



**AFRICAN FORUM AND NETWORK  
ON DEBT AND DEVELOPMENT**

**Reaction to the Press Released by IMF/WB on 12<sup>th</sup> April 2023 After Global Sovereign Debt Roundtable Meeting**

---

AFRODAD takes note of the fact that during IMF/WB Spring Meeting in April 2023, IMF/WB convened a Global Sovereign Debt Roundtable (“the Roundtable” or GSDR). Indeed, AFRODAD believe that the fundamental need for global debt restructuring is long overdue, and the time is ripe now for African countries to be considered as major players in debt restructuring processes. Currently, half of African countries are facing difficulties in fulfilling their debt repayments with eight of these countries regarded to be in debt distress. It must be noted that by end of the year 2022, Sub-Sahara Africa’s total external debt stock was estimated at \$702.4 billion compared to \$380.9 billion in 2011 showing almost twice fold of debt increment in the continent. Over the years, debt has had a negative effect on the continent’s financial security with most countries channeling extra amount of money to repay debts and interest instead of expanding service deliveries including health, education, and clean energy.

There have been a number of debt roundtables in the past, but they have been dominated by creditor-centric discussions and groups like the Paris Club and the G20 Common Framework discussions. These talks have had lesser or no positive impact on Africa’s economies since they have been dominated by the creditors while debtors are excluded from the talk. This comes at a time that most countries in Africa including Ghana and Zambia have already defaulted almost half of their external debts. We also need to recall that this is a second GSDR with the first meeting held in India and the end point did not yield to any positive impact on the debt sustainability and debt restructuring challenges. This therefore poses the question on how the current Global Sovereign Debt Roundtable meeting held in Washington during the IMF/WB Spring Meeting will yield tangible results.

The GSDR initiative comes at a time that fiscal conditions and debt predicaments is undeliverable for African countries. From its inception in the year 2020, it is in the public domain that the G-20 Common Framework is not delivering on timely, comprehensive and fair debt treatments. AFRODAD has over a 27 years record on working on global debt architecture issues and we see The GSDR initiative as just like any other initiative that will support the G-20 Common Framework. The fact remains that even from the meeting itself, just few borrowing countries participated i.e. from Africa, there were Ethiopia, Zambia, and Ghana; from Latin America participating countries were Ecuador and Suriname while Sri Lanka was the only Asian borrower country; this says a lot about the meeting. We believe that without inclusiveness and transparency in the ongoing discussions to address sovereign debt resolution, the GSDR will not be able to achieve its goal. The conveners should recognise that the current debt architecture is opaque and there is need for new consensus and instruments to deal with debt problems.

The decision by IMF/WB to involve both the Paris Club and non-Paris Club creditors, debtor countries, and representatives of the private sector is also welcomed. However, we are cognisant to the fact that information and key discussions have only been through informal strategies thus creating an opacity and lack of inclusiveness which does not bode well for the success and credibility of this initiative. There is therefore need to go beyond just the GSDR informal discussion which proposes for the involvement of both the IMF and WB in the G-20 Common Framework and invite Low Income Countries, Africa included in to a formal discussion on the best strategies that work for them and not the creditors only.

With its political muscles, we believe that the Roundtable has the potential to build political consensus among its participants and also in recognising the political role that African leaders can play in the debt restructuring process. The involvement of the IMF in the Common Framework makes the initiative more burdening since the IMF programme champions fiscal consolidation and austerity. In reality, austerity and consolidation mean resource diversion from public services to debt servicing and further contraction of fiscal policy space. We believe that these are processes that have so far made it impossible for the Common Framework to deliver on any debt cancellation. It therefore makes the whole process a creditor appeasement but not about citizenry and the people's voice. We believe that the Common Framework is naturally creating conditions for more lending or borrowing and therefore indebtedness of Africa, and not about economic transformation in the region.

Finally, we believe that there is a need for establishment of a multilateral legal framework to prevent and resolve sovereign debt crises. These are some of the best alternative strategies that we anticipate will address structural reform of the international financial architecture. The involvement of IMF and WB in the G-20 Common Framework advocacy sends an alarm on the role of these multilateral institutions; thus, we believe that the United Nations, being a non-actor in the initiative and also with the responsibility to address critical global issues will be the best broker in championing for inclusive deliberations on transparent global debt restructuring mechanisms. We believe that this process will provide an avenue for equal right and each country will be treated as a partner in the debt restructuring process without inferiority complex.