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## Terms of Reference

### Development of a Methodological Note for African Debt Barometer

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#### I. Introduction

The [African Forum and Network on Debt and Development \(AFRODAD\)](#) is a Pan-African civil society organisation established in 1996 to advocate for debt cancellation and addressing debt related issues in Africa. Our **vision** is ***“A Prosperous Africa based on equitable and sustainable development”***; and our **mission** is ***“To contribute to Africa’s inclusive economic growth and sustainable development through influencing policy change on debt management and development finance anchored on a rights-based approach”***.

Over the past 25 years, we have built expertise on public debt management issues and its intersectionality with domestic resource mobilisation, and international public finance in Sub-Saharan Africa and continue to be concerned that African economies do not become highly indebted and in debt distress as in the 1980s. Our work focuses on influencing African governments and institutions to adopt accountable and transparent public debt management policies and practices for sustainable development and eradication of poverty.

According to the United Nations on Trade and Development more than 50% of African economies are spending more on debt servicing than on public investments, education, and health. Moreover, the diverse creditor landscape e.g. commercial lenders, new bilateral lenders, and new multilateral lenders, debt relief processes are embroiled in self-serving interests to guarantee repayment over African lives. Africa’s debt crisis is therefore worse in 2024 than it was in the 1980s and 1990s that led to the debt cancellation programme under the Highly Indebted Poor Country Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI). Addressing both short to long term debt challenges requires African governments to have tools, analysis, policy options, and common positions to enhance better strategies and outcomes in contract negotiations.

To address Africa’s debt current debt challenges, AFRODAD is proposing the development of an African Debt Barometer that:

1. Prioritises to push at the national, continental, and global levels for reforming of the global debt architecture through an African Accountability Mechanism that is acts as the foundation for enhanced transparency, accountability, and governance of Africa’s debt architecture.
2. Proposes African Governments lead in developing a common African position and consensus on sovereign debt that definitively seeks to overcome once and for all the distressed nature of the sovereign debt.
3. Urges Governments to work with their National Legislatures to strengthen national legal frameworks to ensure transparency and accountability for sovereign debts negotiations, borrowing and management as espoused in AFRODAD’s African Borrowing Charter.

The development of the African Debt Barometer will be done in three phases.:

1. Phase 1 – Development of the Methodological and Statistical Note that will devise a data and empirical approach for the Barometer. This Note will conduct a desk review of all proposed data and statistical indicators to be used in the development of the Debt

- Barometer to ensure accuracy, robustness, and legitimacy. It will furthermore ensure official sources of data and statistics from government and international institutions.
2. Phase 2 – Data Collection, Cleaning, and Assembling of the Debt Barometer.
  3. Phase 3 – Test Phase for of Debt Barometer including the identification of pilot countries and Development of descriptive narrative of the Barometer
  4. Phase 4 – Launch of the Debt Barometer
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## II. Background

AFRODAD's [Harare Declaration of 2021](#), the African Debt crisis was accelerated by the onset of the global health pandemic, Covid-19. The global pandemic exposed structural vulnerabilities of African economies to global economic shocks without adequate domestic revenue mobilisation options coupled by high cost of borrowing and debt servicing crowding out public investments. In addition, the limitations of existing mechanisms and frameworks to address debt relief resulting from the pandemic has led to four African countries defaulting on their debt (Chad, Ethiopia, Ghana, Zambia), and thirty-four countries being in debt distress or high risk of debt distress. And with an increasingly diverse creditor group lending to Africa, developing a debt relief process that provides more than short-term restructuring has become critical if the Africa Union's Agenda 2063 is to be achieved. A major challenge is that Africa's DRM efforts are hindered by an [economic and financial architecture](#) that promotes profit shifting, aggressive corporate behaviour, and illicit financial flows. The current architecture has thus failed to deal with these pervasive behaviours which leads to a perpetual cycle of tax revenue shortfalls and debt accumulation. DRM is essential for Africa to break this cycle of unsustainable debt burden which often is transferred to citizens in the form of regressive taxes.

The Debt Barometer builds on AFRODAD's work on [Debt Profiles](#) and the [African Borrowing Charter](#). The national and regional debt profiles provide the intelligence and basis for our policy interventions in countries threatened by debt or about to fall into debt trap again. The debt profiles show countries whose debts are rising sharply and enables civil society to alert and raise the red flag with responsible authorities. Our debt profiles and research since 2020 indicate a rise in borrowing from the private, bilateral and multilateral sources by several African countries.

AFRODAD believes in responsible borrowing and lending practices. The risks and consequences of reckless borrowing have huge negative impact on the citizens and development of African countries. The African Borrowing Charter espouses principles, guidelines and best international practices and processes in sovereign borrowing and lending. Countries that use debt resources responsibly and productively have seen development taking place and poverty reduced.

The Addis Ababa Action Agenda, endorsed by all 193 members of the UN clearly states that "it is the Responsibility of Lenders to lend in a way that does not undermine a country's debt sustainability. Lenders have a responsibility to determine, to the best of their ability, whether the financing has been appropriately authorized"

UNCTAD principles on responsible lending and borrowing equally states that "a lender is responsible to make a realistic assessment of the sovereign borrower's capacity to service a loan" There are many areas where Lenders are doing wrong, for example, lack of transparency and disclosure of loans.

In 2022, public debt in Africa reached USD 1.8 trillion. While this is a fraction of the overall outstanding debt of developing countries, Africa's debt has increased by 183% since 2010, a rate

roughly four times higher than its growth rate of GDP in dollar terms. As a percentage of GDP, Africa's share of external debt has risen from approximately 19% in 2010 to nearly 29% in 2022. Simultaneously, its external debt as a share of exports has risen from 74.5% to 140% over the same period. This latter point is important in Africa since many countries are reliant on exports, especially exports from the extractive industries with little value-added. The imbalance between debt and exports has made it more difficult for Africa to service its external debt as its ability to obtain foreign currency has grown at a rate lower than its debt-servicing costs.

Every dollar Africa spends on debt servicing is one less dollar available for development spending. Over the past decade, developing countries have seen interest payments increase by approximately 64%. In Africa, interest payments have increased by 132% over the same period, at the detriment of spending on education, healthcare and investment.

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### **III. Scope of Assignment**

The scope of this assignment is to implement phase one of the development of the Africa Debt Barometer which is the development of a methodological note to guide the data and statistical collection exercise that is a key component of the Barometer.

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### **IV. Approach and Methodology**

Development of the Methodological and Statistical Note that will devise a data and empirical approach for the Barometer. This Note will conduct a desk review of all proposed data and statistical indicators to be used in the development of the Debt Barometer to ensure accuracy, robustness, and legitimacy. It will furthermore ensure official sources of data and statistics from government and international institutions.

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### **V. Expected Deliverables and Outputs**

The expected deliverable from this assignment is a detailed methodological note on the development of the African Debt Barometer.

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### **VI. Timeframe for Assignment**

The proposed timeframe for the development of the methodological note for the Debt Barometer is a total of 15 days split as follows:

1. Inception meeting with AFRODAD – 1 day
2. Development of First draft – 5 days
3. AFRODAD Internal Review – 2 days
4. Development of Second draft – 3 days
5. AFRODAD External Review – 2 days
6. Development of Final draft – 2 days

The period for the first phase of developing the African Debt Barometer should be completed by 30<sup>th</sup> June 2025.

## **VII. Expression of Interest**

Please submit all expressions as follows:

1. Narrative Proposal
2. Proposed Work-plan and timeline
3. Financial Proposal in USD
4. CVs of all team members
5. References
6. Samples of work that are like this assignment

**All expressions of interest to be submitted to [procurement@afrodad.org](mailto:procurement@afrodad.org) by 1700hrs (East African Time) 30<sup>th</sup> April 2025 with “Phase 1: Development of The African Debt Barometer” in the subject line of the email. Non-compliance with the above will result in automatic disqualification from the process.**

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