

The Harare Declaration 2021:

A New Debt Movement to make Africa a Rule Maker not a Rule Taker

Agreed and Adopted 27th August 2021



PREAMBLE

The inaugural African Conference on Debt and Development (AfCoDD) is taking place at a time when the **access of African countries to development finance has been curtailed** by the onset of the global health pandemic. While many developing countries were already **classified as** facing debt crises before the pandemic, the nature of this debt has been further complicated by the pandemic, in a new landscape that poses even greater risks.

In the light of these challenges, there is a need for a [‘New Debt movement’](#) and new outlook to issues of domestic resource mobilisation and international development finance mechanisms on the African continent. This new direction is further justified by the evolving context of covid-19 pandemic and the unexpected shocks that have exposed the weaknesses of the international financial system and increased the vulnerabilities of developing countries to unsustainable, **low-quality** borrowing to cope with current challenges. In addition, part of Africa's challenges lies in the struggle by the neoliberal status quo to preserve itself. This has increased the need for civil society to mobilise,

organise, and re-awaken advocacy on debt and influence policy-makers at country and regional levels on prudent debt management and equitable investment in public services

The inaugural AfCoDD took place against the backdrop of the Covid-19 global pandemic that will:

- i. Lead approximately 39 million Africans into extreme poverty in 2021;
- ii. Lead to our youthful generation saddled with the burden of debt accrued today, **while restricting access to future financing to meet infrastructure deficits** - an oxymoron to 'Africa's youthful population being an engine for structural transformation'.
- iii. Lead to governments prioritising debt servicing over the protection of lives and livelihood

In view of the prevailing context,

*We the citizens of Africa from all walks of life, background, religion, gender, nationalities, gathered between 25th to 27th August 2021 at the inaugural African Conference on Debt and Development (AfCoDD) both virtually and across 9 African Countries, and noted with grave concern **the risk of seeing another debt crisis such as that which unfolded in the late 1980s and 1990s, and the need to learn from the mistakes made at the time.***

We, representatives from civil society, media, academia, development partners, government, parliamentarian, students, and citizens, who participated in the inaugural AfCoDD, further observe:

1. **Access to development finance has been curtailed** by the onset of the global health pandemic. The nature of developing countries' debt is far more complex than in the past, with a new landscape that poses greater risks. An increasing share of public debt is now composed of commercial bonds traded on international capital markets. In recent years, the official creditor landscape has changed considerably.
2. A broken global financial architecture that profits from debt has been in existence since the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) processes. There has been very little movement to furthering reform of the debt architecture and its actors such as the credit market behaviour, credit rating agencies, arbitration and mediation mechanisms for restructuring, safeguarding clauses in debt contracts. This system has allowed the systematic indebtedness of **some** countries on the Continent to borrow at wanton levels with little accountability, **alongside the systematic exclusion of many other countries from grants and concessional finance to invest in their future.**
3. **An unfair sovereign debt narrative that places greater priority on the fulfilment of creditors' interests at the expense of social and environmental justice. Key drivers of this narrative have included the current frameworks relied upon by the IMF to gauge countries' debt sustainability coupled by the ratings conducted by private credit rating agencies. Because of the faults within these frameworks, many debtor countries have been assessed on their potential to sustain their debts based solely on their ability to pay back their creditors but without any consideration of the social and environmental tradeoffs they've had to make for them to meet these obligations.**
4. The return on investment from Africa's resources including financial instruments such as debt, are not yielding the tax revenue mobilisation to spur sustained development as well as economic and social transformation.

A majority of the debt financed investments in Africa are either loss making or have long yielding periods e.g. mega-infrastructures, which in the short term transfer the immediate fiscal pressures on the narrow tax base prevalent on the continent.

5. The current debt and financial architecture are currently not working for Africa and her citizens. More specifically, the current architecture entrenches patriarchal tendencies that result in deepening inequality and marginalisation of women, thus disproportionately exposing them to the vagaries of economic and social crises as the global pandemic has shown.
6. The African youth bulge as an engine for the continent's structural transformation agenda is at risk of being a missed opportunity due to being saddled with debt accumulated today, **while potentially being locked out of accessing finance that is desperately needed to invest in their future - especially grant and concessional finance for infrastructure deficits, stimulating regional value chains, jobs in manufacturing and more.** The youth further will bear the brunt not only of the burden of a mortgaged future, but also that of an overtaxed group in order to pay this debt burden.
7. Africa's DRM efforts are hindered by an [economic and financial architecture](#) that promotes profit shifting, aggressive corporate tax planning behaviour, overly generous tax incentives 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, deficient investment in economic growth and job creation compounded by debt accumulation. DRM is essential for Africa to break this cycle of unsustainable debt burden which more often than not is transferred to citizens in the form of regressive taxes, opaqueness, corruption and limited accountability.
8. Africa's interaction and participation in the global economy is affected by its partners through their financing arrangements. International public finance (IPF) has typically focused on the official development assistance (ODA) which is traditionally rooted in the colonial, post-colonial, and neo-colonial relationship between the global north and global south. This interaction has, for decades, been skewed towards entrenching Africa's dependency on former colonial powers. And while financial instruments have evolved, so too has the political economy dimensions thus giving rise to donor sponsored capitalism at the expense of public good investments and strengthening of the social contract.
9. The IPF ecosystem is supposed to complement the finance menu for Africa's structural transformation agenda, however, the political interests driving the continent's interaction in this ecosystem is resulting in a major source of indebtedness. It has become part of a new wave of extractive development finance in the African context, for example the use and proliferation of Resource Backed Loans that collateralise natural resources for debt finance.

In view of the observations, we the participants and partners during the inaugural AfCoDD note with serious concern:

1. The current debt relief, restructuring, and reprofiling initiatives do not go far enough to address the structural and systemic issues of the global debt architecture amongst them
(i) Transparency, Governance, and Accountability on debt contraction;

- (ii) meaningful participation of citizens and all stakeholders in the debt contraction at the national level; and (iii) weak public finance management practices that make debt susceptible to misuse.
2. The current debt relief measures in place remain inadequate to address both the immediate fiscal needs of developing countries both low and middle income; and the long-term structural reform of the global debt architecture given the evolution of the creditor landscape and the proliferation of debt instruments. The current initiatives are further undermined by the lack of full participation of ALL creditors, that is, International Financial Institutions and Commercial and Private Creditors.
 3. The lack of commitment of the International Financial Institutions (IFIs) and the commercial and private creditors to fully commit to being part of a sustainable solution to the debt crisis will prolong the depth of the prevailing crisis and further protract the recovery period of the continent.
 4. The global decision-making power structure still remains unbalanced with a minority making the rules for the majority. This power imbalance truly is about *building BACK better* i.e. building back where inequality remains; building back where developing countries remain voiceless in global policy development; building back to entrench neo-liberal and neo-colonial power structures that perpetuate dependency, poverty, and the profiteering from the crisis.
 5. Without taking bold steps to resolve the debt crisis **alongside the debt deficit**, the African Union's Agenda 2063, including industrialisation and increased intra-African trade can not be achieved.

We therefore present to this inaugural African Conference on Debt and Development for adoption the Harare Declaration that:

1. Prioritises to push at the national, continental, and global levels for reforming of the global debt architecture in a manner that equalises the loan contraction processes - **including reform of debt sustainability frameworks and credit ratings assessment**. The establishment of an African Accountability Mechanism which acts as the foundation for enhanced transparency, accountability, and governance of Africa's debt architecture.
2. 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, especially because it has procured and justified by a neo-liberal consensus inconsistent with the interests of African citizens. We urge the African Governments to consider measures such as debt cancellation seriously and, if necessary collective default as part of this new African position and consensus on African sovereign debt, **while accelerating the building of new regional institutions such as the African Monetary Fund, an African Development Bank and an African Investment Bank - to increase African financial independence**.
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 the [African Borrowing Charter](#).

Urge the African Union to strengthen collective learning and coordination around debt negotiation outcomes, including on interest rates, grace periods, and environmental, labour and other clauses that affect African lives.

4. Adopts as part of alternative approaches, a feminist lens to macroeconomic research, analysis, and policy formulation; an African derived and led green recovery that is in tandem with the African Union's Agenda 2063; the rescuing of money as a medium for social exchange and not that of indebtedness
5. Reclaims back the social contract that embodies the relationship between the citizen and the state, and where power lies with the people as rights holders and accountability becomes the responsibility of the state as the duty bearer
6. Endorses the conference clarion call for Africa to be a Rule Maker and not a Rule Taker

Endorsed by:

1. East African Tax and Governance Network (EATGN)
2. The Institute for Social Accountability (TISA)
3. Okoa Uchumi Campaign
4. Africa Network for Environment and Economic Justice (ANEEJ)
5. Nawi - Afrifem Macroeconomics Collective
6. The Stop the Bleeding Campaign
7. Uganda Debt Network
8. Youth for Tax Justice Network (YTJN)
9. PolicyHouse international
10. 21st Century Community Empowerment for Youth and Women Initiative, Nigeria
11. Oxfam Pan Africa Programme
12. Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)
13. Jamaa Resource Initiatives, Kenya
14. Clemence Tauya Nhliziyo, HARARE, ZIMBABWE
15. Center for Economic Policy and Priorities (CIPP) Rwanda
16. Watoto Vision on Africa (WVA) Rwanda
17. Godfrey Kabera /Rwanda
18. Civil Society SDGs Campaign GCAP Zambia
19. Community empowerment for transformation action -west Nile (CEFTRA-WN) Uganda
20. Kirsten Nicolas Nzungu/Burundi
21. Johnstone Wangai radio pamoja- Kenya
22. PAWA 254 /Initiative Kenya
23. Budget Advocacy Network - Sierra Leone
24. Jubilee Debt Campaign - UK
25. Marie-Louise Aren/ Nigeria
26. Tanzania Coalition on Debt and Development (TCDD)
27. ONE Africa
28. The Consumer Unity and Trust Society (CUTS) Lusaka
29. Zimbabwe Coalition on Debt and Development (ZIMCODD)
30. Equality Rights Africa Organisation
31. Fundación Alternativas, Spain