Dennis Mutadzakupa: [00:00:07] Welcome to AFRODEBT podcast produced by the African Forum and Network on Debt and Development (AFRODAD). In this podcast we commingle with extraordinary intellects discussing debt related issues as we forge ahead in helping African governments to borrow responsibly and spend wisely. Hey, everybody, this is Dennis Mutadzakupa and you're listening to the AFRODEBT podcast, the show that brings you the public debt conversation for people who love to see Africa rewrite her story as the rule maker, not the rule taker. We're excited because in today's show we are focusing on the recently held Eastern and Southern African Debt Conference in Nairobi, Kenya. Were AFRODAD and its partners hosted various stakeholders to discuss issues on strengthening accountability, transparency around public debt management and the use of IMF special drawing rights in the region. We are focusing on Zambia and the common framework, how CSOs in Uganda are pushing for effective borrowing and transparency in public debt management. And lastly, members of Parliament from Africa following the money. Allow me to introduce my guests for today's show, starting with Mr. Isaac Mwaipopo, who is the Executive Director at the Center for Trade Policy and Development (CTPD), based in Zambia. Dr. Khanyisile Litchfield Tshabalala, who is the chairperson of the African Parliamentary Network on Illicit Financial Flows and tax Ms Peninnah Mbabezi, program officer, Debt and Aid at SEATINI Uganda.

Well, my first question to you, Isaac. Zambia is one of the three countries, along with Chad and Ethiopia, to have so far requested the common framework, which was designed to help deliver long term sustainable approach for supporting low income countries to tackle their debt vulnerabilities. Is this an encouraging development to hear the news that the official creditor committee has met to commence deliberations on Zambia's request for a debt treatment?

Isaac Mwaipopo: [00:02:17] Thank you so much, Dennis, for the invitation. And indeed, it is something that is encouraging that the first steps have been taken with regards to trying to find a lasting solution to Zambia's debt. If you recall, from the work that we've
been doing together with AFRODAD Zambia has been trying to find a solution to each
debt crisis for some time now. They had made several attempts to reach out to
institutions like the International Monetary Fund, and this seemed to be an exercise in
futility. But now that there is some high level of commitment, both on the creditors, both
on cooperating partners like the International Monetary Fund, as well as on our
government, that the citizens of Zambia are hopeful that out of this process, some
solutions can be found that can help this country to start afresh with regards to its public
debt. We remain concerned because most of the debt that Zambia owes is highly
commercial, and a smaller portion of it is debt that is owed to bilateral lenders. And we
know that between the two, it is very easy for us to get a deal in terms of restructuring
from the bilateral lenders compared to the commercial creditors that Zambia owes
under this process. That's what we just expect, that our government will remain
transparent and will carry the citizens through so that they can be part and parcel of the
key discussions that are happening, because ultimately they are the ones that have
lived with the negative effects that have come with the debt crisis that we are dealing
with.

Dennis Mutadzakupa: [00:04:17] The Zambian Civil Society Debt Alliance are of the
view that both the lenders and the previous Zambian government are responsible for
plunging Zambia into the current debt crisis. Has this reaction changed?

Isaac Mwaipopo: [00:04:30] Well, our position has not changed per se. We do
apportion the blame on both our governments and the lenders. This is because before
any debt is acquired, there are some assessments that are often done on a particular
country with regards to its ability to pay for the debts that it is acquiring. But what we
have seen through literature, it's a strong indication that most of the warnings or the red
flags were not paid attention to. Even after a number of civil society organisations raised
an alarm or a flag with regards to the debts that we are incurring not being sustainable,
we saw that there was continued accumulation of this debt. Though of the to our huge
blame goes to our government. We think that they could have done more in terms of
ensuring that the debt that is been acquired is one that is sustainable and one that the
country would be in a position to pay back when it falls due. But we remain deeply
concerned, equally that a lot of the debt that was acquired, part of it ended up in a few
individuals pockets through corruption. Because if you look at the prices at which most
of the debts were acquired, they are quite expensive. And we strongly suspect that
there was inflation of figures so that one or two individuals can ultimately benefit from what was being obtained.

**Dennis Mutadzakupa:** [00:06:14]* You just mentioned red flags on the side of both the government and lenders for incurring debt that was unsustainable, despite warnings from Zambian debt, alliance and other pressure groups. Does the alliance have new strategy this time around to tackle this debt situation?

**Isaac Mwaipopo:** [00:06:33]* As the Civil Society Debt Alliance. We remain proud of the work that we've continued doing with cooperating partners as well as other network partners such as Africa, in trying to demand for transparency and accountability in public debt management. It remains a big concern, a big challenge that a number of African countries that are grappling with. And it is our hope that ultimately when it comes to negotiations around restructuring or finding solutions for Africa's debt, Africa will also be given an opportunity to be a rule maker not a rule taker, as we also need to actively participate in deciding our future, despite the fact that we might have a number of countries that are struggling with debt. This is because we ultimately get to pay the debts that we have in many cases. In some of the cases, of course, there is a request for cancellation of part of the debt.

**Dennis Mutadzakupa:** [00:07:36]* You've just heard from Isaac Mwaipopo, who is the executive director of the Center for Trade Policy and Development, giving some insights on how far the government of Zambia has gone in engaging with the G20 Common Framework, which was designed to help deliver a long term, sustainable approach for supporting low income countries to tackle their debt vulnerabilities. We also heard from Isaac on how far the Zambian Civil Society Alliance has gone in trying to demand accountability and transparency in public debt. We're going to be hearing from Dr. Tshabalala on some insights on the major roles of MPs in Africa's parliaments, in pushing reforms on issues of accountability, with regards to managing debt in their respective countries, and at the same time hearing about major impacts from some Pan-African agencies that are playing a role of ensuring the full participation of African peoples in the economic development and the integration of the region in debt management.
Thank you for joining us on our show today. My first question to you. What specific skills and capacity do you think members of Parliament need to give Parliament as the key accountability anchor on government borrowing within Africa?

**Dr. Khanyisile Tshabalala:** Thank you Dennis for inviting me for this interview. From my experience, the specific skills that MPs need is the ability to follow the money. If I can put it simply, budgeting. Because remember, when you are elected as a legislator or as a member of Parliament, it doesn't necessarily mean that you are a lawyer. You understand lawmaking or policymaking, or that you have been involved in budgetary and monetary issues. So we need to impact them in a manner that when a budget comes to the National Assembly, they can tear it apart, which means we need to ensure that they understand international relations. Also, they understand the factors at play, that they understand the problems the AU is facing and our regional bodies, so that they don't just trust a budget that comes to them and believe it. It was all done in good hope. They need to understand, apart from these specific skills of monetary and budgeting to understand politics, that some of our leaders if not a whole lot of them or all of them are also managed somewhere, you know, because whoever funds it owns it, which is where for us at APNIFFT political finance, corruption comes in.

So, whoever is funded them, they are the people who will benefit for the next five years because policies will be made that appease those funders. So, if we teach our MPs to know that, they will always look at the budget that comes to the National Assembly not as political party MPs but as country in MPs. Which brings me to another soft skill, and it might sound very fictitious, or, like I'm saying, the ordinary. We really need to impact that in peace with patriotism. The more patriotic they are, the less political party inclined they will be, even if the vehicle for them to go to parliament is a political party, and even if that's the basis of their survival, because if they go against the grain, they can be thrown out they stop being MPs. So, we need to teach them that soft balancing of saying yes this is your political party, but we are patriotic also. At the end of the day, it's about the long-term vision of your country, of your people, of your children and their children's children.

**Dennis Mutadzakupa:** What role do you think Pan-African agencies like the Pan-African Parliament and the African Parliamentarians Network Against Corruption
can help in advancing stronger Pan-African legislature coordination on issues of public debt and public finance?

Dr. Khanyisile Tshabalala: [00:11:30] Thank you, Dennis, again for that question. Another interesting question. Let's start with truth Dennis, those bodies have access to knowledge and information. And sometimes because of funding limitations, there are things that those bodies can say or cannot say. At the end of the day, it is a capitalist system and I have been trained to know that there are no free lunches under capitalism. Whoever gives you money, it's because they have an objective attached towards that money. And it might not be your objective. So, I would say truth. See, there are things they cannot raise as those bodies, but if they give them to members of parliament, especially those who are already at APNIFFT because it means they are already mobilized and conscientised towards issues of tax, debt and illicit financial flows. They can raise those issues because at APNIFFT our sponsors. You also do sponsor some of our events TJNA sponsor some of our events, you know, ATAF sponsors some of our events. But when these MP standard National Assembly, they stand already having impacted, there is no attachment to say you are speaking on behalf of this and that organisation. They speak as individuals. So that's the first role. When they train MPs, they should give them the whole truth and nothing but the whole truth, you know, and not sugarcoat things. Call a spade a spade.

 Somebody said a name and shame. If we need to do that, let's do that and hold these trainings in closed doors if we need to. Another role they can play is this inter Africa, best practice. MPs need to learn from one another. We are not at the same stage of development in terms of transparency and accountability vis a vis debt, tax, illicit financial flows. We are not even at the same level in terms of the intensity of corruption. So, countries can learn from one another. An MP in Burundi should be able to say, But how did you get it right in South Africa that you can send a tweet that challenges your president and tag them in that tweet and you will not wake up dead the following day or you will not lose your job. So, they need to say, okay, it's in your constitution, then maybe we need to look at our Constitution because these issues are interrelated sadly when you deal with MPs, you can't just zoom in on I'm dealing with states now, I'm dealing with tax now. It's a whole spectrum. It has also a lot to do with freedom of association, freedom of action, freedom of speech, constitutionality, I think, which is another thing that's missing in most of the trainings.
So maybe those organizations can zoom in because AFRODAD is already zooming in on debt, tax justice network Africa is zooming in on tax maybe they should zoom in on constitutionality, because imagine what the value it would do to an MP from West Africa to know the constitutions of southern African countries for one in southern Africa to say, Oh, these are the constitutions in West Africa. This is the best performing constitution thus far, and these are the issues. So, I think we need to start linking constitutionally when we train MPs. Secondly, we need to start linking electoral systems. Another thing that we can’t ask Tax Justice, AFRODAD, ATAF, because you already have your specializations. So, it's very important and it has been my desire from 2015 when I started being active in APNIFFT to say, imagine if we produced MPs that understood from Cape to Cairo the various electoral systems advantages of each, which one on the ground is performing better than the other in terms of delivering accountability and transparency and democracy to the people, one that is not so prone to vote rigging, you know. So, I think that's another area where they can come in. And of course, the third one, and most obvious but important, they really need to work with AFRODAD, with Tax Justice, with ATAF, with all these INGOs that are working with African MPs. So, they need to close ranks and really work closely.

**Dennis Mutadzakupa: [00:15:53]** You were part of the two day Eastern and Southern Africa Conference on Debt in Nairobi, Kenya, and participated as a panelist in one of the sessions. Can you share some of your key highlights or rather your thoughts on the conference?

**Dr. Khanyisile Tshabalala: [00:16:06]** I think what came out sharply is how this is a holistic package. This accountability and transparency business at government level, it's a total package. We can't say cabinet is not accounting because the legislators, the MPs must hold Cabinet accountable, but they are also sort of limited by the political party system. And even if you had to say this is an independent MP, they also can say that much again because of political financing, because they themselves need financing, sometimes even more than the political parties, you know, because they need to go out and attract funding. We can't say it's the citizens because the citizens have to be supported by their MPs at constituency level. So, what came out today is that when we talk of accountability and transparency, we really need to cascade it and say at a cabinet level, at legislator level, at citizen level. That's why we even say at citizen level,
maybe it's high time we need to fit in the gap as CSOs. I mean, we are limited to in terms of our funding, but also limited even in terms of personnel. But we should find a space in feet of re-education. I gave an example today and I said, as one of the speakers was on the podium, Moreblessings. And she said, define Debt. But she was making like an ice breaker, define it using your body.

But when she started, I thought she was saying, define debt in your mother tongue. And it struck me for the first time since I've dealt with these issues, that there is no word Debt in 7 of the South African local languages that I speak, because our pre-colonial mode of economy was never debt engendering or debt based, nobody owed nobody. So, when we take this to the communities, we need to then translate debt in a manner that they understand. Someone said, we are sitting in this room and taking it for granted that they do not understand debt. I dare say they do not. They understand personal debt because they suffer it. But the systemic debt if we without degrees grapple with understanding the maneuvers that happen at international political level, how much more for that farmer or that peasant who is struggling to even get a meal for a day? They are not thinking that they don't have CNN or Aljazeera or CGT or Russia Today. They don't listen to those channels. So, when taking the message to them, we need to break it down in a manner that makes sense. Which is why I made the example of there is no word Debt in language is so they need to understand this is a capitalist fight against the ordinary population.

The rich get richer as the poor get poorer. We also need to start investing in local language. In some of this terminology. We need to unpack it in the local language, even if we have not translated documents. But we need to sit down and say at least the top 20 terminology that we use in debt, in tax justice, in illicit financial flows. Can we get local languages or something next to it so that people understand and internalize it? But we can't leave the population out. It's another thing that came out because no revolution has ever come out of Parliament. No revolution will come out of cabinet. No revolution will come out of legislatures. It is the people united together that will change a system. I think Zambia is a good example, a most recent one where a system was changed. You know, the opposition has become the ruling party. So, we cannot undermine the efforts of the populace. CSOs I mean, we are a drop in the ocean. We really are the flame. But the explosion that will happen is the masses on the ground. So that was the takeaway from this meeting. That is, we go back AFRODAD, we'll start working on those issues,
obviously working with its partners as we enter this new arena of a post-COVID debt economy.

**Dennis Mutadzakupa: [00:20:49]** Now let us discuss issues of transparency and accountability in public private partnerships within the region. Directing my questions to you Peninnah.

_The role of public private partnerships in economic development is very crucial in Africa today. However, there is a likelihood that these partnerships may drive to indebtedness._

_Taking Uganda as a case study. Do you think there is always a cost attached to debt, especially with regards to accountability?_

**Peninnah Mbabezi: [00:21:17]** Thank you, Dennis. Thank you for having me here. Yeah, that's an interesting question. Yes, we have actually had a number of different interactions in Uganda with PPPs. And of course, the way they were introduced in Africa, it was known that they were seen to be a way of having blended financing for countries to be able to rely on them as a way of getting revenue, as a way of doing a lot of different infrastructure projects and also in social light as well. Socio economic side for constructing of hospitals electricity is what we have actually covered through in Uganda. We have a lot of PPPs that have taken that route in more infrastructure, roads and as well as in electricity and in the health sector. So, whether it has actually driven indebtedness. What we have come to realize is that given the time a lot of these PPPs have come on board, some of their contracts, contract processes are actually not streamlined to what ideally should be the process. We have seen that basing off on how much government is willing to commit and guarantee as part of their payment in this country in this agreement is that sometimes you find an investor coming on board and they actually also don't have all the capital or that they can invest. So, government has actually even taken on that burden and has actually committed to investing on behalf of the investor. And then, of course, you cannot commit what you don't have. You cannot commit for an investor because really, we are in need of that project. But coming from the side of us needing the service more, you've got to realize more money is committed by government and it's not actually computed as debt in the long run.

_[00:23:23]_ It is computed as finances that have had to contribute to having a priority into this project. And while sometimes we get to realize most of the projects that have
happened have actually we have actually had no guarantee that the investor will complete the pay or will actually pay and those that have done so. We realize that sometimes the investment pulls out at the last minute. So, government is having to incur more costs in paying or in actually contributing more money that it should have actually earlier done so. So, at the end of it, contingent liabilities are one of the main areas that we see are really sleeping when it comes to government side to compute debt. Ideally what we would say once a contract is actually in place when the investor has come into agreement with government, is that it still goes through the right contractual process and it actually gets we get to know the risk and how much government is going to have to guarantee. But you find towards the end of most of these projects, some of them are actually ten years, 20 years. It is hard to compute how much really government is even putting in. So, you get to realize we actually are far more indebted than what we are really looking at in terms of what our debt could be in the current time that we’re in. So, we get to realise later on as they compute our debt has instead skyrocketed or because of the commitments that are being taken on by government in such PPPs agreements.

Dennis Mutadzakupa: [00:25:01] How far has the CSOs in Uganda gone in engaging government with regards to promoting quality, accountable and effective borrowing?

Peninnah Mbabezi: [00:25:11] Yes, that’s also quite an interesting question. We have ideally, just as any of the CSOs SEATINI has gone ahead to champion a lot of voices when it comes to understanding what PPPs are in the first place. Because we get to realize that a lot of politicians or members of Parliament who ideally are supposed to be kept plan when it comes to such agreements actually being left. When it comes to a lot of the contractual processes, a lot of the tender processes themselves, they don’t get to actually see some of that paperwork. And is it given already the final or the final answer to which investor is going to come in and do a certain project? So, we have tried to really inform them, but also enrich them with information because we are trying to ensure that we get value for money and we want it to be a people centered PPPs agreement more than just being looked at as a project and more of getting priorities on such big projects without looking at the people who are actually supposed to benefit. So. Also going ahead, we have also realized that there are a lot of gaps when it comes to accountability, but also just being open to the public to say this is how much we are actually boring. Because at the end of the day, when government is not able to actually guarantee how much it can put in, it actually borrows the money instead and you get to
realise the citizens of course will be the ones to pay. And with that we find that it's actually transparency that is lacking in these agreements and also from government on the side of what to say to the citizens.

So we have tried to ensure that while we have championed, looking at boosting a lot of the capacity of lawmakers and policy duty bearers. We have looked at also saying that we need the transparency brought on board, either through effectively utilising the right contractual processes, refusing a project that actually we know is going to benefit people. And that actually has happened recently we had the coffee deal. It was investor who had come on board and was being fronted by government to be the right investor to take on from distributing coffee, actually getting coffee from a lot of different farmers everywhere around Uganda and take that coffee into the market. But we we got to realize there was no actually bid no tender process was actually done just as well as in the likes of the health sector for Lobowa Hospital, which has become one of the most popular cases in Uganda, because the hospital itself the investor was given promissory notes straight from government. They didn't need another contract from different investors. They didn't need the tender process. They didn't even involve Parliament in that whole time when they were actually getting all that information from the investor. And the commitment that government had guaranteed was that they would guarantee half of what they were supposed to bring on board and also pay on top of that for the investor because they didn't have enough money at the time. So, government was willing to even put the country in that state in actually ensuring that while we thinking that why we are doing this, taking on such guarantees and such commitments, they would not even look at it as a side of what they owe to the citizens in being able to be transparent and accountable.

So we have said no, we have stopped at least we have ensured that the agreement that was for the coffee was actually refused by the public. We made a public outcry CSOs also came on board and we have strengthened our voices together to ensure that government would go back and revise the agreement, but also take onto the considerations of different consultants, because we have a lot of local companies that are able to do this work. We have a lot of local companies that can be able to actually construct a lot of these hospitals because for the case of Lobowa Hospital, we got to realize the money that was being committed to construct this hospital was 16 times bigger and more than even a normal, simple hospital or one that could even still fill a
truck, the accessibility for the people. And also, we also ensure them to be able to get affordable and enough services. So, we realized that so many of these agreements do come with a lot of loopholes if we are not able to actually put out more over people centered PPPs, legal framework and have leaders be able to account to us exactly on the effectiveness of why they are borrowing for the use of these PPPs or why exactly we will be able to get proper service delivery in the long run.

[00:30:16] But instead we have seen that has happened and some that have happened to get some positive budget challenging issues have come through, but we are still having to pay for what we had owed most of these agreements as government. So, we get realize also from just doing that as CSOs together we have realized government has decided to pay more attention. Parliament has also started to pay more attention to their role over central especially, but also in reading effectively most of these agreements. And we have said we have the information, we will give it to them. We will analyze these things if they can really help us and also share this information to us, which they are not. Some agreements are not really privy. They have non-disclosure terms to them. So, we still feel there's a lot lacking. But we have tried to make sure that we can advocate not only as SEATINI, but together collaborate and partner with different CSOs. But also, we want the citizens who can actually demand for proper service delivery and those especially who are the most, affected by such projects in their areas. They actually get to realize, we get to realize they actually talking for them may not do the justice. It's them who would actually do better when they are put at the front to actually lead these conversations with policymakers, it is more understood and more heard from them. So that is how far we have gone into ensuring that we can be able to champion for more accountability, transparency and more people centered PPPs agreements.

**Dennis Mutadzakupa:** [00:31:52] *Any key takeaways from the Eastern and Southern Debt conference you would like to share?*

**Peninnah Mbabezi:** [00:31:59] Well, I've really gotten to really feel a lot of agreement in so much that has been discussed in this conference. And basically, that it's really the core of really what SEATINI really aims to do. Accountability and transparency around public debt management has been one of the key areas of focus that we have really led in Uganda and with other CSOs, mainly from what discussions we had here. I feel we actually when you come together with the different countries, you get to realize the
similarity in problems that you could be also facing in your own country. And it has made it clearer now that we actually need to position ourselves better, not only as a country, but also as a continent. What Africa needs right now is to have really to really be the rule maker, as we have stated so here in this discussion, but also to ensure that we can be able to sit on the table with a number of different creditors, negotiate right terms for the loans that we have incurred. But even those that we need to look at also home-grown solutions that can help us bring in more resources like domestic mobilization of resources, rather than have to rely on external borrowing.

[00:33:21] And for that case, I really feel so many of the countries that we get to realise have had this issue of being indebted and where we are as Uganda. I get to realise most of this is still something that is really a problem and we need to be able to find solutions. We need to be able to advocate not only for what we believe in as as differences, but also have one unified voice and be able to gain more momentum even while we go ahead, because the journey is only getting started because most of these discussions on debt have really risen. A lot of countries are really lost in what they could be able to find to get out of where they are from the debt trap that they are in. So, we need to be able to advocate and strengthen our voices, but also ensure that we are really the rule maker, and not the rule taker.

Dennis Mutadzakupa: [00:34:18] Thank you so much, Mr. Isaac Mwaipopo, Dr. Khanyisile Tshabalala and Ms. Peninnah Mbabezi for joining us on this AFRODEBT podcast. We hope you enjoyed the discussion as much as we did. If you would like what you are hearing and would want to listen to more, please visit our website at www.afrodad.org. You can also subscribe to all our shows on all our podcast platforms. Be sure to come again for a discussion on our next episode. And remember, this is Africa rewriting her story as a rule maker, not a rule taker. Its bye for now.