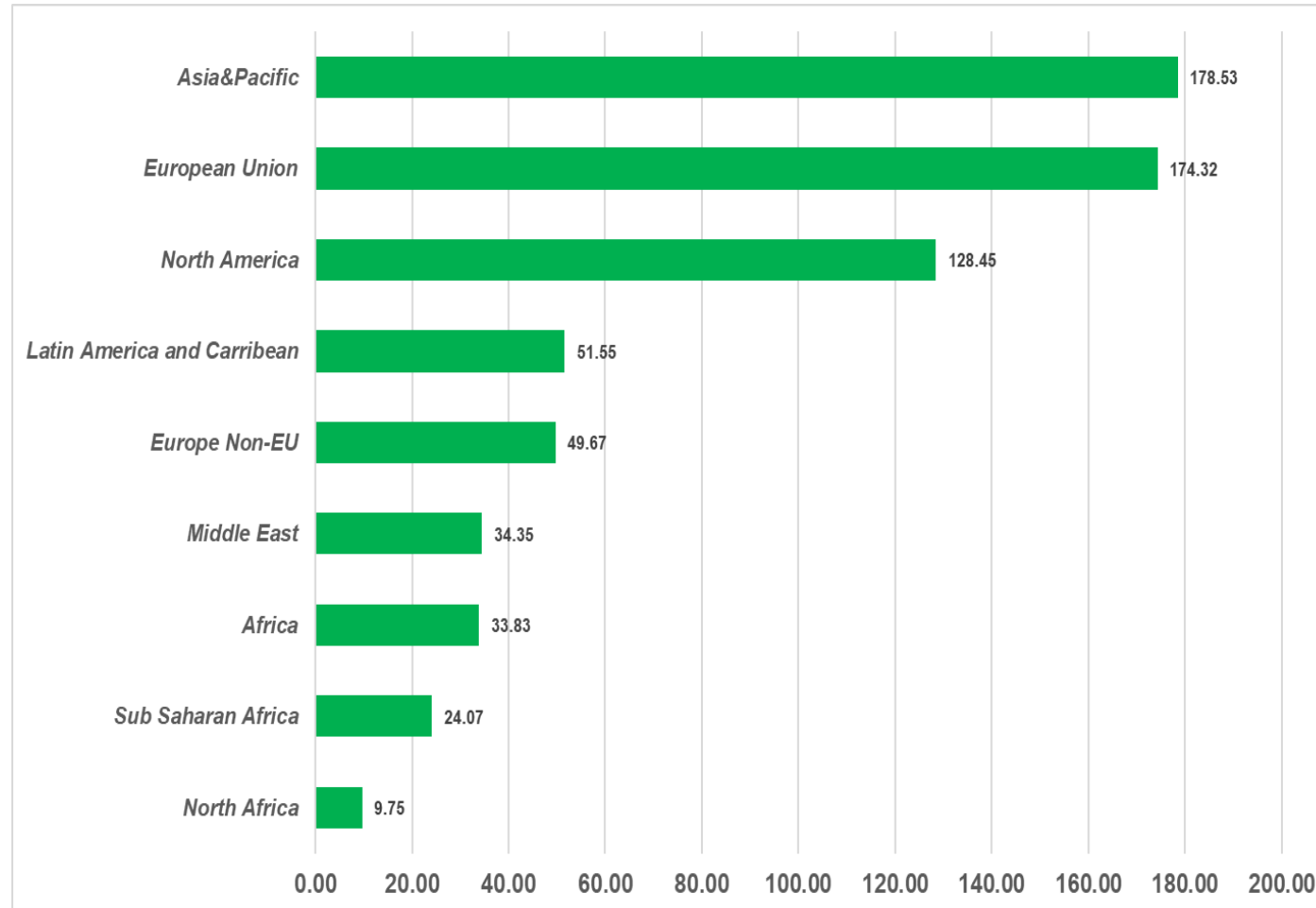
Debt Sustainability Analysis



- **Debt distress, 2010 – 2015:** from 8 to 2
- **Debt distress, 2015 – 2020:** from 2 to 6
- **High risk debt distress, 2010 – 2020:** from 6 to 15 (almost tripled)
- **Low and moderate 2010 – 2020:** have dwindled despite the gains that were already made in 2010

□ Why accountability matters: public debt trends and SDRs

Global allocation of SDRs - 2021

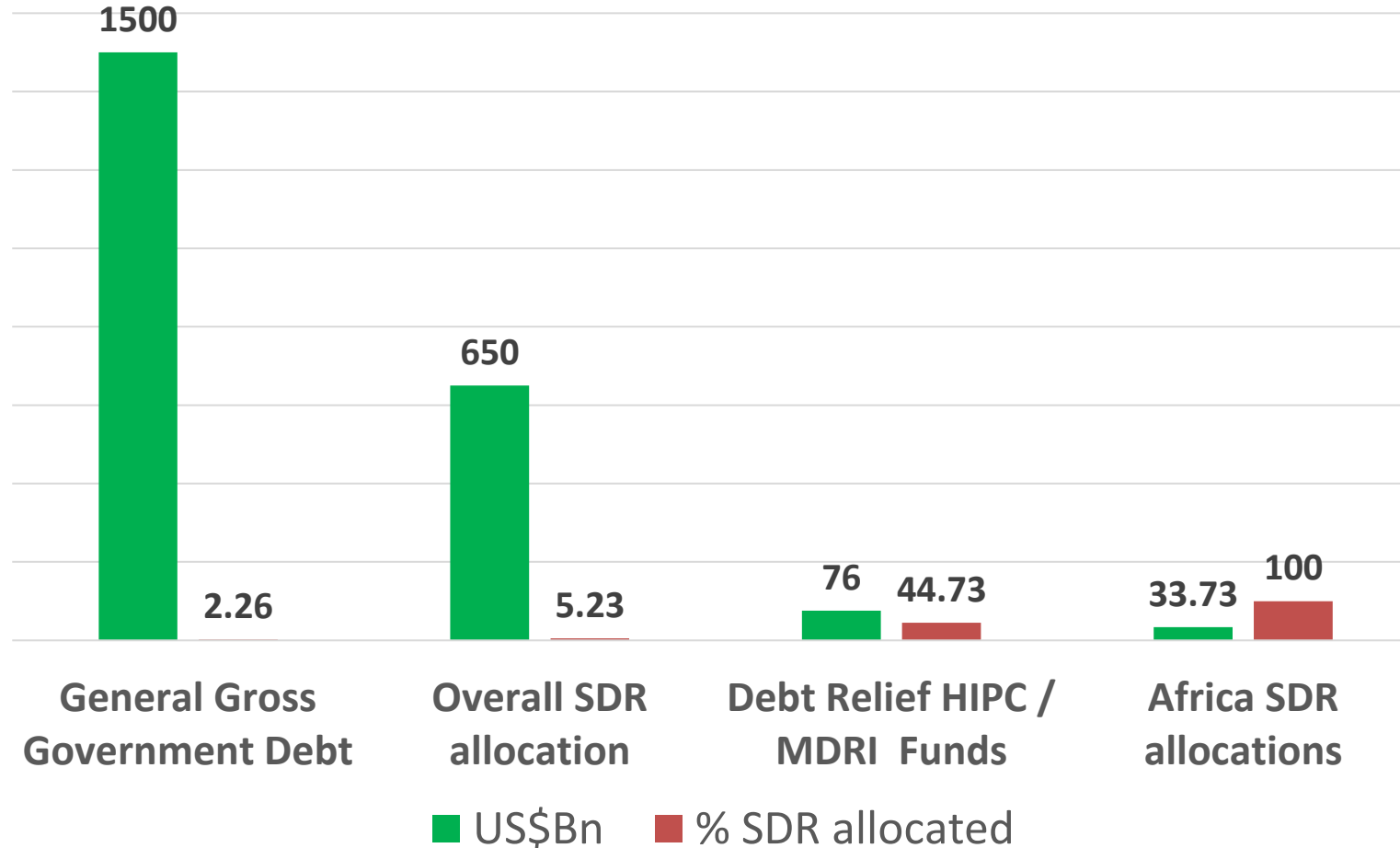


**Benefit more through
rechannelling**

Source: *computed from IMF sources*

□ Why accountability matters: public debt trends and SDRs

Global allocation of SDRs - 2021

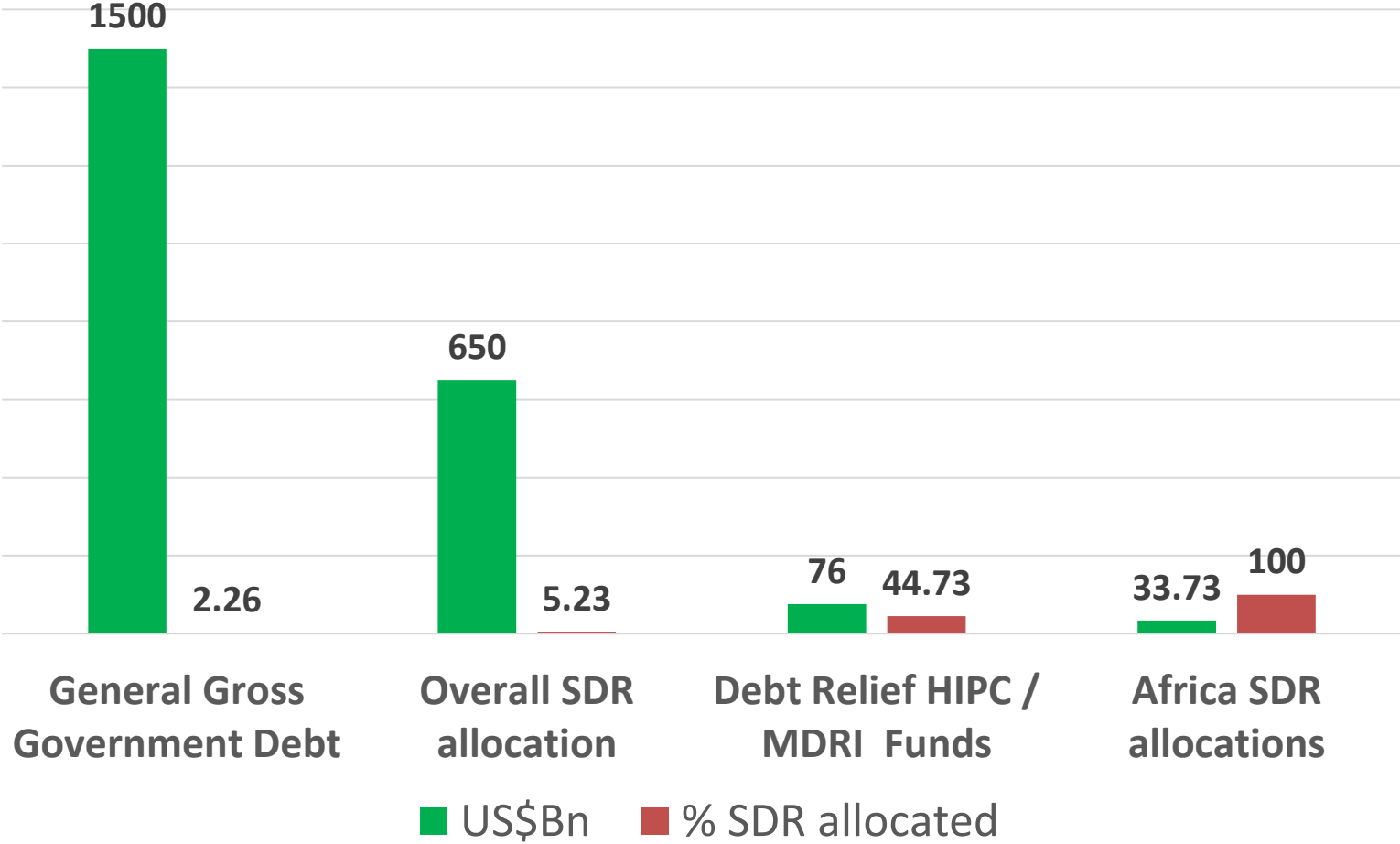


**Benefit more through
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Source: *computed from IMF sources*

□ Why accountability matters: public debt trends and SDRs

Global allocation of SDRs - 2021

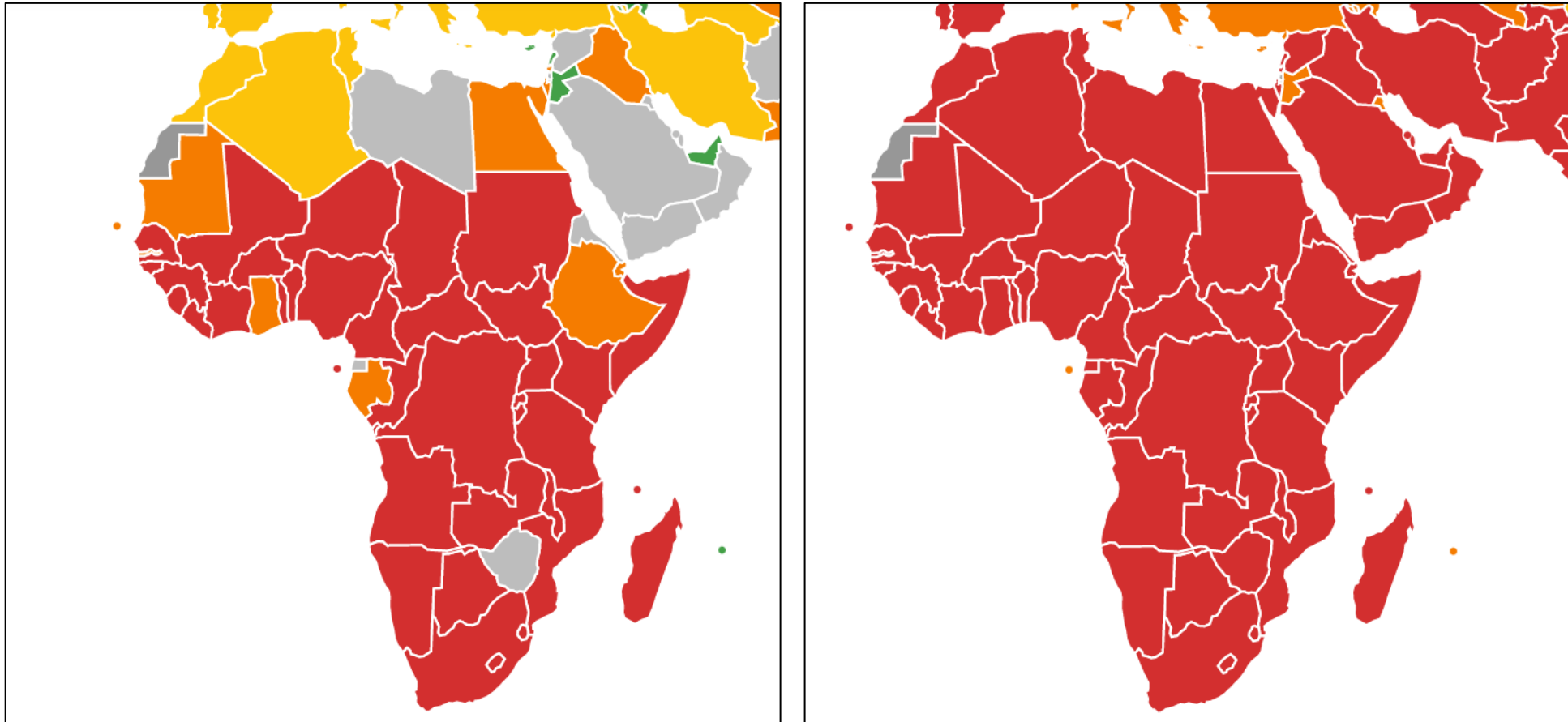


Benefit more through rechanneling

Source: computed from IMF sources

□ Why accountability matters in public debt and PFM

- SDGs

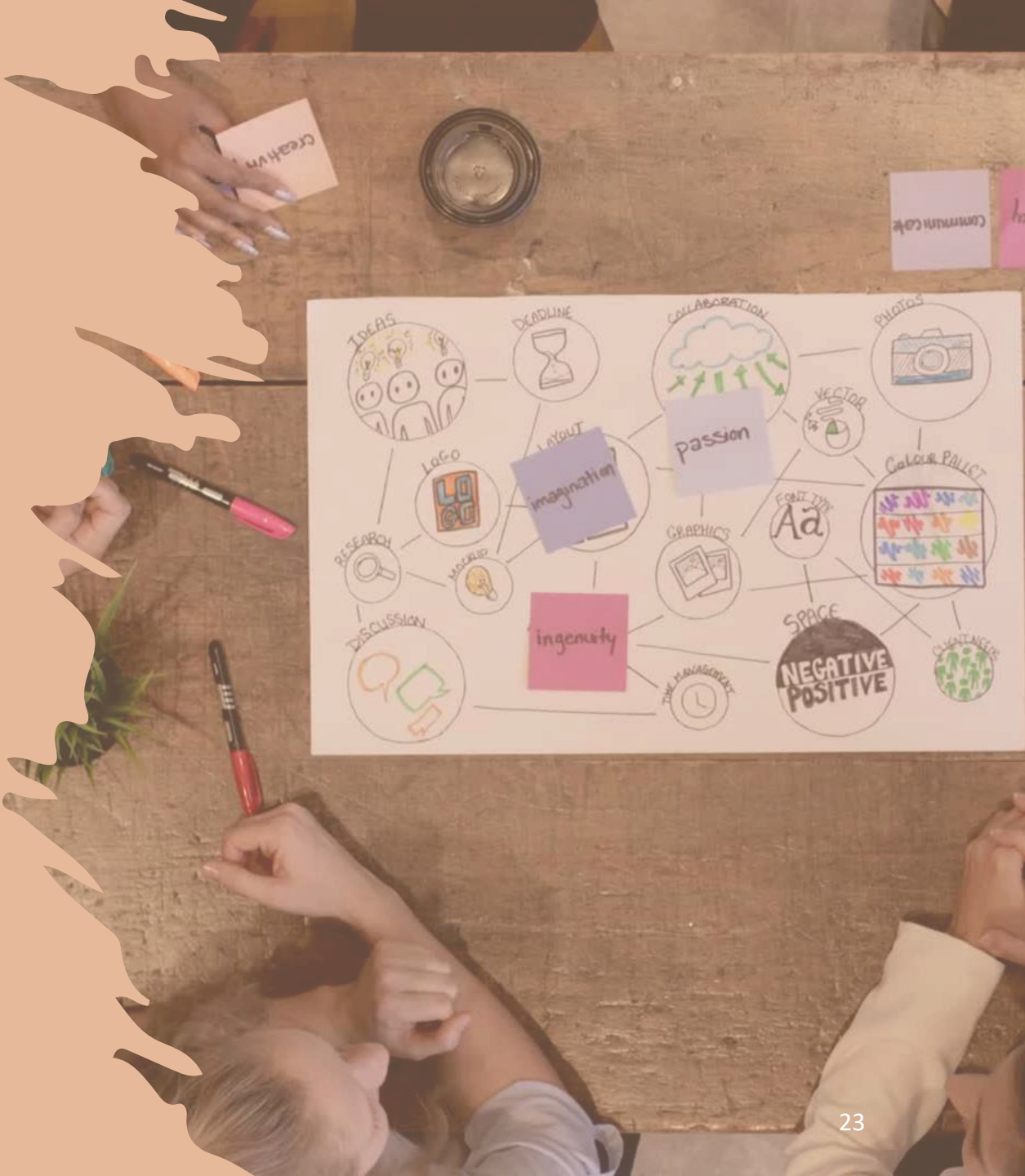


What the majority of SDGs: – welfare goals (poverty, hunger, good health, quality education, equality, clean water and sanitation, energy, etc, looks like - Significant challenges remain/Major challenges remain

□ Why accountability matters in public debt and PFM

- Required not to leave the questions of being 'answerable to; at the discretion of those in authority
- The biggest problem Africa will face is accountability, NOT resources to finance development
- Mark of responsibility and building confidence in creditor and partner community
- Curbing conditionalities and austerity – greater independent policy space to African governments
- Question of governance is wanning – rise of new actors
- Need to revisit and rethink – what works and has not worked
- Ambitious development plans – bridging policy gaps

PART 3: OPERATIONALISING ACCOUNTABILITY



□ Modalities of accountability – approaches to actualisation

- Product of **historical and material circumstances**; mechanisms remain fragmented – based on different political experiences
- **The Democratic Approach:** based on the notions of **social contract** and struggle to control those who hold delegated power /authority on behalf of the people through elections
- **Trias Politica:** Separation of powers - legislation, executive and judiciary. Extends to **levels of and form government/state** - based on either the twin processes of decentralisation or federalism or centralised state authority

□ Modalities of accountability – actualising accountability

- **The Bureaucratic Approach:** Rationalised bureaucracies which subject accountability to the **oversight of an organisational environment**. Assigns the demands of accountability directly to public office holders
- **Legalistic notion:** Application of the **rule of law and the principal and agent relationship**. The agent is required to demonstrate conformity to the demands, intentions and interests of the principal

□ Modalities of accountability – actualising accountability

- **Market-based deregulation:** introducing markets / giving them greater leverage to **orchestrate competition** that could enhance accountability: alternative to governmental waste, inefficiency and responsiveness
- **Donor prescriptions:** World Bank and IMF **conditionalities** but has also waned with increasing influence of non-traditional actors - e.g. China - shifting focus more to efficiency with which to achieve economic growth and development - irrespective of other forms accountability

□ Modalities of accountability – actualising accountability

- **The globalization effect and alternative streams of governance:** emergence of alternative streams of governance through multilateral channels and at different levels adds layers of complexity to the notion of accountability

❑ Available Civil Society Tools to advocate for accountability

- Revisiting the whole notion of elections – raison d'être
- Civil society advocacy
- African Peer Review Mechanism of the African Union
- Instituting the ombudsman
- Instituting public hearings and participatory governance processes

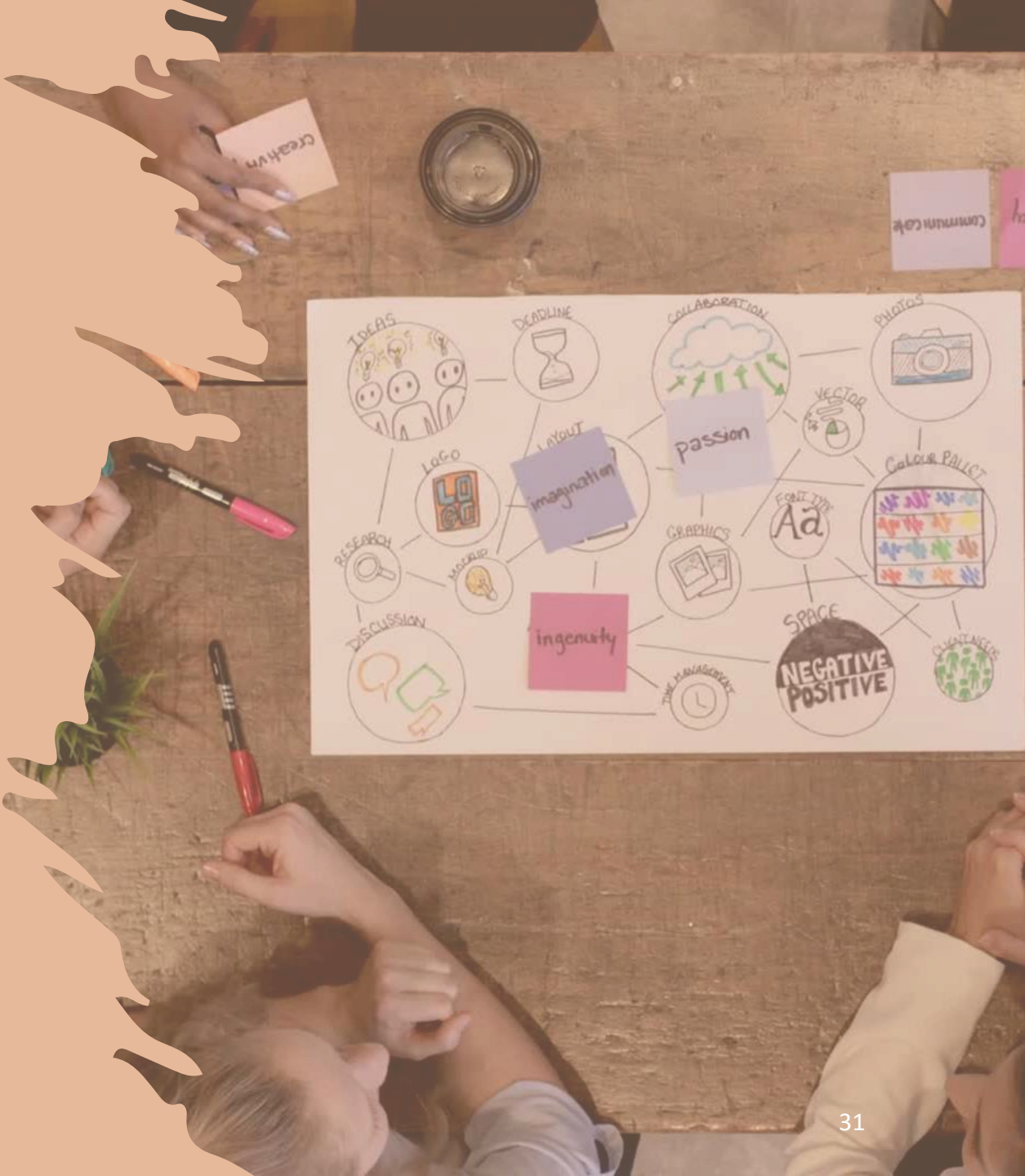
❑ Challenges

- **State capture, instituted patronage systems** and divided complex individual and group interests – **failing liberal political institutions** that impede accountability mechanisms
- Inflated expectations that governments can/will be held accountable, yet many democratic institutions suffer from weak accountability or its pervasive lack
- It takes accountability to build more accountable systems – in few cases of benevolent autocratic leadership has enforced accountability needs – **stroke of luck?**

□ Challenges

- Holding accountable delegated power is itself delegated to individuals: bureaucrats, senior judges, auditors-general and members of legislative public accounts committees – who will watch the watch dog?
- African democracies obvious to face challenges – fairly young countries compared to advanced democracies – as recent as the 1960s and some just coming out of military rule and dictatorships as recent as the 1990s

CONCLUSION



□ CONCLUSION

- **IMPORTANT TO NOTE:** Our discussion on accountability often do not take into account the complexities on what accountability has meant and would mean but has rather tended to be more prescriptive – another layer of complexity of its own
- **Accountability** remains a mixed bag of issues based on different historical and contextual experiences. Making progress though possibilities of learning and replicating experiences that have worked better. Making excuses and self-preservation to the detriment of the common good.

☐ References & further consultations

- **Dowdle, M.W., 2017. *Public accountability: Conceptual, historical and epistemic mappings*. In PETER DRAHOS (Ed), *Regulatory Theory: Foundations and applications*, Chapter 12. ANU E Press: Canberra. Available: <https://www.jstor.org/stable/j.ctt1q1crtm> [Accessed: 17th August 2021]**
- **Freedom House, 2022. *Freedom in the World 2022*. Available at: https://freedomhouse.org/sites/default/files/202202/FIW_2022_PDF_Booklet_Digital_Final_Web.pdf (Accessed: June 2022)**
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- **Sustainable Development Report 2022: *From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond* Available at <https://s3.amazonaws.com/sustainabledevelopment.report/2022/2022-sustainable-development-report.pdf> (Accessed, June 2022)**
- **Transparency International, 2022. *Corruption Perception Index* Available at: <https://www.transparency.org/en/cpi/2021> (Accessed, March 2022).**

THANK YOU

