



AFRICA REGIONAL FORUM FOR SUSTAINABLE DEVELOPMENT – BUILDING FORWARD BETTER ON DEBT MANAGEMENT

25 February 2021 -18.00 to 19.30 Nairobi time

CONTEXT

Covid-19 brought into discussion the issue of debt management. This issue is not new but has become aggravated with the Covid-19 pandemics. African member-states are already facing an increased budget pressure stemming from the still ongoing health emergency – debt distress. According to the Mo Ibrahim Foundation, “In the absence of debt forgiveness or debt relief, the crisis threatens to undo the economic promise that much of the continent had been showing”. Alternatively, some see this as “the beginning of a new paradigm surrounding debt and beyond” (Chandler, 2020). The same article argues that the only viable solution to solve the debt distress would be the debt cancellation, whereas the G-20 moratorium avoids that possibility, adding that some of the most advanced African economies, such as Kenya, Nigeria and South Africa are excluded from it. Given this background and taken into consideration the forthcoming implementation of the African Continental Free Trade Area, how will the African countries cope with debt, moving forward in a post Covid-19 scenario? Would debt cancellation become a possibility of building forward better regarding debt management, in exchange of strengthening the taxation policies to increase the governments revenues? What will be the rationale behind debt management under a Covid-19 aggravated budgetary pressure, when achieving the 17 Sustainable Development Goals will require an investment of 5.000 to 7.000 trillion dollars/annum (globally)?¹ Building forward better will imply innovative ways of financing for development and as well finding a viable solution for debt management, in order to keep a clear path, for the African economies, to ensure their access to capital markets and fiscal space.

OBJECTIVES

- To discuss the impact of debt moratorium over the access of the African economies to capital markets;
- To assess to which level the debt cancellation/debt management would call for stronger taxation policies in order to increase the resources for financing for development.
- Propose specific recommendations to address the need of fiscal space to finance development policies in line with the 2030 SDG agenda.

¹ “Estimates of annual investment requirements in infrastructure in all countries (water, agriculture, telecommunications, energy, transport, buildings, industrial and forestry sectors) amount to between US\$ 5 and 7 trillion”. Source: *Financing the 2030 Agenda: An Introductory Guidebook for UNDP Country Offices*, UNDP, 2018



FORMAT

Roundtable