



# PARLIAMENTARY OVERSIGHT ROLE FOR PRUDENT PUBLIC DEBT MANAGEMENT

Policy Brief



AFRICAN FORUM AND NETWORK  
ON DEBT AND DEVELOPEMNT

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## Executive Summary

This policy brief draws from evaluation findings undertaken by AFRODAD on the relevance and impact of their jointly conducted trainings for parliamentarians at the regional and national levels in East African countries. AFRODAD has in the previous years partnered with the Uganda Debt Network (UDN), The Institute of Social Accountability (TISA) in Kenya, Tanzania Debt Network (TDN) Tanzania, Center for Policy Priorities (CEPP) Rwanda, Civic Initiative for Environment and Sustainable Development (ICED) Burundi and the Center for Budget Policy and Accountability (CBPA), South Sudan. The findings from this collaboration provide guidance on the future development of capacity building for Parliamentarians towards effective oversight role on public debt in their respective nations, providing tailor made curriculum while addressing the tailor-made and address challenges members of Parliament face in delivery of their oversight role of public debt management.

The study utilized web-based survey questionnaires, administered through the Kobo collector, to evaluate and document how Parliamentarians have been using the skills and tools they obtained from trainings organized by AFRODAD and partners in processes such as loan approvals, rejections, responsible borrowing, and prudent debt management in Burundi, Tanzania, Uganda, South Sudan, Rwanda.

The study also reviewed the Parliamentarians role during the peak period of the COVID19 pandemic during which there was a heightened contraction of public debt increasing the risks associated with borrowing. Some countries like Uganda witnessed a downgrade from low-risk public debt to moderate debt risk, the same level as Tanzania and Rwanda. Kenya and South Sudan were already at high risk of debt stress. The assessment involved a mixed method approach - using both quantitative and qualitative methods for data collection and analysis, and conducted through East African Legislative Assembly (EALA) and AFRODAD Annual Summer Schools, national and regional debt advocacy meetings in a participatory and consultative manner. The assessment covered several thematic issues during trainings such as; Role for legislators in the public debt management, Loan Approvals and Rejections for members of Parliament, working with other oversight institutions such as CSOs, Responsible borrowing in the COVID 19 era based African Borrowing Charter, Prudent public debt management, Public debt sustainability and related tools, Legal, policy and institutional roles in debt management, Impact of Public Private Partnerships on Debt Sustainability, understanding Illicit Financial Flows (IFFs) and remedy strategies, Potential revenue mobilization strategies, Budget cycle and related fiscal and expenditure frameworks and public finance and public investment management.





## Summary of the findings

Summary of the findings: Majority of MPs (60.1%) who participated in the trainings demonstrated great understanding of the parliament oversight role towards public debt management and the associated principles. They however, underscored that lack of effective dialogue and consultation and broader understanding of public debt dynamics by most MP were still lacking. The MPs targeted for the training were mainly those involved in committees, directly or indirectly engaged with budget and public debt oversight. The majority of the MPs indicated to be engaged in at least one of Parliamentary committees. The majority (85.7%) of MPs who responded to the questionnaire indicated to have participated in national training workshops in public debt. About two thirds of MPs indicated that their level of understanding of public debt management falling between 51-75% for specified thematic areas including: role of legislators in public debt management, responsible borrowing in the COVID 19 era based African Borrowing Charter, loan approvals and rejections for members of Parliament, public finance and public investment management, prudent public debt management and Legal and policy and institutional roles in debt management.

MPs reiterated that trainings were necessary but were not sufficient for effective oversight of public debt in their countries. The public debt architecture is with political and invisible hands that sometimes make effective oversight difficult. In some cases, large projects in some countries have not adhered to parliamentary rules of procedure in terms of public debt oversight. Significant challenges at the level of reporting and analyzing public debt, in particular, public investment management continue to predominate from project planning, feasibility evaluation and monitoring as well oversight of projects.

Recommendations and policy options: the policy brief provides the recommendations on how to enhance the active participation of parliamentarians in future public finance and debt issues aspects at regional and national levels.

Policy capacity matters for capacity development. It is important to understand and take into consideration the challenges faced by MPs when developing any future successful capacity building initiative.

The Parliamentarians call for an integration of MPs fiscal policy in the training as part of the broader Public Finance Management (PFM) Reform Programme and work plans given the high levels of attrition of MPs during the different electoral cycles.

More policy support to consider calendarised multi stakeholder coordination mechanisms for public debt management at country level through calling for adoption of public debt transparency model where there is full disclosure by all players involved.

The need for Parliamentarians to widen and deepen public consultations on public debt management through public hearings particularly on Public Debt for seeking expert feedback of several key players including AFRODAD and national Partners.

Lastly, more efforts to promote Parliament reports on public debt annually including public debt plan and fiscal targets remain important. There is a need to disclose the terms and conditions to Parliament as demanded by their legal frameworks. All loan agreements signed and loans with guarantee must be disclosed and published within 30 – 90 days after signing.

## Recommendations and policy options

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- Policy capacity matters for capacity development. It is important to understand and take into consideration the challenges faced by MPs when developing any future successful capacity building initiative.
- The Parliamentarians call for an integration of MPs fiscal policy in the training as part of the broader Public Finance Management (PFM) Reform Programme and work plans given the high levels of attrition of MPs during the different electoral cycles.
- More policy support to consider calendarised multi stakeholder coordination mechanisms for public debt management at country level through calling for adoption of public debt transparency model where there is full disclosure by all players involved.
- The need for Parliamentarians to widen and deepen public consultations on public debt management through public hearings particularly on Public Debt for seeking expert feedback of several key players including AFRODAD and national Partners.
- Lastly, more efforts to promote Parliament reports on public debt annually including public debt plan and fiscal targets remain important. There is a need to disclose the terms and conditions to Parliament as demanded by their legal frameworks. All loan agreements signed and loans with guarantee must be disclosed and published within 30 – 90 days after signing.



## 1

## Background: context of the policy

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AFRODAD in collaboration with national partners conducted trainings for Parliamentarians at the regional and national levels in EAC countries namely Tanzania, Uganda, South Sudan, Rwanda. The trainings started in 2018 and were delivered through different platforms including the East African Legislative Assembly (EALA) and national and regional debt advocacy meetings. This is based on the premise that Parliamentarians can foster effective demand for accountability through oversight roles while also amplifying the voices of citizens in government and ensuring that governments are making decisions that best serve the interests of their people. The role of parliament which is founded in both the national constitutions and public finance management laws is even more imperative owing to the fast accumulation of public debt in the selected countries as evidenced by debt sustainability assessments (IMF, 2021): In distress (South Sudan); high debt risk (Kenya) and moderate risk (Uganda and Tanzania).

The public debt landscape in the respective countries has been worsened by the COVID19 pandemic and calls for even more transparency from all the key stakeholders. Evidence indicates that a more complex and diverse creditor landscape combined with fiscal pressures from the COVID-19 pandemic has increased the burden on public debt management. This has also increased the need for greater capacity building for parliamentarians and other stakeholders with an oversight role in public debt management (UNGA & UNECOSOC, 2022). Parliaments have a critical role to play in ensuring satisfactory management practices, records, and controls are in place for efficient and effective management of domestic and foreign debt and guarantees. There is a need to ensure that debts and guarantees are prudently planned, approved, and monitored and that most national constitutions and some statutes provide for the role of Parliament in the debt contraction process. However, the engagement of Parliament in public debt management is not devoid of weaknesses. These include:

- limited information on loan agreements;
- limited oversight on technical issues of debt management;
- weak policy capacity due to high turnover of members of Parliament during election cycles;
- the political nature of some key public debt projects.



Growing empirical evidence shows that 40 percent of the low-income developing countries have never published debt data on their websites over the past two years (NDI & WFD, 2022; Rivetti, 2021). This suggests that public information on loan agreements remains limited and as a result Parliamentary and public scrutiny is largely limited. To contribute to the policy debate and discussions leading to prudent debt management, Parliamentarians needed to be trained to improve on their capacity to scrutinize public debt management issues and to make informed policies and decisions about public debt management such as Public Debt and Debt Transparency, Responsible borrowing in the context of COVID 19 including the strategies for managing the public debt.

The limited fiscal discipline and transparency in borrowing and utilisation of such resources has contributed to the mounting debts in EAC countries, leaving the citizens with the burden of debt service resources mobilised through taxes and service delivery foregone. Parliamentary oversight role in prudent debt management, therefore, remains fundamental. It is against this backdrop that AFRODAD developed the policy brief to inform public debt debates and discussions on prudent debt management and accountability.



*AFRODAD in collaboration with national partners conducted trainings for Parliamentarians at the regional and national levels in EAC countries.*

## 2

### Problem statement: Gaps to be resolved by the policy

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East African countries are borrowing to bridge huge budget deficits, partly driven by past spending on large infrastructure projects, and respond to Covid-19 global shocks<sup>1</sup>. Transparency and accountability in the use of public resources however remains a major challenge in East African countries as observed with finances destined to the COVID-19 pandemic. The lack of fiscal discipline and transparency in borrowing has contributed to the increasing rise in public debt figures in East Africa countries. Available evidence indicates that the region's debt portfolio still predominantly contains multilateral loans (47%) and bilateral loans (35%) (Abha et al., 2022). The lack of parliamentary oversight in public borrowings remains a major concern. Moreover, citizens' elected representatives also lack the full capacity to play an effective oversight role due to limited understanding of public debt dynamics as well as weak legislation and the dominance of the Executive and creditor institutions in the process. This scenario leads to irresponsible borrowing characterized by the lack of strategy, lack of specialized agencies, borrowing for consumption and succumbing to harmful conditionalities imposed by creditors. Perennial issues of non-compliance with national legislation in which government continues to spend outside Parliament approvals are still a major concern as revealed in the Mozambique hidden debt case (WDR, 2022). Parliamentarians are entrusted with the responsibility of amplifying the voices of citizens in government and ensuring that governments are making decisions that best serve the interests of their people. Parliamentarians can also play a vital role in empowering citizens to call to task governments that do not do enough to stop corruption and irresponsible borrowing. Since 2018, AFRODAD and its national partners conducted comprehensive trainings and evaluated Parliamentarians' capacity to use the knowledge and skills gained for prudent debt management processes and oversight at the regional and national levels in EAC countries of Tanzania, Uganda, South Sudan, Burundi and Rwanda. This brief provides context for Parliament's oversight role in public debt management awareness including the guiding principle of separating politics from the administration when it comes to debt management. The brief further discusses challenges, opportunities and coping mechanisms in addressing the current gaps in delivery of oversight role of public debt management including loan approvals, rejections, responsible borrowing, and prudent debt management.'

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<sup>1</sup> <https://www.theeastafrican.co.ke/tea/business/region-loan-binge-to-bridge-huge-budget-deficits-3670686>



## 2.1 Objectives: Key objectives of the Policy

Growing empirical evidence shows that 40 percent of the low-income developing countries have never published debt data on their websites over the past two years (NDI & WFD, 2022; Rivetti, 2021). This suggests that public information on loan agreements remains limited and as a result Parliamentary and public scrutiny is largely limited. To contribute to the policy debate and discussions leading to prudent debt management, Parliamentarians needed to be trained to improve on their capacity to scrutinize public debt management issues and to make informed policies and decisions about public debt management such as Public Debt and Debt Transparency, Responsible borrowing in the context of COVID 19 including the strategies for managing the public debt.

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**To inform public debt debates and discussions on prudent debt management and accountability.**

# 3

## Methodology and Limitations: Approaches taken in generating policy proposals

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The assessment adopted a mixed method involving both qualitative and quantitative approaches to data collection and analysis, conducted in a consultative and participatory manner. Guidance from reference groups in Parliaments was solicited and an analysis of performance indicators done based on the training conducted over the period (2018-2022) in Burundi, Kenya, Tanzania, Uganda, South Sudan and Rwanda. This approach was adopted to ensure the validity and relevance of study findings and outputs. The assessment further utilized four phase approaches of planning, assessment of results, working for better results and action plan for better policy choices in order to ascertain the extent and strength of the Parliaments' engagement in the public debt management and accountability.

Broadly, the assessment for Parliamentarians' uptake of knowledge and skills in loan approvals, rejections, responsible borrowing, and prudent debt management commenced with:

- A desk review of relevant documentation and review of training progress reports of program implementers and other partners.
- Review of related literature which enabled the identification of existing knowledge and gaps on the use of analytical skills and the available methods and tools for oversight, particularly for Parliamentarians involved in loan approvals, rejections, responsible borrowing, and prudent debt management.
- The information and data obtained from the review of literature including training reports was used to collate responses from the beneficiaries of various training programs.
- Online structured questionnaire (See Annex) was developed, pre-tested and later uploaded on Kobo collectors containing both close and open-ended questions, and administered based on the assessment of the desktop review from the availed reports and preliminary reviews. The online Kobo collector was beneficial for easier access and convenience for the stakeholders to participate in the evaluation exercise.
- An online data collection questionnaire targeted members of Parliament and a total of 14 were interviewed for the study. The representation of Parliamentarians at country level were as follows: 7 (50%) from Uganda, 3(22%) Burundi, 3 (22%) Tanzania and 1 (7%) Rwanda. This provided their perspectives for the evaluation exercise.
- For data triangulation, the quantitative technique was supplemented by key informant interviews (KIIs) responses to assess the extent of uptake of skills, knowledge and tools gained from the trainings. The in-depth interviews ensured the study's credibility, replicability, and linkages to practical experiences as observed in countries case studies.



Figure 1: Summary of the methodology of assessing Parliamentarians' uptake of knowledge and skills in loan approvals, rejections, responsible borrowing, and prudent debt management

### 3.1 Key Limitations

- Key limitations for the evaluation of the Parliamentary training included delayed responses from the different members of Parliament at country level. This was realized through follow ups and sending in reminders via emails and follow up calls where Telephone contacts were available.
- Additionally, the Parliamentarians busy schedule in some countries made it difficult to even get a response, a case in point is South Sudan.
- In some cases, list of contacts for MPs were missing and not provided.
- Lastly, accessing public information on loan agreements and composition remains limited and as a result Parliamentary and public scrutiny remains relatively limited.

## 4

## Results on assessment of evidence on Uptake of Skills and Tools for parliamentarians in EAC Countries

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### 4.1 Recognition and understanding of Parliamentarians oversight role in Public Debt Management

Parliament is highly recognized in engaging and responding to the growing public pressures for greater transparency, accountability and better service delivery to citizens. The findings of the evaluation revealed varied levels of understanding of Parliamentarians in the delivery of their oversight role on public debt management. More than 60% of the respondents indicated their level of understanding falling between 51-75% for specified thematic areas including: role of legislators in public debt management, responsible borrowing in the COVID-19 era based on the African Borrowing Charter, loan approvals and rejections for members of Parliament, public finance and public investment management, prudent public debt management and Legal and policy and institutional roles in debt management (Table 4.1). Evidence available indicates that an oversight role in public debt management starts with timely access to information about public debt levels (NDI & WFD, 2022). This is supported by the findings from the evaluation which revealed that 85.7% of the Parliamentarians have the ability to use reports and monitor governments' adherence to regional protocols on finance and investment and more than 90% of the Parliamentarians are versed with knowledge and information required for the review on budgeting cycles and approval process in line with application of regional finance and investment protocols (Table 4.2). These findings are further supported by qualitative responses from one of the Parliamentarians from Rwanda who said:

“ Typically, as Parliamentarians from Rwanda, we have the oversight role. We review the reports from Ministry of Finance on Public Debt but also approve annual borrowing plan through budget process. ”

However, it's worth noting that half of the Parliamentarians who were trained indicated that their level of understanding for public debt sustainability and related tools fall below average (see Table 4.1). Therefore, more supportive programs to Parliaments in public debt management through country assistance programmes, pilot assessments and further tailor-made learning, will boost the understanding of parliamentarians and enable Parliaments to have access to better-quality information with which to organize parliamentary debates and further investigate matters of policy and legislation.

Table 1: Level of Understanding of the Thematic Areas Related to Public Debt Management

Level of Understanding of Key Thematic areas	1-25%	26-50%	51-75%	76-100%
Role for legislators on the public debt management	0.0	0.0	85.7	14.3
Loan Approvals and Rejections for members of Parliament	21.4	7.1	64.3	7.1
Working with other oversight institutions e.g. CSOs	21.4	14.3	28.6	21.4
Responsible borrowing in the COVID 19 era based African Borrowing Charter	0.0	14.3	78.6	7.1
Prudent public debt management	0.0	28.6	64.3	7.1
Public debt sustainability and related tools	7.1	50.0	35.7	7.1
Legal, policy and institutional roles in debt management	0.0	28.6	63.3	7.1
Impact of Public Private Partnerships on Debt Sustainability	0.0	42.9	50.0	7.1
Understanding IFFs and remedy strategies	7.1	28.6	50.0	7.1
Potential revenue mobilization strategies	0.0	28.6	0.0	0.0
Budget cycle and related fiscal and expenditure frameworks	7.1	28.6	50.0	21.4
Public finance and public investment management	7.1	28.6	64.3	0.0

Source: AFRODAD, 2022

## Box 1: Debt Sustainability Analysis: A Case of EAC Countries

While findings in Table 4.1 indicate low levels of understanding of Debt sustainability and the associated tools, recent assessment of East African countries debt sustainability analysis indicates a growing risk of external and overall public debt distress. Kenya, South Sudan were already at high risk of debt stress while Uganda, Tanzania and Rwanda are at moderate debt stress. East African Monetary Union Protocol does set a public debt -to- GDP ratio of 50%. While countries such as Burundi, Rwanda, Tanzania, Uganda, and South Sudan as of 2020, were still below the convergence target threshold of 50%, the rate of debt accumulation is high and already heightening the risks of breaching the set threshold. Already the post COVID19 fiscal deficits have remained above the target in the EAC convergence criteria. Member countries of East African Community (EAC) are facing many challenges that inhibit them from achieving and later on maintaining regional public debt convergence criteria thresholds. Among them include huge development needs, inadequate domestic resources, and lack of prudent debt management policies and practices. What is worrying is the rate at which the debt is increasing due to the COVID-19 induced borrowings and economic downturns. The regional debt thresholds are likely to be breached by the end 2022 as debt levels are increasing because of new borrowings from the private creditors and domestically. While planned fiscal consolidation will help address debt vulnerabilities exacerbated by the global COVID-19 shock, the risk of debt distress continues to be assessed as high. High deficits—from the past and generated by the current shock—combined with the sharp decline in export and economic growth caused by the pandemic, have deteriorated solvency and liquidity debt indicators, particularly when measured against country’s current debt-carrying capacity. Sustained fiscal consolidation would stabilize debt towards the end of the program and bring it to more prudent levels over the medium term while securing resources to support social spending. While Governments are responsible for budgeting, borrowing and spending, Parliaments have a responsibility to ensure governments are executing spending decisions that deliver on the needs of citizens. The COVID-19 pandemic has exacerbated challenges – with weak legal frameworks and or limited technical capacity for debt management—many parliaments continue to face challenges to address public debt. To meaningfully overcome these barriers, Parliaments in East African Legislative Assembly must strengthen their oversight and accountability mechanisms.

Source: AFRODAD (2019) and IMF (2021)

Further findings from the qualitative responses by one of the Parliamentarians and a member of Public Accounts Committee in Uganda emphasized that:

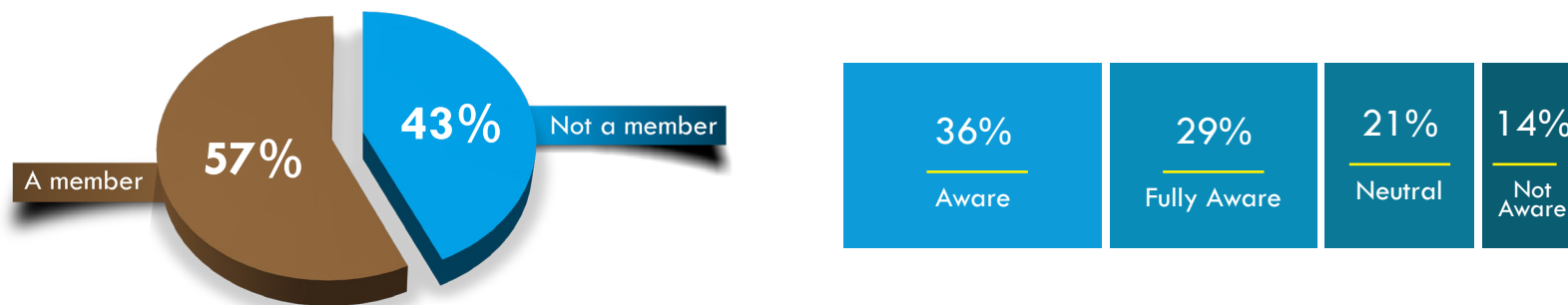
“We scrutinize domestic borrowing, ensuring debt transparency and improving the quality of debt data and supporting, reviewing and passing a debt management framework ... that budget appropriation and oversight encompasses public debt scrutiny while approving debt projects and frameworks as well as laws”.

”



## 4.2 Parliamentarians' engagements and awareness of their oversight role in Public Debt Management

This section of the policy brief demonstrates Parliamentarian level of awareness in terms of their oversight role and the extent to which they are fully engaged as committee members in public debt management (see Figure 1). As elected citizen's representatives, Parliamentarians have an honorable task to perform key functions including legislation and public finance oversight. Parliamentarians can actively engage in the development and implementation of policies and practices that promote transparency and accountability. Based on Figure 1, left panel, the findings attest that 65% of the members of parliament are aware of their roles and the level of membership on Parliamentary committees for public debt management has since increased after AFRODAD trainings (see Figure 1, right panel).



**Figure 2: Parliamentarian level of awareness and Membership on Parliamentary committees for Public Debt Management**

Source: AFRODAD, 2022

While governments are responsible for budgeting, borrowing and spending, parliaments have an oversight responsibility to check on governments if they are executing spending decisions that deliver on the needs of citizens. The findings of the evaluation are consistent with one of the Key Informants who had this to say:

“As members of Parliaments from the Republic of Tanzania, we are aware of our oversight responsibility, legislate and put in place guiding documents for prudent management of fiscal policy. Public debt is one of the financing mechanisms we review in-depth and provide guidance to Cabinet and the Fiscal Authorities’ offices in Government including Ministry of Finance”



## 4.3 Dimensions of knowledge transfer and uptake of the skills, tools and information acquired from AFRODAD trainings

Overall, MPs indicated strong agreement to the utilization of the acquired analytical skills in reviewing loan applications. Similarly, the majority indicated use of good governance principles also enshrined in the AFRODAD Borrowing Charter ([www.afrodad.org/publications](http://www.afrodad.org/publications)). The annotated uptake of skills from AFRODAD training is provided in the Tables 4.1, 4.2 and 4.3 respectively.

### 4.3.1 Loan approvals and rejections

Loan approval is grounded in the respective national laws that mandates Parliamentary scrutiny of all public debt projects and any potential liabilities. This was reiterated evidence of two thirds of the MPs indicating higher levels of awareness (51-75%) of their role in Loan Approvals and Rejections for members of Parliament (see Table 4.2). One third of MPs with low levels of awareness is still a large share given the critical role of approval process as well as rising public debt contraction. A case in Point, according to Annual Uganda Public Debts, grants, Guarantees and other liabilities reports, Uganda has contracted.

Table 2: Results on loan approvals and rejections

Dimensions of Knowledge Transfer and Uptake	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Loan approvals and rejections</b>					
I always use analytical skills when reviewing loan applications for members of parliament	0%	7.1%	21.4%	42.9%	28.6%
I consult legal frameworks when processing and approving loans with much scrutiny and analysis of the terms and conditions	0%	14.3%	14.3%	57.1%	14.3%
I apply principles of transparency, accountability and governance as recommended by AFRODAD's African Borrowing Charter when approving and rejecting loans	0%	7.1%	21.4%	64.4%	7.1%
I can now competently review debt reports submitted to parliaments and provide oversight technical guidance	0%	0%	21.4%	78.6%	0%
I have held members of parliament accountable for prudent public debt management in line with application of regional finance and investment protocols	7.1%	7.1%	14.3%	64.4%	7.1%
I have the ability to report and monitor governments' adherence to regional protocols on finance and investment	0%	7.1%	7.1%	64.4%	21.4%

Source: AFRODAD, 2022

### 4.3.2 Role of parliaments as an oversight institution

MP re-emphasized that the power to give the government authority to spend or borrow rests with the legislature and is exercised through the passing of the General Appropriations Act. If the legislature does not rigorously examine and debate the law, the power is not being effectively exercised and will undermine the accountability of the government to the electorate. This mandate draws from the respective Public Finance Management Acts. However, the oversight rests on competence and capacity of the MPs. About 85% of the MPs who responded agreed or strongly agreed that they have the ability to report and monitor governments' adherence to regional protocols on finance and investment. The majority also alluding to the fact that they draw on legal procedures for approval of public debt. However, only 57.2% of the MPs were found to have knowledge and comprehension of Illicit Financial Flows, and Public Private Partnerships. During the key informants' interviews, an MP from Uganda emphasized:

“Why at committee level we are relatively advanced in skills of comprehending Public Debt Dynamics, the average understanding of public debt technicalities drops when considering the broader Parliamentary representation that equally have a say. They play oversight of the committees sometimes who can be accomplices or compromised in the process. Back to basics training on public debt and its implications remains critical and a continued call for action”.

”

Table 3: Results on loan approvals and rejections

Role of Parliaments as an Oversight Institution	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am well versed with knowledge and information required for the review, on budgeting cycle and approval process (on review and approval of National Budgets and framework papers) required by Parliamentarians	0%	0%	7.1%	57.2%	35.7%
I have the ability to trace opportunities throughout the budget cycle (in particular during the approval and ex-post oversight phases) to examine public debt figures and establish whether the government is effectively managing key risks associated with public debt	0%	14.3%	28.6%	50%	7.1%
I use monitoring and advocacy tools towards efficient domestic revenue mobilization strategies including holding authorities accountable on the use of unbeneficial tax incentives (where applicable)	0%	14.3%	21.4%	64.3%	0%
I have the knowledge and information that parliamentarians and civic society can base on while conducting monitoring and advocacy for debt policy reforms	0%	0%	7.1%	85.8%	7.1%
I have full knowledge and understanding of Illicit Financial Flows (IFFs) and the remedy strategies	0%	21.4%	21.4%	28.6%	28.6%

Source: AFRODAD, 2022

## 4.4 Barriers to Members of Parliament in delivery of oversight role of Public Debt Management

As part of the survey of Parliamentarians conducted for this brief, members of Parliament (MPs) were asked to identify up to three main challenges they face in delivery of effective oversight role using their own words. Most of critical challenges identified included lack of effective dialogue and consultation as reported by 43%, followed by political nature of public debt domain to carry out oversight (36%) and moderate comprehension of public debt (29%). It is worth noting that the identified categories of challenges are often interlinked. With limited opportunities for cross learning through reviews, debates and dialogues and political environment not being supportive, the will for Parliamentarians to attempt to hold governments accountable is unlikely to be high. Similar findings were reported by Inter-Parliamentary Union and United Nations Development Programme parliamentarians (2017) whose study on Parliamentary oversight indicated that limited political support, access to information, human and financial resources and MPs diverse incentives combine to create an environment that is more or less favourable to oversight and accountability (IPU & UNDP, 2017).

While Public investments are viewed as a key prerequisite to achieve and sustain economic growth, achieve strategic policy objectives, and address national service delivery needs, the MPs indicated that investing borrowing fund into projects does not accelerate economic growth. An MP in Uganda sighting a World Bank (2016) report revealed that for every dollar invested in Uganda's infrastructure yielded less than a dollar (i.e., only 0.8) worth of economic activity. During the key informants interview, the MP respondent from Tanzania said:

“Weak public investment management remain across the region and Parliament engagement in project screening is at a later stage of the projects loan approval and this is a weakness. The MP further emphasized that the subsequent Parliamentary trainings should embed project preparation, appraisal and monitoring. Inadequate absorption capacity attracts high-interest rates paid on accumulated debt stock and leads to overrun of costs. There is also a growing trend of commitment fees paid on undisbursed loans”

29%

Moderate comprehension of public debt

36%

Political nature of the public debt domain

43%

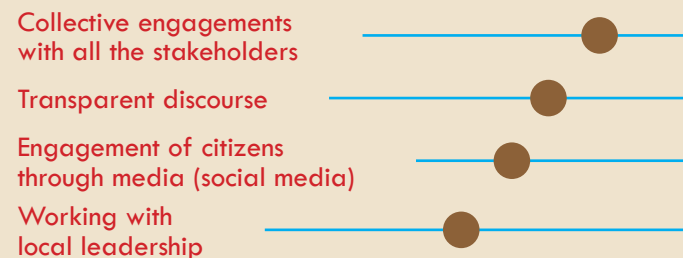
Lack of effective dialogue and consultation

**Figure 2: Barriers to Members of Parliament in delivery of oversight role of Public Debt Management**

Source: AFRODAD, 2022

## 4.5 Parliamentarians Coping Mechanism in overcoming challenges they face in performing their oversight roles

Given that prudent debt management best practices include the main task of parliaments, which is to keep the government accountable on behalf of the people, members of Parliament (MPs) were further asked to identify coping mechanisms relating to overcoming challenges in the delivery of effective oversight and accountability. Most common coping mechanisms identified in order of importance included collective engagements with all the stakeholders, transparent discourse, engagement of citizens through media (social media) and working with local leadership (see Figure 3). The identified coping mechanisms constitute a catalogue of possible practices including institutional arrangements, platforms and organisational set ups that can facilitate effective oversight and accountability.



**Figure 3: Parliamentarians Coping Mechanisms in performing their oversight roles**

Source: AFRODAD, 2022

### 4.5.1 Potential opportunities at East African countries and at East African Legislation Assembly (EALA)

Though Public Finance Management Acts within EAC countries recognizes the need for prudent fiscal behaviour, they remain indirectly consistent with the EAMU convergence criteria. Potential opportunities for prudent public debt management exist at national and regional level with the existence of EAMU protocols (IMF, 2021; Kasekende, 2021). Policy documents that require oversight responsibility of Parliamentarians such as National budgets, Budget Framework Papers, Debt Reports and other fiscal documents also take cognizance of EAMU ceilings. Evidence available from the evaluation exercise of parliamentary training further confirm existence of other opportunities including open space for idea sharing, cross learning between Parliaments and interface with EALA, existence of EAC monetary convergence and other existing laws and policies that are synced with national laws (Figure 3).

- ✓ Open space for idea sharing
- ✓ Cross learning between Parliaments and interface with EALA
- ✓ Existence of EAC monetary convergence
- ✓ Existing convergence laws and policies that are synced with national laws

**Figure 4: Potential opportunities at national and regional level for Prudent Public Debt Management**

Source: AFRODAD, 2022

With regard to opportunities at regional level, one of the MPs from EALA indicated:

“An opportunity rests in the legal frameworks supporting regional integration. A case in point is the East African Community Surveillance, Compliance and Enforcement Commission Bill, 2022 that provides for the establishment of the East African Community Surveillance, Compliance and Enforcement Commission pursuant to Article 21(b) of the Protocol on the Establishment of the East African Monetary Union; to provide for the functions, powers and governance structure for the Commission; and to provide for related matters. The commission will among others monitor, assess, promote and facilitate the attainment of the macroeconomic convergence criteria for all Partner States during the transition to the Monetary Union”.

”





# 5

## Key recommendations and policy options to enhance parliamentarians' effective participation in future public finance and debt issues

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Continued Public Debt Training for Parliamentarians. The MPs recommended considering integrating MPs fiscal policy training as part of the broader Public Finance Management (PFM) Reform Programme. A case in point, was raised with Uganda where the dedicated training programme was embedded as part of PFM work plans. This is even more important, given the high levels of attrition of MPs during the different electoral cycles. For example, the new members of Parliament in Kenya may require orientation. The MPs who were in their first term of office called for more trainings relative to the senior colleagues.

Consider calendarised multi stakeholder coordination mechanisms for public debt management at country level. This would also call for the adoption of a public debt transparency model, borrowing a leaf on Extractive Industry Transparency Initiative where there is full disclosure by all players involved. There is need to for governments to timely publish public debt statistics including terms of the loan contracts. Widen and deepen public consultations on public debt management. This means Parliament should hold public hearings on Public Debt seeking expert feedback from several key players including AFRODAD and national Partners. Also ensure that The legislative procedures include arrangements for public consultation.

Promote a Parliament report on public debt annually. This should include but not limited to the public debt plan, adherence to the fiscal targets and some of the regional targets, adherence to the parliamentary processes / procedures of public debt contracting and oversight. There is need to disclose the terms and conditions to Parliament as demanded by their legal frameworks. All loan agreements signed and loans with guarantee must be disclosed and published within 30 – 90 days of signing.

Parliaments in East African Legislative Assembly must strengthen their oversight and accountability mechanisms.

Annual borrowing is budgeted for in the annual budgets, which must be approved by Parliament. And subsequently published.

## 6

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## Annex: Questionnaire

### SURVEY QUESTIONNAIRE

### PARLIAMENTARY TRAININGS ON PUBLIC DEBT MANAGEMENT IN EAC

Dear Hon. Member,

The AFRODAD and a group of individual consultants are jointly conducting a study to capture and analyse the relevance and uptake of their capacity building programme. The overall aim of this assessment is to evaluate and document how parliamentarians have been using the skills and tools they got in loan approvals, rejections, responsible borrowing, and prudent debt management. The information and findings from this assessment will guide the future development of capacity building which will be a tailor-made programme that addresses outlined gaps.

I am inviting you to participate in this study by completing the following questionnaire in the provided link. Your participation is entirely voluntary, and all information collected in this survey will be kept strictly confidential. The information gathered will only be used for improving content for the subsequent trainings offered by AFRODAD. You have the right to refuse to answer any questions/items or to avoid participating at any time for any reason. If you have any queries regarding the survey questions, do contact me via e-mail. Thank you for giving your valuable time to complete the following survey questionnaires.

#### Section A: Socio-Economic and Political

Your country of representation:

Your constituency of representation:

What is your gender? Tick (v)

1= Male    2 = Female

What is your age group? Tick (v)

18-35	36-45	46-55	56-70	Above 71
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Level of education:

1=Completed Advanced secondary

2= completed college

3= completed university

4=others, specify....

Which term are you currently serving as a parliamentarian? Tick (v)

1 <sup>ST</sup> Term	2 <sup>nd</sup> Term	3 <sup>rd</sup> Term	4 <sup>th</sup> Term	5 <sup>th</sup> Term	Others, specify...
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**What is your current position as a parliamentarian at the Legislature? Tick (✓)**

Current position	Tick (✓)
Speaker of Chamber	
Deputy Speaker	
Member	
Committee Chairperson	
Chair of Chairpersons	
Deputy Chair of Chairs	
Chief Whip	
Deputy Chief Whip	
Leader of Government Business	
Leader of Opposition	
Speaker	
Others, specify....	

**Section B: Training Areas and Skills Acquired for Parliamentarians during 2018 – 2022**

1. What is your role as a member of parliament in public debt management?
2. In your view, are Parliamentarians aware of their oversight role in public debt management?  
1= Fully aware 2= aware 3= Neutral 4= Not aware 5= Fully not aware
3. Are you a member of the Parliamentary committees that handle public debt management?  
1=yes, 2=No. If yes, specify?
4. If not, describe how you been actively involved in activities or programmes pertaining to public debt management?

5. As a parliamentarian, what AFRODAD training programmes did you participate in during the 2018-2022?

Type of Training	Yes/No
National,	
Regional	
Summer schools	
Others, specify...	

6. Please rate your understanding of the following thematic areas related to public debt management that were covered in AFRODAD trainings in table below.

Statement	1-25%	26-50%	51-75%	76-100%	If less than 50%, explain why?
Role for legislators on the public debt management					
Loan Approvals and Rejections for members of Parliament					
Working with other oversight institutions e.g. CSOs					
Responsible borrowing in the COVID 19 era based African Borrowing Charter					
Prudent public debt management					
Public debt sustainability and related tools					
Legal, policy and institutional roles in debt management					
Impact of Public Private Partnerships on Debt Sustainability					
Understanding IFFs and remedy strategies					
Potential revenue mobilization strategies					
Budget cycle and related fiscal and expenditure frameworks					
Public finance and public investment management					
Other related, specify....					



7. Please rate the extent to which you have used the skills, tools, knowledge and information acquired from AFRODAD trainings to support operations of parliament using the 5-Likert scale: 1= Strongly disagreed; 2= Disagree; 3= Neutral; 4= Agreed; 5= Strongly agree

Statement	1	2	3	4	5
<b>LOAN APPROVALS AND REJECTIONS</b>					
I always use analytical skills when reviewing loan applications for members of parliament					
I consult legal frameworks when processing and approving loans with much scrutiny and analysis of the terms and conditions.					
I apply principles of transparency, accountability and governance as recommended by AFRODAD's African Borrowing Charter when approving and rejecting loans					
I can now competently review debt reports submitted to parliaments and provide oversight technical guidance					
I have held members of parliament accountable for prudent public debt management in line with application of regional finance and investment protocols.					
I have the ability to report and monitor governments' adherence to regional protocols on finance and investment.					
<b>ROLE OF PARLIAMENTS AS AN OVERSIGHT INSTITUTION</b>					
I am well versed with knowledge and information required for the review, on budgeting cycle and approval process (on review and approval of National Budgets and framework papers) required by Parliamentarians.					
I have the ability to trace opportunities throughout the budget cycle (in particular during the approval and ex-post oversight phases) to examine public debt figures and establish whether the government is effectively managing key risks associated with public debt					
I use monitoring and advocacy tools towards efficient domestic revenue mobilization strategies including holding authorities accountable on the use of unbeneficial tax incentives (where applicable).					
I have the knowledge and information that parliamentarians and civic society can base on while conducting monitoring and advocacy for debt policy reforms					
I have full knowledge and understanding of Illicit Financial Flows (IFFs) and the remedy strategies					



PUBLIC DEBT SUSTAINABILITY					
I have enhanced knowledge on legal, policy and institutional roles in debt management					
I have the ability to assess the impacts of Public Private Partnerships on Debt Sustainability					
I have developed and or contributed to a number of laws, policies and commitments to align tax incentives within regional economic communities through webinars					
I have published newsletters, blogs and articles in social media as a way of sharing more information and knowledge to others in public debt management.					

8. Where you have successfully utilized the above mentioned skills obtained from AFRODAD trainings, suggest examples?

## SECTION C: Challenges and Opportunities

9. What opportunities exist in East Africa and at East African Legislation Assembly (EALA) that parliamentarians could take advantage of while undertaking their oversight role on public debt and accountability at national level.
10. In your opinion, what challenges do Members of Parliament face in delivery of their oversight role of public debt management.
11. How have you overcome the identified challenges when performing your oversight role?
12. Are there any other challenges or issues you would like to share, with regard to your experience in doing oversight role on public debt and accountability?
13. In your opinion, what could be done different to enhance parliamentarians' effective participation in future public finance and debt issues?

2022



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