African CSOs'

Capacity Support Scoping for Public Debt Work

Final Report

Prepared by

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November 2019

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LIST OF ACRONYMS

ACODE:	Advocates Coalition for Development and Environment
AfDB:	African Development Bank
AFIC:	Africa Freedom of Information Centre
AFRODAD:	African Forum and Network on Debt and Development
CAADP:	Comprehensive Africa Agriculture Development Programme
CS-BAG:	Civil Society Budget Advocacy Group
CSO:	Civil Society Organization
DeMPA:	Debt Management Performance Assessment
DRM:	Domestic Resource Mobilization
EALA:	East African Legislative Assembly
EI:	Electronic Interview
FOWODE:	Forum for Women in Democracy
FY:	Financial Year
GDP:	Gross Domestic Product
HIPC:	Heavily Indebted Poor Countries
IFF:	Illicit Financial Flows
IMF:	International Monetary Fund
KII:	Key Informant Interview
LIC:	Low-Income Countries
LLMIC:	Low and Lower Middle-Income Countries
MDRI:	Multilateral Debt Relief Initiative
OSF:	Open Society Foundation
PALU:	Pan African Lawyers Union
PPP:	Public Private Partnership
SADC:	Southern African Development Community
SDG:	Sustainable Development Goals
SEATINI:	Southern and Eastern Africa Trade Information and Negotiations Institute
TAI:	Transparency and Accountability Initiative
TCDD:	Tanzania Coalition on Debt and Development
TISA:	The Institute for Social Accountability
UDN:	Uganda Debt Network
UNCTAD:	United Nations Conference on Trade and Development
ZIMCODD:	Zimbabwe Coalition on Debt and Development

EXECUTIVE SUMMARY

Introduction

Public debt remains an essential source of financing for public investments, and an important macroeconomic policy instrument for governments across the world (UNCTAD, 2017; Selassie, 2018). However, due to continued dependence on debt for economic growth by many governments, unsustainable international debt burden has become a major global concern. Between 2000 and 2010, nearly all low-income countries in sub-Saharan Africa experienced a reduction in debt levels, largely attributed to the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) debt relief initiatives. However, from around 2014, many of these countries have seen a rebound of high debt levels, with some going into debt distress (Devarajan, Gill and Karakuah, 2019). Between 2010 and 2017, nearly all countries in sub-Saharan Africa experienced an increase in their debt to GDP ratios (Devarajan, Gill and Karakuah, 2019). According to the IMF Regional Economic Outlook for Sub-Saharan Africa, about 40% of countries in the region are either already debt distressed or at high risk of it (IMF (2017).

Going forward, this is expected to have significant implications. For instance, debt servicing demands will create pressures for policy makers to increase taxation and reduce public spending, including on development priorities such as health and education. In addition, governments may choose to take loans to pay off existing debt, thus perpetuating the cycle. Thus, there is potential for collaborative action from Civil Society Organisations (CSOs) working on debt, tax, and budget to galvanize government action to tackle the problem of rising unsustainable public debt.

As such, OSF and TAI commissioned this scoping study on debt capacity support to understand perceptions of their grantee CSOs on relevance of public debt to achieving fiscal programming goals, and what can be done to support their efforts to address public debt unsustainability. Using data obtained from an exploratory study of OSF/TAI grantees across eight countries in Africa (South Africa, Zimbabwe, Tanzania, Uganda, Kenya, Nigeria, Ghana and Senegal), this report attempts to address the following key questions: i) Are grantees aware of rising international debt? ii) Are grantees factoring debt into their programming? And iii) Has there been any grantee collaboration in response and, if so, what has it looked like? The report describes perceptions of OSF/TAI grantee CSOs on the relevance of public debt, highlighting some of the ways they are responding or intend to intervene. It also identifies and highlights some actions that grantees can take to adjust their programming/ strategies to improve debt transparency; and what funders can do to support them.

Relevance of Rising Public Debt to OSF/TAI Grantee CSOs

OSF/TAI grantee CSOs see rising public debt as a growing concern and an important public policy challenge that threatens sustainability of African economies; and may prevent states from providing essential public goods to citizens and financing development goals. They believe that:

1. Unsustainable public debt has the effect of crowding-out financing for private enterprise (especially domestic public debt). This may limit growth of enterprises, investment and economic growth, which may frustrate domestic resource mobilisation.
2. Rising public debt is increasing allocations towards debt servicing (repayment) in national budgets. This directly limits resources available for public spending on essential public goods and services like health, education, social protection and investment in agriculture.
3. Rising external public debt is negatively impacting good governance in many contexts across the region. Unfettered access to external debt by governments is gradually eroding public accountability often achieved through taxation. This is because governments have access to alternative sources of financing that does not require as much scrutiny as tax revenues.

There are notable disparities amongst OSF/TAI grantee CSOs in their appreciation of the relevance of rising public debt. Some are worried about implications of high debt to GDP ratios on domestic resource mobilisation; while others question limited and incoherent public understanding of ‘why States borrow’, which they argue is at the heart of the debt problem in Africa today. The scarcity of information on public debt is also a major concern to OSF/TAI grantee CSOs.

Approaches to Tackling Rising Public Debt

Generally, there remain low levels of knowledge on public debt amongst OSF/TAI grantee CSOs, though there is basic conversance on debt issues that can be built upon. There is also a limited number of CSOs involved in core public debt work. This limits impactful research, advocacy and engagements for public debt sustainability. Whilst strategic plans and objectives of most interviewed CSOs had little implications or reference to work on public debt, there were indications that they are increasingly paying attention to public debt and already doing some related work – like budget tracking, open contracting, illicit financial flows, and access to information.

There is a general willingness and interest amongst CSOs to adjust their programming and strategies to infuse work on public debt. There are varying preferences amongst CSOs on venturing into public debt work. However, most CSOs favour integrating public debt work into ongoing programmes and strategic plans rather than introducing new programme areas or strategic objectives specifically on debt work. There were also those that agreed with the relevance of debt to their work, but indicated that they did not intend to begin being practitioners and experts on debt, but rather to identify ways in which the issues could be linked to their current work. There were also those that indicated that whilst appreciating the relevance of debt, they would only be willing to work with other organisations with competencies on debt and plug in their capabilities to support such interventions and processes. That is, not necessarily doing debt work – but supporting organisations and processes that aim to address issues of public debt. Whilst CSOs apply various approaches to their work, most prefer tackling public debt sustainability through advocacy and strategic communication informed by rigorous research.

Opportunities and Challenges for Collaborative Work on Public Debt

Due to limitations in prior work on public debt, there is minimal evidence of prior collaborative work done between CSOs around this area. There were however extensive examples of past work done through collaborative modalities, albeit on issues not necessarily linked to public debt. A majority of collaborations had looked at debt indirectly when analysing other fiscal issues like tax policy and budget.

Nonetheless, it was notable that OSF/TAI grantee CSOs have the interest, understanding and experience of working within collaborative arrangements, albeit not on public debt. As such, approaching public debt from a perspective of joint work/collaborative programmes would be desirable and possible to pursue. Whilst the CSOs interviewed indicated that past and current collaborations have taken the form of: i) bilateral partnerships, ii) consortiums and coalitions, and ii) sub-granting, most of them seemed to prefer bilateral partnerships and coalitions/consortiums.

- **Opportunities:** Grantees perceive collaboration on public debt work to have largely positive implications for organisational effectiveness. These range from improving technical knowledge and efficacy of related programmes on fiscal issues to enhancing linkages amongst CSOs, and enhancing their visibility and positioning. Grantees consider collaborative work to be strengthening interventions on domestic resource mobilisation in Africa. They argue that recent work through networks or consortiums of CSOs has elevated debt issues to international fronts where it has gained more traction and public attention than could have been achieved by one CSO. There is a general understanding amongst grantees that collaborative work increases acceptability of issues to the public, allows for pooling of resources ensuring value for money, and that diversity of organizations can promote peer-comparative learning. Additionally, grantees argue that collaborative work can help bring grassroot organizations to the core.
- **Challenges:** Despite interest in collaborative work, grantees cite notable challenges faced in past work that may impact effectiveness of any joint work on public debt. Differences in institutional philosophy and culture frustrate development of shared understanding on issues. Operational and management intricacies like decision making, coordination, accountability and communication become more difficult with variations in organisational size, age, reach and capacity. These sometimes slow down work, as processes of negotiation and consensus may be daunting in joint arrangements, such as consortiums/coalitions. Sometimes trust issues also come up among partners emanating from competition for visibility, which sometimes leads to division.

Anatomy of an Ideal Collaborative Arrangement

Overall, grantees favour collaborative arrangements borne out of common interest, negotiation (among partners), with effective division of labour (in terms of what each partner brings to the table) that are grown organically over time to allow partners to understand each other and be comfortable with backgrounds, competencies and experiences of one another. The ideal seemed to be agglomeration of partners – with competencies in research and technical knowledge on debt, advocacy and awareness, and public debt transparency and access to information. Some also favoured the mix of large and small organisations to benefit from advantages of working at regional level, as well as national and grassroots levels. They indicated that support from funders could facilitate multiple engagements amongst likeminded CSOs who see relevance of rising debt, and have something to contribute, to brainstorm and share ideas on how to develop multi-approach programmes that tackle the problem from various angles and at multiple levels.

Entry Points for CSOs and Funders to Intervene

Grantees CSOs consider transparency and information a critical component of addressing public debt sustainability. As such, building knowledge, improving capacities and increasing access to information on public debt is important for impactful advocacy. They consider the following as the most critical support areas to implement effective interventions: i) capacity development on technical aspects of debt, ii) technical support for designing programmes on public debt, iii) core/ institutional financing for public debt programmes, iv) modalities for accessing information on public debt, v) financial support for research and analysis of trends in public debt, and vi) mechanisms for peer learning on public debt.

Moving forward, the study urges CSOs (grantees) and funders to consider the following as entry points for action towards increasing and improving efforts to tackle rising unsustainable public debt in Africa. Some of these recommendations are more geared for debt focused groups, while some are applicable for tax/spending groups aligning with debt programming:

For Grantees:

1. Convene engagements amongst like-minded CSOs to develop frameworks for collaborative work on public debt – such as development of consortiums, coalitions, networks or bilateral agreements;
2. Work together to create multi-organisational forums for discussing, learning and sharing knowledge on public debt;
3. Convene thought leadership forums on public debt involving high level actors in government, civil society, academia among other key actors to keep public debt issues at the core of contemporary public policy discussions;
4. Conduct rigorous research on public debt including diagnostic studies analysing trends in public debt; interrogating such issues as proportion of debt servicing in national budgets, performance of debt, debt management, debt contracting, among others;
5. Advocate for design and implementation of formal and legal frameworks for debt management that stipulate borrowing targets and preferences for borrowing sources;
6. Develop alternative (CSO-led) information portals for ensuring up-to-date recording of debt and debt service payments to increase accountability, transparency, and sustainable debt levels;
7. Advocate for sound debt management practices to be extended to subnational level and state-owned enterprises to ensure more comprehensive management;
8. Support strengthening of debt management capacity and analytical tools for debt management targeting government officers;
9. Lobby and advocate for better information sharing on public debt by lenders (especially non-traditional ones);
10. Advocate for revision or development of new codes of conduct that address irresponsible lending such as G-20's Operational Guidelines for Sustainable Financing (2017) and OECD's Recommendation on Sustainable Lending Practices; and
11. Develop resource mobilisation strategies leveraging existing relationships with TAI members to explore and raise funding for implementing programmes on public debt.

For Funders:

1. Facilitate capacity development for CSOs to better understand deeper issues around public debt in order to intervene more effectively;
2. Finance research (such as political economy analyses) to assist CSOs with information for programme development, advocacy and engagements;
3. Support large CSOs to convene thought leadership forums on public debt involving high level actors in government, civil society, academia among other key actors to keep public debt issues at the core of contemporary public policy discussions;
4. Conduct capacity assessments for CSOs and identify development needs and support to grow a base of CSOs that are competent and interested in implementing interventions that address public debt;
5. Support development and/or sustainability of CSO networks or coalitions across sectors and regions to increase voice and traction of advocacy for public debt sustainability;
6. Consider modalities for delivering more core/institutional funding to allow CSOs budget space for developing strong institutional capabilities – human resources, networks and organisational capabilities to sustainably implement interventions addressing public debt sustainability;
7. Support and/or facilitate regular periodic engagement with grantee CSOs in order to keep up with dynamics and contextual issues that may affect ability of CSOs to effectively intervene on public debt;
8. Engage and coordinate amongst themselves to ensure effective division of labour amongst the CSOs they fund in aspects of public debt to avoid duplication of effort and wastage of resources;
9. Facilitate access to public debt information by encouraging lender governments to require recipient governments to disclose debt information and facilitate capacity development targeting CSOs with skills and techniques for acquiring public debt information; and
10. Promote peer learning by facilitating grantee CSO forums for sharing experiences and horizontal learning; and support establishment of a repository of public debt information for States across the continent that CSOs can tap into.

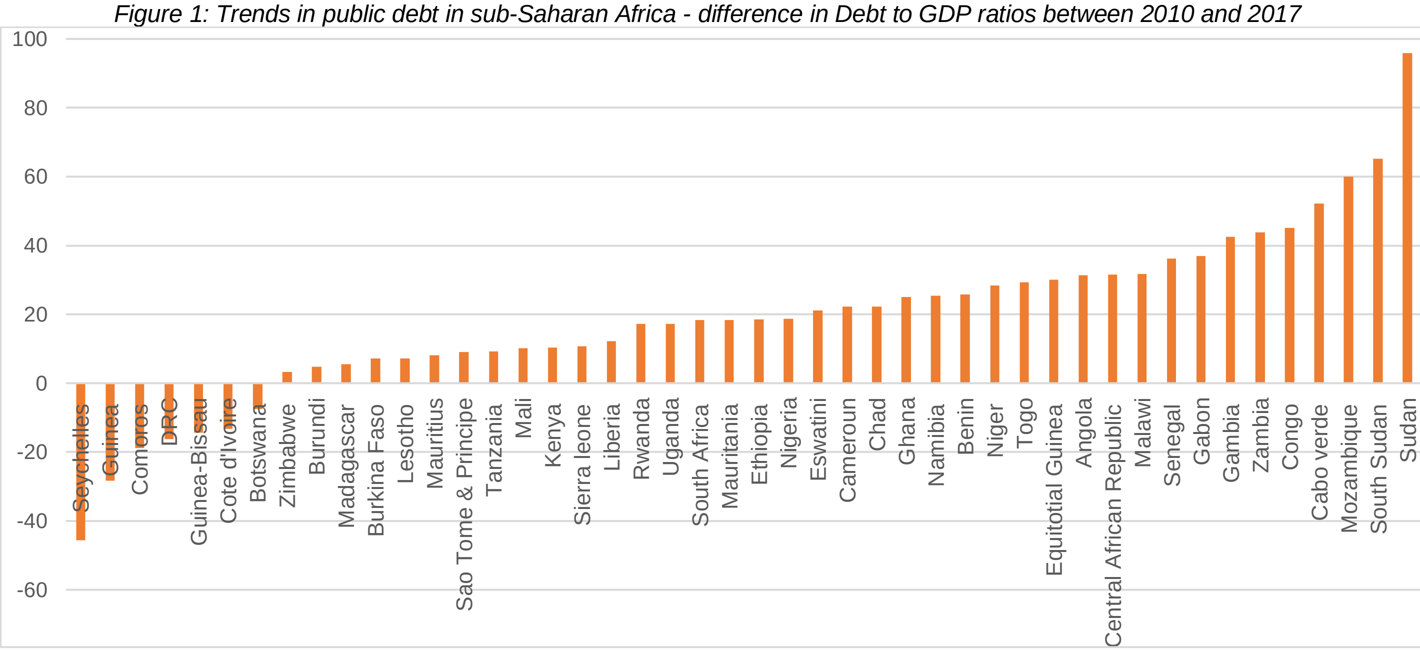
1.0 INTRODUCTION

1.1 Background and Trends of Public Debt

Across the globe, government borrowing forms a significant and essential source of financing for public investments, as well as any country's macroeconomic apparatus (UNCTAD, 2017; Selassie, 2018). Public debt, sometimes referred to as government debt, represents the total outstanding debt (bonds and other securities) of a country's central government. It is often expressed as a ratio of Gross Domestic Product (GDP). Public debt can be raised both externally and internally; where external debt is owed to lenders outside the country and internal debt represents government's obligations to domestic lenders (Mustapha and Prizzon, 2018). Public debt as a percentage of GDP is usually used as an indicator of the government's ability to meet future obligations (Focus Economics, 2019).

Unsustainable international debt burdens remain a concern for the global economy. This is due to the world's continued dependence on debt for economic growth. In sub-Saharan African, between 2000 to 2010, nearly all low-income countries experienced a reduction in debt levels. This was largely occasioned by the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) debt relief initiatives. However, from around 2014, many of these countries have seen increases in debt levels, with some going into debt distress (Devarajan, Gill and Karakuah, 2019). As illustrated on Figure 1, save for seven countries, the rest of sub-Saharan Africa experienced an increase in debt to GDP ratio between 2010 and 2017 and the cost of servicing has also risen, creating fears of a looming crisis (Mustapha and Prizzon, 2018). This is considered to be due to the fall in commodity prices starting in 2014 that led to substantive falls in terms of trade (about 20% between 2014 and 2015) (Devarajan, Gill and Karakuah, 2019). This is especially because most African states rely on primary commodities for exports and revenue and often turn to borrowing to deal with deficits after commodity price shocks (Devarajan, Gill and Karakuah, 2019).

Figure 1: Trends in public debt in sub-Saharan Africa - difference in Debt to GDP ratios between 2010 and 2017



Source: Devarajan et al (2019) - Debt, Growth, and Stability in Africa: Speculative Calculations and Policy Responses

A total of 18 countries in the world are at high risk of debt distress (more than double the figure in 2013) and there are eight countries already in distress because their public debt is above 50% of GDP (UNCTAD, 2017; World Bank, 2018; Mustapha and Prizzon, 2018). The median level of public debt in sub-Saharan Africa, at the end of 2017, exceeded 50 percent of GDP. According to IMF (2008), public debt in sub-Saharan Africa has continued to rise over the past two decades, despite the economic growth experienced. The IMF Regional Economic Outlook for sub-Saharan Africa classifies six out of the 35 low-income countries (LICs) in sub-Saharan Africa as in 'debt distress', implying inability to service external commitments, with nine others classified as being at "high risk of debt distress" (IMF, 2018; Selassie, 2018; Sow, 2018). Thus, about 40% of countries in the region are either in debt distress or at high risk of debt distress.

Table 1: Trends in public debt in sub-Saharan Africa

State	Gross Public Debt % of GDP 2010	Gross Public Debt % of GDP 2017	% diff in debt to GDP between 2010 and 2017
Sudan	67.4	163.2	95.8
South Sudan		65.2	65.2
Mozambique	43.3	103.2	59.9
Cabo Verde	72.4	124.6	52.2
Congo	53.4	98.5	45.1
Zambia	18.9	62.7	43.8
Gambia	40.7	83.2	42.5
Gabon	21.3	58.2	36.9
Senegal	28.3	64.4	36.1
Malawi	29.6	61.3	31.7
Central African Republic	21.4	52.9	31.5
Angola	37.2	68.5	31.3
Equatorial Guinea	7.9	38.0	30.1
Togo	46.3	75.6	29.3
Niger	20.7	49.0	28.3
Benin	28.7	54.4	25.7
Namibia	16.0	41.5	25.5
Ghana	34.6	59.6	25.0
Chad	30.1	52.4	22.3
Cameroun	14.7	36.9	22.2
Eswatini	13.8	34.9	21.1
Nigeria	9.6	28.4	18.8
Ethiopia	40.5	59.0	18.5
South Africa	34.7	53.0	18.3
Mauritania	58.5	76.8	18.3
Uganda	22.4	39.7	17.3
Rwanda	19.3	36.5	17.2
Liberia	21.8	34.1	12.3
Sierra Leone	46.8	57.6	10.8
Kenya	44.4	54.8	10.4
Mali	25.3	35.4	10.1
Tanzania	27.3	36.6	9.3
Sao Tome & Principe	79.5	88.6	9.1
Mauritius	57.1	65.2	8.1
Burkina Faso	31.2	38.4	7.2
Lesotho	31.8	39.0	7.2
Madagascar	34.7	40.3	5.6
Burundi	46.9	51.7	4.8
Zimbabwe	49.6	52.9	3.3
Botswana	20.4	12.9	- 7.5
Cote d'Ivoire	63.0	49.8	- 13.2
Guinea-Bissau	68.3	53.9	- 14.4
DRC	31.9	15.7	- 16.2
Seychelles	82.2	36.6	- 45.6
Comoros	50.7	31.8	- 18.9
Guinea	68.8	40.4	- 28.4

Source: Devarajan et al (2019) - Debt, Growth, And Stability in Africa: Speculative Calculations and Policy Responses

1.2 Global and Regional Efforts and Work on International Debt

Efforts have been initiated at the global level to respond to the debt crisis and avert a debt trap. The HIPC initiative in 1996 by the IMF and World Bank was created to ensure that the world's poorest countries are not overwhelmed by unmanageable and unsustainable debt burdens (World Bank, 2018). Debt reductions under the HIPC initiative led to improved sustainability of external debt in sub- Saharan Africa. The Multilateral Debt Relief initiative (MDRI), adopted by the IMF in 2005, also aimed at averting a debt crisis by offering 100% cancellation of eligible debt from multilateral institutions. These global efforts sought to reduce debt burden in developing countries and to free resources for poverty reduction and development programs (AfDB, 2019). The initiatives were considered successful in achieving their objectives as most countries for some time maintained low debt ratios.

However, there has been a reversal of this improvement since 2012 as external debt in sub-Saharan Africa continues to increase rapidly (Mustapha and Prizzon, 2018). This can be attributed, first, to the rise in the private sector's external indebtedness and volatility in international markets (UNCTAD, 2017). Secondly, this increase can also be explained by Africa's improved access to international financial markets given the robust economic growth over the past decade (UNCTAD, 2016). Thirdly, reckless borrowing and mismanagement of these flows have also contributed to rising debt. According to the World Bank's Country Policy and Institutional Assessment (CPIA), the average quality of the debt management policy and institutions in Low and Lower Middle-Income Countries (LLMICs) falls short of what is considered "adequate" (IMF, 2018). Also, the World Bank's Debt Management Performance Assessment (DeMPA) indicates that across many developing countries, legal and institutional frameworks, external audits, and internal controls for managing public debt remain weak (IMF, 2018). These are further exacerbated by weak technical capacity amongst staff of the National Treasuries and departments responsible for debt management. Lastly, new sources of development finance and modalities such as Eurobonds and Public-Private Partnerships (PPPs), though less concessional, have implications on debt sustainability (Mustapha and Prizzon. 2018).

To this end, debt relief does not guarantee future sustainability given some HIPC/ MDRI countries, such as Ghana and Senegal, have had rising debt ratios (Mustapha and Prizzon, 2018). There is need to develop a debt work-out mechanism to address growing concerns about debt sustainability in sub-Saharan Africa. The IMF and the World Bank have been collaborating with other stakeholders in actively supporting capacity building through technical assistance (TA) and training.

1.3 Background to OSF and TAI

The Transparency and Accountability Initiative (TAI) is a donor collaborative comprised of Open Society Foundations (OSF), the Hewlett Foundation, Ford Foundation, Luminate, MacArthur Foundation, and the UK Department for International Development (DFID). TAI's members aim to better understand how debt trajectories are impacting (and will impact) the work of their grantees on a range of fiscal issues, and how they may align efforts to mitigate adverse effects.

The Open Society Foundations (OSF) have long supported transparency and accountability in public finance around the globe, but particularly in Africa, where its regional foundations have been very active, including Open Society Initiative for East Africa and Open Society Initiative for Southern Africa (OSISA).

1.4 Purpose of the Debt Capacity Support Scoping Study

OSF and TAI commissioned a scoping study on debt capacity support to understand perceptions of their grantee CSOs on relevance of public debt to achieving fiscal programming goals. The study was also tasked with outlining some actions that grantees can take to adjust strategies and help improve debt transparency; and what funders can do to support them. The Debt Capacity Support Scoping Study therefore set out to seek answers to the following key questions related to relevance of debt to grantees, grantee strategy and programming, and collaborative arrangements among grantees working on debt:

1. **Relevance to Grantees:**

- How do grantee organizations perceive the relevance of public debt to their programming priorities, if at all?
- To what extent are they aware of the forms of public debt, debt trajectories, and payment needs?
- Is public debt perceived as a threat to their ability to deliver on priority goals?

2. **Grantee Strategy and Programming:**

- If mounting debt is considered relevant, how is it factoring, if at all, into shifts in grantee strategy and programming approaches?
- What are their informational needs? Would more disclosure of public debt liabilities be helpful? If so, in what ways?
- What can be done to incorporate knowledge of debt trajectories and their implications into organizational strategy and programming?

3. **Collaboration:**

- Has there been any grantee collaboration on tackling the issue of public debt (including pushing for greater debt transparency)? What has this collaboration looked like, and is there any sense of whether it has been impactful or not?
- What are opportunities for more aligned grantee action to minimize adverse consequences of mounting debt, including in regard to resulting tax and spending decisions?
- Are there opportunities for joint action to increase debt transparency specifically? If so, which ones?
- What might funders do to enable effective action by individual grantees and collaborative efforts to mitigate negative debt servicing effects on fair, transparent and accountable fiscal outcomes?

The report on Debt Capacity Support Scoping Study is meant to be, initially, for private consumption by OSF and other TAI members and their grantees, with possibility of revisions and adaptation for consumption of the wider donor community and the public. It is anticipated that TAI donor members and grantees will use this report's findings to inform future programming around fiscal transparency.

2.0 METHODOLOGY

This section outlines the approaches that were used in conducting the Scoping Study on CSO's capacity support for public debt work.

2.1 Approaches to Conducting the Study

In collecting data for the study, the research team employed a mixed method approach involving largely qualitative participatory data collection techniques. These involved: grantees of TAI member organisations, donors/ funders who are members of the TAI and other relevant stakeholders that had useful information to augment that obtained from the primarily targeted respondents. The specific methods that were applied in data collection are discussed as follows:

2.1.1 Desk Research

The study team explored and consulted secondary data sources to provide answers to key questions. This was done through desk review of relevant and available literature supplied by grantees, OSF, TAI and other TAI members. These included study reports, research papers, and assessment reports, amongst others, to shed light on the experiences, capacities and capabilities of grantees to design, implement and measure progress in addressing public debt issues within their contexts. These were identified and mapped in the course of the study, especially during physical visits to various grantees in sampled countries as part of data collection.

2.1.2 Qualitative Data Collection

The study employed two main methods to collect data from sampled key informants – one-to-one Key Informant Interviews (KIIs) and Electronic Key Informant Interviews (EKIIs) conducted via telephone, Skype, WhatsApp and/ or through emails. These served as the primary data collection methods and were applied to generate substantive data specific to the contexts and circumstances of the various grantees sampled from different countries. They provided data for in-depth analysis to answer study questions that could not be answered using data from secondary sources.

2.2 The Study Sampling Design

A combination of purposive and convenience sampling methods was employed to determine the scope of respondents to consult in the process of collecting data for the Debt Capacity Support Scoping Study. Purposive and convenience sampling methods were preferred due to the technical and specific nature of the study. It required respondents to be grantees of OSF and other TAI members. It also required respondents to have substantive knowledge of the subject matter and authority to speak on behalf of their organisations. Lastly, the study worked with resource and time constraints that could not allow elaborate probability sampling techniques.

2.2.1 One-to-One Key Informant Interviews (KIIs)

In selecting key informants to consult, the study adopted a purposive sampling approach. Appointments were made via telephone, letter and/ or emails where necessary. The KIIs were undertaken with selected respondents who were purposively sampled. These were mostly programme directors, programme officers responsible for programmes related to fiscal issues, and executive directors, CEOs or chairpersons of various CSOs. Respondents were mapped before commencement of the study with support from TAI, OSF and partners. Table 1 and 2 (below) illustrate the geographical spread of CSOs, across regions and countries in Africa that were consulted in the study. The study conducted a total of 22 one-to-one key informant interviews (11 in West Africa and 11 in East Africa).

2.2.2 Electronic Key Informant Interviews (EKIIs)

The study augmented the data obtained from one-to-one KIIs with consultations facilitated by electronic methods – mostly emails, telephone calls and Skype. This was because of inability by the study team (due to the limited scope of resources) to visit and speak directly to all possible key informants (respondents). As such, 12 supplementary interviews (two in East Africa, 5 in West Africa and 5 in Southern Africa) were conducted largely with programme directors, programme officers in charge of programmes related to fiscal issues, and executive directors, CEOs or chairpersons of the various CSOs not located in the countries that the study team physically visited.

Tables 1 and 2 below illustrate distribution of the sample across regions, countries and methods of data collection. Overall, the Debt Capacity Support Scoping Study consulted a total of 34 respondents out of the 33 that were sampled and targeted. This represented a 103.0% response rate. The difference in response rate between KIIs and EKIIs was occasioned by challenges in accessing appropriate respondents in some of the countries visited. The study is therefore confident that the data collected and analysed was sufficient to support the findings presented, as well as conclusions and recommendations.

Table 2: Study Sample and Response rate

Study Area	CSOs Targeted		CSOs reached		Targeted Respondents	Respondents reached consulted	Total response rate (%)
	KIIs	EKIIs	KIIs	EKIIs			
West Africa	15	2	11	5	17	16	86.7
East Africa	10	2	11	2	12	13	108.3
Southern Africa	1	3	0	5	4	5	125.0
Total Respondents	**26**	**7**	**22**	**12**	**33**	**34**	**103.0**

Table 3: Response rate by sampled countries

Region	Country	Targeted no of CSOs		No of CSOs consulted		Targeted Respondents	Respondents reached consulted	Total response rate (%)
		KIIs	EKIIs	KIIs	EKIIs			
West Africa	Nigeria	10	2	5	5	12	10	83.3
	Ghana	2	0	2	0	2	2	100.0
	Senegal	3	0	4	0	3	4	133.3
East Africa	Kenya	3	0	3	0	3	3	100.0
	Uganda	7	0	8	0	7	8	114.3
	Tanzania	0	2	0	2	2	2	100.0
Southern Africa	South Africa	1	2	0	3	3	3	100.0
	Zimbabwe	0	1	0	2	1	2	200.0
Total Respondents		**26**	**7**	**22**	**12**	**33**	**34**	**103.0**

2.3 Data processing, analysis and presentation of findings

This section outlines the methods that were used to process, analyse and present findings from the quantitative and qualitative data that was collected.

2.2.3 Quantitative Data

Although the study was largely qualitative, it utilised a semi-structured KII schedule that facilitated collection of data, which was coded and keyed-in in a quantitative format. The study mainly applied univariate or descriptive methods to analyse and describe the quantitative data. Outputs from the analysis were presented in the form of single-variable and multi-variable frequency tables, pie-charts and graphs.

2.2.4 Qualitative Data

Since the study involved substantive qualitative data, the main approach to analysis of qualitative data was content analysis. This was largely data obtained through KIIs and EKIIs. Once interviews were done, text transcripts were generated from the audio records. The transcripts formed the core portfolio of qualitative data. They were analysed through thematic/content analysis driven and guided by the key questions drawn from the scope of the study and terms of reference. The study team combined both manual content/ thematic analysis and N-Vivo in analysing the qualitative data obtained.

3.0 SUMMARY OF KEY MESSAGES FROM THE STUDY

Relevance of Debt to Grantees

1. CSOs see rising public debt as a growing concern and an important public policy challenge that threatens sustainability of African economies; and may prevent states from providing essential public goods to citizens and financing development goals.
2. There are significant disparities amongst CSOs in their appreciation of the relevance of rising public debt. Some are worried about implications of high debt to GDP ratios on domestic resource mobilisation; while others question limited and incoherent public understanding of 'why States borrow', which they argue is at the heart of the debt problem in Africa today.
3. The scarcity of information on public debt, debt servicing taking up large proportion of annual budgets, and increasing portfolio of domestic public debt (and its stifling effect on domestic enterprise) are some of the major public debt concerns of CSOs.
4. CSOs across all sectors, agree that there is a link between public debt and ability of government to provide public goods and services, which is at the core of their work. Rising public debt continues to crowd-out financing for private enterprise limiting growth of domestic enterprises and investment. Increasing proportions of debt servicing in national budgets limit resources available for public spending on essential public goods and services. Also, some grantees argued that unfettered access to debt (especially credit from China) is eroding public accountability often achieved through taxation, as governments have alternative sources of less scrutinised financing.

Grantees Knowledge, Experience, and Prior Work on Public Debt

5. Generally, there are low levels of knowledge on public debt amongst CSOs though there is basic conversance on debt issues that can be built upon. The knowledge level limits impactful research, advocacy and engagements for public debt sustainability.
6. There is a limited number of CSOs involved in core public debt work. As such, their strategic plans and objectives of most interviewed groups had little implications or reference to work on public debt. However, CSOs are increasingly paying attention to debt and already doing some work related to public debt – like budget tracking, open contracting, illicit financial flows, and access to information.
7. There is a general willingness and interest amongst CSOs to adjust their programming and strategies to infuse work on public debt. CSOs like CS-BAG, BudgIT, CABRI and SEATINI, which do not necessarily specialise on debt work, appeared to be adjusting their programmes to include debt work.

Infusing Public debt work into grantees programing/objectives

8. There are varying preferences amongst CSOs on how to venture into work on public debt. However, most CSOs favour integrating public debt work into ongoing programmes and strategic plans rather than introducing new programme areas or strategic objectives specifically on debt work.
9. Whilst CSOs apply various approaches to their work, most prefer tackling public debt sustainability through advocacy and strategic communication informed by rigorous research.
10. CSOs perceive their public debt work to have largely positive implications for organisational effectiveness. These range from improving technical knowledge and efficacy of other related programmes on fiscal issues to enhancing collaborative work and linkages amongst CSOs, and enhancing their visibility and positioning.

Implications of debt work on grantees – impact and support needs

11. CSOs consider public debt transparency and public debt information a critical component of addressing debt sustainability. Many argued that building knowledge, improving capacities and increasing access to information on public debt is important for impactful advocacy.
12. Key limitations highlighted by CSOs in terms of public debt knowledge include: access to official data on public debt, limited capacity and knowledge on debt, resource limitations to acquire expertise and conduct capacity development for staff on debt.
13. CSOs consider the following as the most critical support areas for them to effectively implement interventions to address public debt: i) capacity development on technical aspects of debt, ii) capacity development for designing programmes on public debt, iii) institutional/core financing for public debt

programmes, iv) capacity development in accessing public debt information, v) technical and financial support for researching public debt, and vi) support for peer learning on public debt.

Collaborative work on public debt

14. There has been limited core collaborative work done on public debt. However, CSOs expressed interest, understanding and experience in working in collaborative arrangements on these issues. Past and existing collaborations took the form of i) bilateral partnerships, ii) consortiums and coalitions, and ii) sub-granting. Most CSOs however prefer bilateral partnerships and coalitions/consortiums.
15. CSOs consider collaborative work to be strengthening the overall work on domestic resource mobilisation in African states. They argue that recent work through networks or consortiums of CSOs has elevated debt issues to international fronts where it has gained traction and public attention than could be achieved by any singular CSO.

4.0 STUDY FINDINGS

4.1 Analysis of Respondents

Variable	Description of variable	n	%
Regional Location/Reach	Eastern Africa	13	38.2
	Southern Africa	5	14.7
	West Africa	16	47.1
Type/Nature of CSO	Network	6	17.6
	Individual Organisation	28	82.4
Organisational Size or Influence	National CSO (national level reach)	22	64.7
	Regional CSO (regional level reach)	4	11.8
	Continental (Africa wide reach)	8	23.5
Experience on fiscal issues	Substantive work done on fiscal issues	23	67.6
	Some work done on fiscal issues	11	32.4
	No work on fiscal issues	0	0
Prior work on public debt	Substantive prior work done on debt	6	17.6
	Some prior work done on/related to debt	10	29.4
	No prior work done on/related to public debt	18	52.9
TAI membership grantee status?	Grantee of a TAI member	29	90.6
	Former grantee of a TAI member	3	9.4

Table 4: Analysis of respondents by variables

4.2 Relevance of Public Debt

The study explored the relevance of public debt to CSOs and the contexts within which they work. It also explored their understanding of the implications of rising public debt on domestic resource mobilisation, on financing of public goods and services and on sustainability of economies in the region. The study established that CSOs see rising public debt in Africa as a critical issue to economies in the region, which requires urgent attention. Most of the CSOs consulted indicated that they considered rising public debt in the region (Africa) a growing concern that merited their attention. As illustrated on Figure 2 below, 82.8% and 87.8% of respondents indicated that the issue of public debt was relevant to their organisations and to the country contexts within which they worked. This was especially because they understood it as an important public policy challenge that presented substantive risks to sustainability of economies in the region in the future that may prevent states from providing essential public goods and for financing development goals outlined both in the Sustainable Development Goals and the Vision 2063 of the African Union.

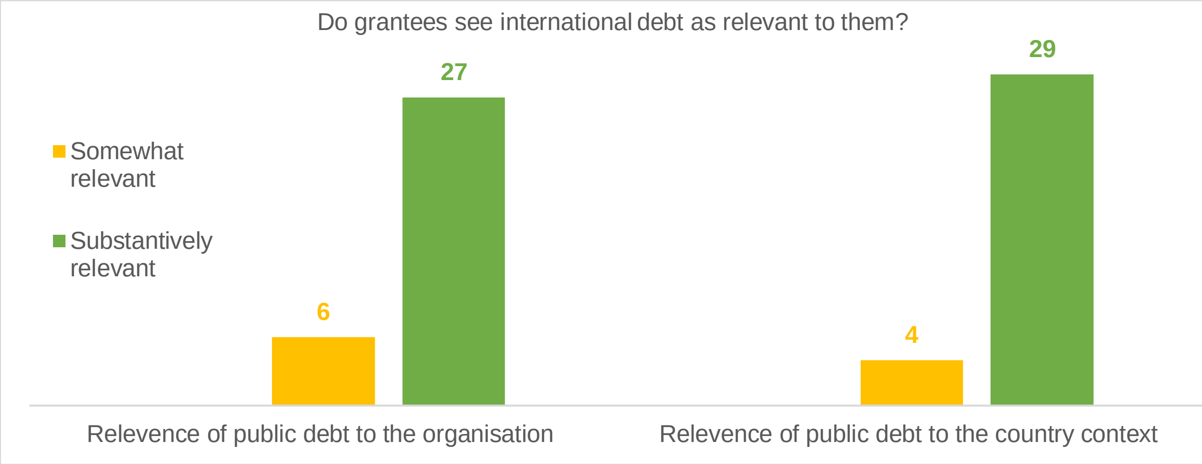


Figure 2: Relevance of public debt to CSOs

There were however disparities amongst respondents in their appreciation of the relevance of rising public debt. Whilst some were worried about rising debt to GDP ratios and their implications on limiting Domestic Resource Mobilisation (DRM), others were worried about the philosophy of public finance in many countries that they considered a direct contributor to rising debt levels. There were also those who cautioned against overemphasis of the risks of rising public debt (especially debt-to-GDP ratios) arguing that there are countries across the globe with very high ratios (as high as 90%) but without debt sustainability issues. They argued that what many African States lack is a coherent understanding of 'why States borrow', which they argued was at the heart of the debt problem in Africa currently. For others, the issue of rising public debt and its risks was a political question. They argued that in many countries where debt is almost getting out of hand, there were political problems related to public participation and inclusion in governance (including in public finance) that was aiding and abetting irresponsible borrowing and furthering debt sustainability challenges. Many respondents indicated that in many African States, there is political pressure to acquire debt – related to lofty campaign promises, need for regime survival, and access to unrestricted/ unscrutinised debt from arrangements with China.

Nonetheless, three major issues emerged as of most concern to CSOs in Africa regarding public debt. These were: i) scarcity of information on public debt (in terms of modalities for contraction, details of debt instruments and expenditure of debt resources); ii) levels of debt in public expenditure baskets (considering its proportion of annual budgets and GDP); iii) debt servicing or repayment (which many feared was increasingly taking a significant part of public finances); and iv) the balance between domestic and external public debt (and its implications on domestic enterprise and economic growth). As illustrated on Figure 3, access to public debt information appeared to be of most concern (cited by 93.9% of respondents) followed by debt servicing (cited by 84.8%), then levels of debt (cited by 75.8%) and finally balance in forms of debt (cited by 42.4%).

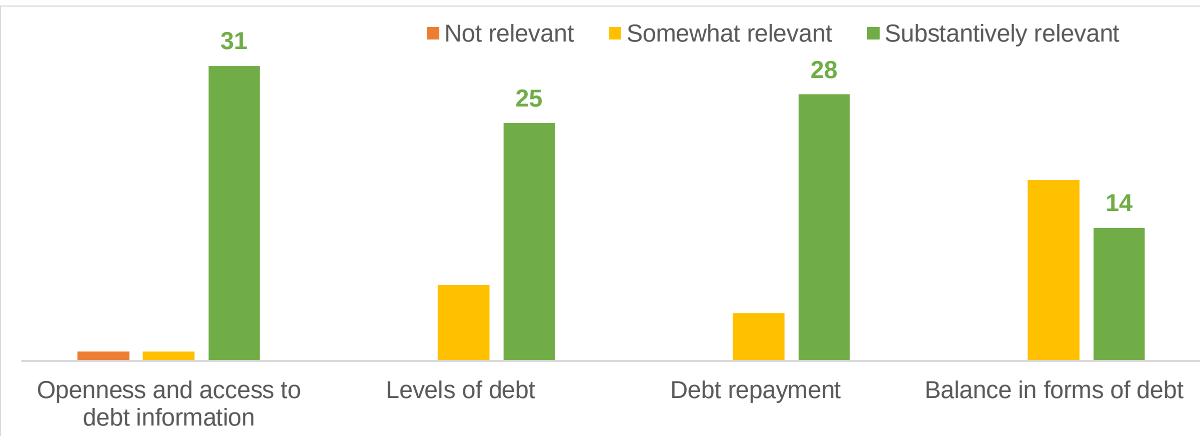


Figure 3: Relevance of aspects of public debt to CSOs

Here are some verbatim responses to the question: *Do you see rising public debt as an issue of concern?*

> "I don't think so. The debt to GDP ratio for the American economy is at 100% plus. Should I say they are worried? No. should I feel very comfortable because we are below 20% and say yeah, we are good? I don't think so. We are concerned about the percentage of debt servicing in the budget and also how we utilize the money we get from it. So, if debt to GDP ratio is 100% but we are using it rightly, then we have no problem. Likewise, even if its 10% and we are using it badly, we have a problem" – KII, East Africa

> "As debt rises, more is spent on servicing it. In 2019, almost a quarter of expenditure is earmarked for debt servicing. As such, the government has less to spend on other key areas of spending (e.g. health, education). We have seen Nigeria's debt servicing numbers rise to over 60% of public revenues, a huge threat to use of domestic resources for social and economic investments. This, for us, is an area of great concern" – KII, West Africa

> "Interest payment for debt right now is about US$891 million. When you compare that with the budget allocation for health, which is at US$540 million, the budget for education which is at US$810 million and for agriculture which is at US$270 million, you find that interest rate payment is a huge part of our money. So actually, for us, whether we are getting it from China or World Bank - that is not the biggest issue. So, we need to engage government to reduce its appetite for debt and to be more transparent with debt contraction because we only hear of loans once the issue reaches parliament" – KII, East Africa

> "Currently and in the short term, the requisite investments on people (both in health and in education) is short-changed. For example, our country has failed to meet its prior commitment (From AU 2001) to spend 15% or more of its national budget on health in part due to debt servicing taking up a larger share of revenues." – KII, West Africa

4.2.1 Understanding of Public Debt by Grantees

Regarding understanding of debt, the study sought to explore the extent to which respondents (grantee CSOs) were aware of the key issues around public debt – like forms of public debt, debt trajectories, and payment needs. The study established that there was generally a low level of understanding on public debt amongst grantees. As illustrated on Figure 4 below, more than half of respondents (54.5%) indicated through self-assessment, that their organisations had low level of knowledge and appreciation of the key issues around public debt. Most of them cited lack of appropriate skills and competence in terms of human resources with specialised capabilities on public debt – mostly referring to economists with graduate-level training. Nonetheless, the study found most of the respondents with some knowledge that indicated a significant level of conversance on debt issues. They demonstrated significant understanding of debt imperatives – like debt-to-GDP ratios, prominence of debt repayment in budgets, performance of debt, and different debt instruments or mechanisms for acquiring debt. Most of them however conceded that this was not enough for structured and impactful research, advocacy and engagements that can permit meaningful policy advocacy for public debt sustainability in their various contexts.

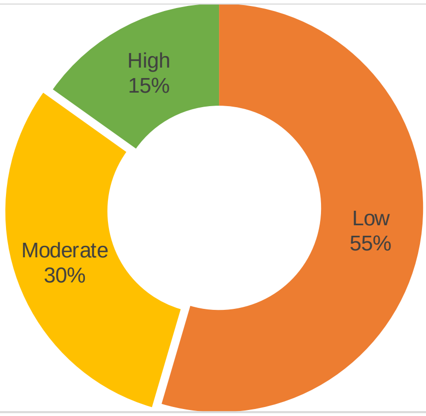


Figure 4: CSOs self-grading on understanding of public debt

Also, the study noted that there were significant disparities in their levels of appreciation of the key issues regarding debt and their implications on their work (or core mandates). While some CSOs had strong understanding and capacities in research, advocacy and engagements of public debt, most of them indicated that debt was an emerging issue that they were increasingly working to understand better and to identify its linkages to their work. There were about four (4) CSOs out of 34 that had specialised capacity on public debt. Most of such were CSOs (like AFRODAD, ZIMCODD, UDN and TCDD) that had worked on public debt from the first debt crisis in the early 2000s that led to the HIPC debt forgiveness movement. Such CSOs were not necessarily well known to the other CSOs who would benefit from partnerships and collaborative work with them. Nonetheless, majority of CSOs consulted had interfaced with the issue of public debt (through prior work on public finance, fiscal issues, governance and anticorruption, and access to information) but it was not necessarily an area of competence.

4.2.2 Perception of Public Debt as a Threat to CSOs Programmatic Goals and Priorities

The study also explored appreciation of the implications of rising public debt on work done by CSOs in the region. It sought to understand the extent to which CSOs perceived public debt as a threat to their programmatic goals and priorities. The study noted that the sampled CSOs worked on an array of programmatic areas that ranged from public finance, health, education, access to information, gender and development, devolution and fiscal decentralisation. Across all sectors, there was appreciation of the fact that rising public debt had some direct or indirect link with ability of government to provide public goods and services which was at the core of their work. As illustrated on Figure 5, most of the CSOs consulted indicated that rising public debt had three major implications on their work.

Foremost, unsustainable public debt had the effect of crowding-out financing for private enterprise (especially related to rising domestic public debt) that limited growth of domestic enterprises, investment and economic growth. They argued that this had significant implications on domestic resource mobilisation. Secondly, many argued that rising public debt was increasing the proportion of debt servicing (repayment) in national budgets that directly limited resources available for public spending on essential public goods and services. Thirdly, some CSOs contended that rising and unsustainable public debt was negatively impacting good governance in many contexts across the region. They argued that unfettered access to debt by governments was gradually eroding public accountability often achieved through taxation because governments have alternative sources of financing that do not require as much scrutiny as that associated with revenues obtained from taxation.

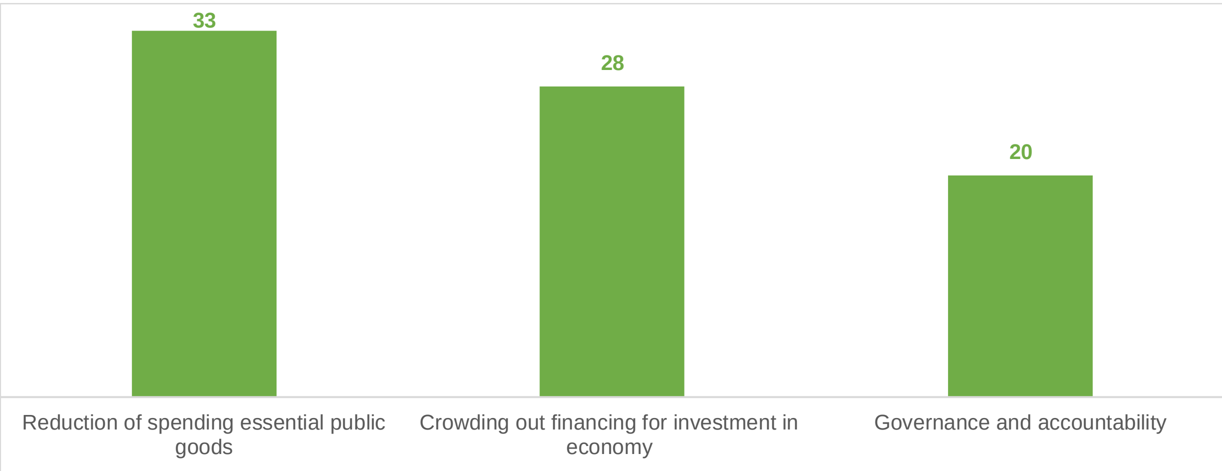


Figure 5: Implications of public debt on CSOs programmatic goals

Out of the three major implications of rising public debt, its impact on public spending on essential public goods and services like healthcare, education, social protection and agriculture was the most cited (by 100% of all 33 respondents who answered this question). See Figure 5 above. The three major implications of debt on CSOs programmatic goals are discussed in detail below.

1. **Impact of debt on public spending:** There was consensus amongst respondents that one of the greatest implications of rising public debt on their work (programmatic goals) is its tendency to reduce or limit available finances for public spending on essential public goods and services. CSOs felt that debt amortization erodes resources that could otherwise be spent on public investments. Many argued that high debt servicing requirements were greatly impacting public spending since the amount of resources available for key social sectors in the budget are substantively eaten up by debt servicing obligations.

   In most of the States included in the sample, the proportion of debt servicing in total annual budgets was significant and increasingly occupying a large part of national revenues (Mustapha & Prizzon, 2018). Most respondents agreed that debt servicing costs were becoming a burden, especially for extractives rich countries (like Nigeria), where they are absorbing more than what governments spend on social sectors such as health and education (IMF, 2017). In Uganda, for example, in FY 2019/20, about 20% of the total budget was spent on interest payments and debt refinancing (PwC, 2019). In Kenya, increasing debt levels were reported to be negatively affecting funding for county governments and social investments; with the country's Controller of Budget (CoB) raising the red flag in 2019 about ballooning public debt warning that the country would spend more than Sh61 billion out of every Sh100 billion collected from taxes on debt leaving the government with only about Sh700 billion to meet its recurrent and development budget (ICPAK, 2017; Igadwah, 2019). In Nigeria, debt servicing had risen above 60% of public revenues preventing government from honouring its commitment to spend at least 10% of its budget to agriculture as in the CAADP framework (IMF, 2017; Osae-Brown & Alake, 2019).

   Efficient public infrastructure and human capital are essential for propelling economic growth. However, many African states seem to be at crossroads – with important infrastructure development needs and human capital deficits that require substantive investment in social services but have also accumulated large sums of unsustainable debt (IMF, 2017; AfDB, 2018). The implication is that States have to do more with less, while at the same time meeting debt repayment obligations. Debt servicing shifts public expenditure away from the social sectors (like health and education) which leads governments to making public expenditure trade-offs that have long term negative impact on sustainable development (Lora & Olivera, 2006; Fosu, 2010). For many CSOs consulted in this study, the consequence is shrinking investment in social services that undermines ability to achieve sustainable development goals. This, they considered a threat to achieving some of their programmatic goals, like in universal health, education for all, productivity in agricultural sector, and social protection coverage amongst others.

2. **Impact of public debt on domestic enterprise and economic growth*:*** The study also noted substantive concerns from respondents regarding implications of public debt on domestic investment, enterprise development and overall economic growth. 84% of respondents argued that there were increasing proportions of internal (domestic) debt in the debt portfolios of many African States, which in their view, limits economic growth. They argued that States were increasingly tapping into the domestic market for credit. In fact, in some countries, like Kenya (with 51.4% external debt and 48.6% internal debt), the balance between external and internal debt had almost equalled (IEA, 2018). This means that in such countries, the State competes with domestic enterprises especially small and medium-sized businesses for credit, and mostly crowd them out (James et al, 2016; Nwamaka, Chukwunulu & Werigbelegha, 2016). Many respondents were of the opinion that this starves domestic enterprises of necessary financing for growth and development that in turn would impair their profitability, sustainability and tax paying capacity which has direct implications on tax revenues (James et al, 2016). Many respondents argued that this is because, often, banks tend to prefer giving credit to government instead of private enterprises (ICPAK, 2017). For example, according to Institute of Certified Public Accountants of Kenya, domestic borrowing, by government led to crowding out and weakening of the private sector and saw total domestic credit grow by 7.9% in 2017 yet credit to the private sector stagnated at 2.4% (ICPAK, 2018). There were also respondents who felt that rise in the stock of external debt may lead to what economists call debt overhang effect - where governments increase taxes in order to service the debt; a trend which has direct implications on discouraging/stifling private investment and domestic enterprise (IEA, 2018).

3. **Impact of public debt on governance and accountability:** The third concern that was largely cited by respondents in the study was the implication of rising public debt on governance. For many of the CSOs whose programmatic objectives target issues related to good governance, accountability and transparency, there was an emerging link between rising debt and lack of good governance in many States in the region. They argued that alternative sources of public debt (especially credit from China) was providing negative incentives for governments to uphold the rule of law, embrace good governance, enhance public participation and fidelity to human rights. 60.6% of respondents indicated that increasing availability of alternative sources of credit (that is largely unscrutinised) to governments was impairing gains made in terms of accountability and transparency. Many respondents argued that this was mainly because, unlike resources obtained through taxation that induce demands for accountability and citizen participation, the largely opaque debt instruments out of relations with China, for example, undermine public participation, scrutiny and oversight of government. This was also seen by CSOs to contribute to rolling back gains in domestic resource mobilisation as some governments lack incentives to work on economic diversification and progressive taxation regimes because they have alternative resource streams aided by debt. In nearly all countries where the study was carried out, it was notable that public debt had increased rapidly over the past few years, yet tax to GDP ratios remained on average below 18%.

   Essentially, CSOs were worried that ability to borrow easy money creates false comfort and kills innovativeness in improving tax regimes and policies, which is considered the more sustainable approach to pursue. In Tanzania, for example, some of the respondents indicated that government had exploited loopholes in the law to contract debt without due scrutiny and approval by parliament. In Kenya, CSOs consulted in the study indicated that debt acquisition modalities were increasingly proceeding without meaningful citizen participation, legislative oversight and intergovernmental consultation with county governments. In Nigeria, respondents argued that there was notable lack of political will to pursue fiscal (tax regime) reforms that expand public revenues because of easy access to debt. Here is a verbatim quote from one of the respondents:

   > "Contracting processes are not transparent and therefore citizens [even civil society] do not have access to project development processes for funding. As long as people keep getting money from outside, even when the money is being embezzled, they think it is Chinese money but this is money that is going to be paid back by citizens and successive generations. This undermines civic competence. If people know they are funding their dams, roads from their own pockets, they will hold their leaders accountable when they see them stealing" – KII, West Africa

4.3 Positioning of Debt Work in CSOs Strategies

4.3.1 CSO Strategy, programming and work on/related to public debt

The study aimed to assess the extent to which CSOs were infusing work on debt into their programming, approaches and strategy having established that public debt is a relevant issue of currency that merits their attention. To this end, the study noted that across board, save for some CSOs whose core mandate was on debt (like AFRODAD, ZIMCODD, TCDD and UDN), many were not necessarily working directly on public debt. As such, their strategic plans and objectives had little implications or reference to public debt. Most of the CSOs consulted in the study indicated that they worked on various sectors neither directly related nor involved in debt work (like agriculture, health, education and governance).

As illustrated on Figure 6 below, about 69.7% of respondents indicated that their organisations had done no or minimal work related to debt. Their strategic plans had no or minimal reference to public debt with limited space for work on public debt. However, many CSOs indicated that there was increasing relevance of debt to their work. Notably, about 30.3% indicated that they had done some substantive work related to public debt – mostly working on issues like budget tracking, open contracting, trade and taxation policy work that had implications on public debt.

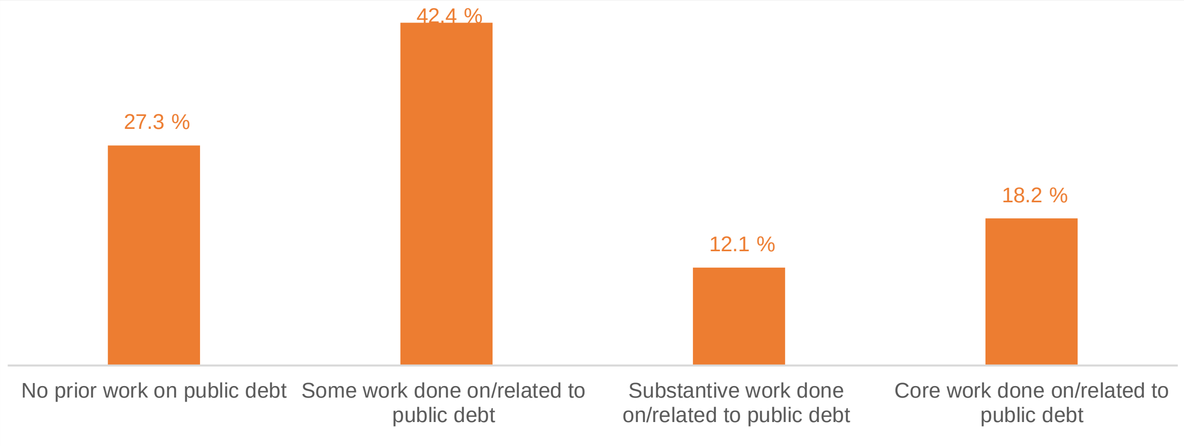


Figure 6: Qualitative grading of CSOs prior work on public debt

		n	%
1. No prior work on public debt	0%	9	27.3
2. Some work done on/related to public debt	Up to 20%	14	42.4
3. Substantive work done on/related to public debt	20% - 50%	4	12.1
4. Core work done on/related to public debt	More than 50%	6	18.2
		33	100.0

Table 5: Qualitative grading of CSOs prior work on public debt

Most of the CSOs cited elements or strands of their work that were increasingly paying attention to the issue of debt. For instance, for many of the CSOs that did some work on fiscal issues (be it taxation, aid, extractives or budget tracking) implication of public debt on fiscal policy and public finance management had gained prominence, and as such demanded their attention. CSOs working on budget tracking and increasing access to information on public finances indicated that they increasingly saw debt as an important strand of work and were working on modalities to effectively integrate it. That is, in terms of increasing openness on information on debt, open contracting, and tracking of performance of loans taken by governments.

Many CSOs indicated that whilst their mandates targeted specific sectors, the fact that public debt affects resource allocations to such sectors, for example, meant that there was need to introduce programmes or to infuse perspectives of debt in analysis, advocacy and capacity development for staffs. In Uganda for example, CS-BAG, FOWODE and SEATINI, organisations that did not necessarily specialise on debt work, indicated that they were open to adjusting their programmes to allow aspects of debt work in order to complement and factor it in its implications. AFIC, a network of African CSOs working on access to information indicated that the issue of debt was now considered integral and expects that in the ongoing process of review of their strategic plan, debt issues would come up and possibly be incorporated in the strategic objectives for the next plan. In Kenya, some organisations like TISA, specialised on devolution and fiscal decentralisation, conceded that the issue of public debt had become a prominent one especially considering its implications on division of revenue and access to public finance to devolved governments. As such, the organisation was increasingly working on programmes aimed at increasing awareness on public debt and was open to implementing interventions linking public debt issues to their core work on fiscal decentralisation. For instance, in 2017, TISA convened a national public debt sensitization forum focusing on Kenya's first Eurobond (a debt instrument applied by government of Kenya to obtain credit from the international market), involving renowned experts to inform the deliberations on public debt targeting the media and public.

4.3.2 Strategies for infusing debt work into CSO programming

Regarding infusing and factoring in debt work in grantees' programming and strategies, the study noted that CSOs preferred various ways of doing this. Some CSOs indicated that having established, out of experience, engagements and research that public debt is an issue of currency, they intended to include or infuse debt work in their strategic plans to ensure that it is sufficiently dealt with. There were also those that agreed with the relevance of debt to their work, but indicated that they did not intend to begin being practitioners and experts on debt but rather to identify ways in which the issues could be linked to their current work. There were also those that indicated that whilst appreciating the relevance of debt, they would only be willing to work with other organisations with competencies on debt and plug in their capabilities to support such interventions and processes. That is, not necessarily doing debt work – but supporting organisations and processes that aim to address issues of public debt.

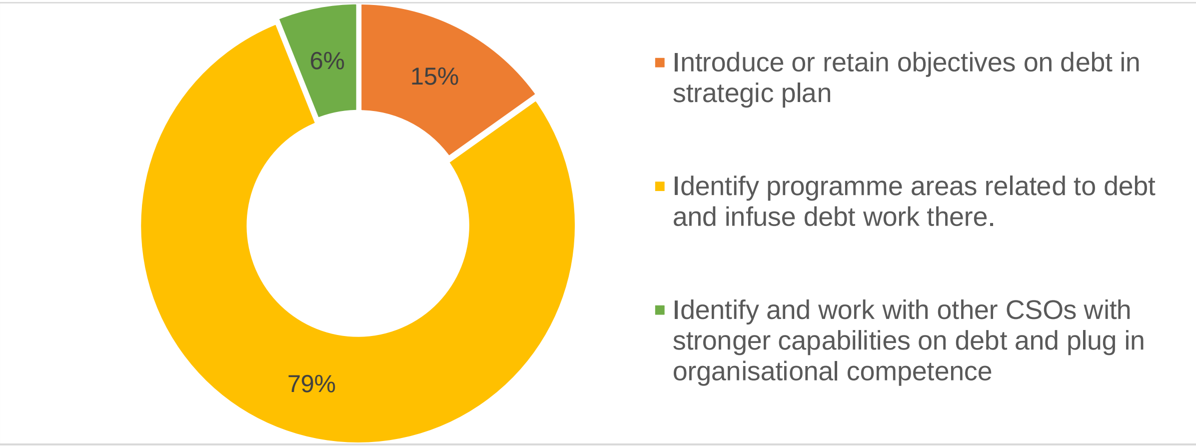


Figure 7: Strategies for infusing public debt work in CSOs programming

As illustrated in Figure 7 above, the study established that most of the CSOs (78.8%) preferred to integrate public debt work into their ongoing programmes and strategic plans rather than set out to introduce new programme areas of strategic objectives specifically for debt work. Such respondents indicated that they recognised the currency and importance of working on debt and as such were willing to identify ways of either directly integrating aspects of debt in their existing strategic objectives or identifying areas in their current programmes where they could plug in substantive work on debt. They argued that they preferred this approach because they are already doing some work related to debt and that through integrated work, could infuse it in, for example through tracking debt stock alongside budget tracking work. Some of such CSOs argued that there was space for them to work with CSOs doing core work on public debt to see areas where such work as budget tracking, tax justice, open contracting, and access to information could complement initiatives like advocacy for better debt management and allocative efficiency in national budget processes.

Secondly, about 15.2% indicated that they would retain existing objectives on debt or work with their stakeholders to introduce new strategic objectives on debt work. Though a small proportion, and perhaps informed by the fact that they were already doing core work on debt, such CSOs indicated willingness to introduce new objectives or retain strategic focus on public debt. Most of such CSOs developed from the first debt crisis in the 1990s and were focused on continuing the work. However, as already alluded to, such CSOs were limited in number (only five) and the many grantees consulted in this study appeared not to have had strong relations with them or good understanding of their work. This is important because it would be useful if CSOs that don't have experience on debt had substantive knowledge and linkages with those that are known for core debt work in order to seek their knowledge to improve their work, support them with complementary competencies or enter into joint working relations on public debt.

Lastly, only about 6.1% indicated that their organisations preferred only to identify and partner with organisations with strengths and competencies in public debt as a strategy for infusing debt work into their programming. Unlike the rest of the CSOs, this category argued that the only way they could engage in public debt work is by supporting other CSOs better at debt work by plugging in their complementary strengths like advocacy for example, rather than labouring to set programmes and attract human resources to implement debt work. A verbatim response of one of the respondents indicated that:

> "We can partner with debt experts and use our combined expertise and regional reach to encourage advocacy, research and litigation that promotes debt transparency" – KII, Tanzania

Strategy of infusion of debt work	Preference rate	
	n	%
1. Introduction of or retaining objectives on debt in strategic plan	5	15.2%
2. Identification of programme areas related to debt and including debt work there.	26	78.8%
3. Working with other CSOs with stronger capabilities on debt and plugging in organisational competence	2	6.1%
	33	

Table 6: Strategies for infusing public debt work in CSOs programming

4.3.3 Major programming approaches for infusing debt work

In order to develop an understanding of how CSOs would infuse debt work in their current programming and strategies, the study explored strategies applied by CSOs consulted in their current or past work. This was aimed at understanding current approaches applied by CSOs in their work and how they would leverage these to infuse debt issues in their work. The study established that most of the CSOs applied four major approaches: i) research and knowledge brokering, ii) capacity development, iii) advocacy and strategic communication, and iv) litigation. The study noted that most of the CSOs were applying, and intended to continue to apply, some of these approaches to expand the scope of their work on or related to debt. As illustrated on Figure 8 below, the major programming approaches pursued by CSOs were: advocacy and strategic communication, joint (collaborative) work, research and capacity development. 97.0% of respondents indicated that their organisations favoured advocacy and strategic communication, 93.9% indicated that they often applied research as an integral strategy in their work, and 42.4% indicated that they preferred working through collaborative arrangements with other organisations and consortiums. It is worth noting that CSOs indicated that they applied more than one approach.

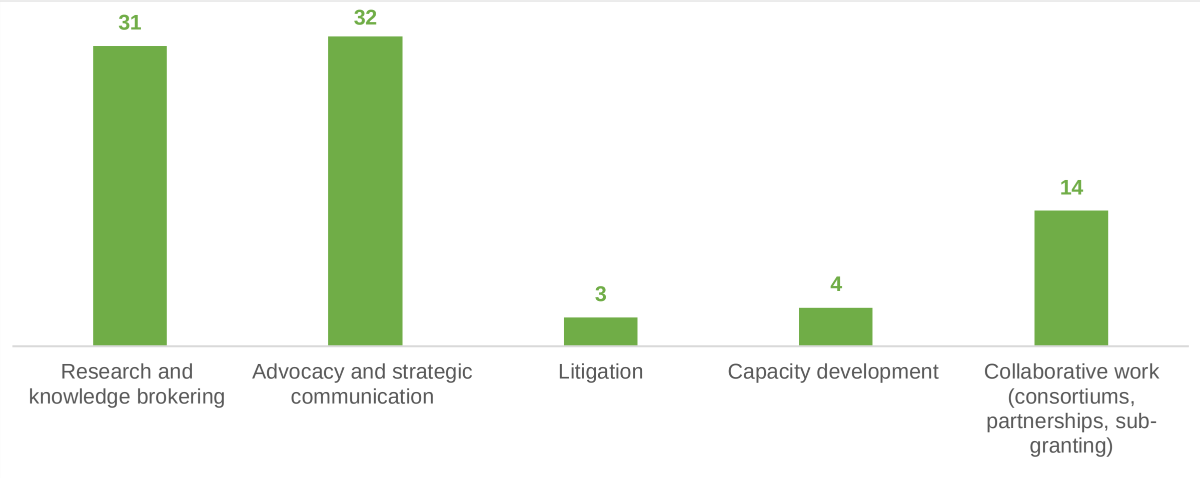


Figure 8: Approaches to infusing public debt work into CSOs interventions

The table below outlines the approaches and nature of work on public debt that CSOs intend to use to infuse public debt work.

Nature of Work on Public Debt	n	%
1. Research and knowledge brokering	31	93.9
2. Advocacy and strategic communication	32	97.0
3. Litigation	3	9.1
4. Capacity development	4	12.1
5. Collaborative work (consortiums, partnerships, sub-granting)	14	42.4

Table 7: Approaches to infusing public debt work into CSOs interventions

1. **Research and evidence building**: It was notable that many of the CSOs consulted applied research as an integral component of their work on fiscal issues related to debt. Some of them indicated that they had researched trends in public debt, interrogating the size of debt using such indicators as debt to GDP ratios, proportion of debt servicing in national budgets, performance of debt, conduct of debt contracting among others. AFRODAD for example, had an extensive portfolio of research work done on various facets of public debt that was

extensively disseminated and utilised to engage policy makers, media and other stakeholders. The TCDD had conducted studies on justification for public debt in Tanzania. In Uganda, AFIC in planning its continental work on open contracting, conducted an analysis of Open Government Partnership Action Plans to establish whether any government had made open contracting commitments, what these were and their status of implementation. In South Africa, CABRI was implementing a programme on public debt management – Africa Debt Monitor[1] and in Nigeria, BudgIT had published a report reviewing the country's debt status[2]. In addition, some CSOs (like ACODE and CS-BAG in Uganda, TISA and Open Institute in Kenya, TCDD and PALU in Tanzania), whilst not researching debt issues directly, indicated that they had done research work related to budget tracking, performance of government programmes and investments including PPPs that included assessing sources of financing, efficiency and impacts that touched on public debt (as a source of financing). There were indications that CSOs utilised outcomes of such research work to raise awareness of prominence and currency of debt and its linkages with domestic resource mobilisation and delivery of public goods. Some CSOs indicated that they used data from such work to engage government, to inform advocacy and to design programmes. The study noted that research and knowledge brokering was viewed by CSOs as an effective way of developing facts around public debt that would be integral in advocacy and public awareness on debt issues. However, a lot of the CSOs consulted noted that there were limitations in capacity to conduct more rigorous research work, especially deep-dive analyses and diagnostic studies that interrogate contexts and trends in public debt across the States where they operate.

2. **Advocacy and strategic communication:** Another approach that the study found to be prominently applied by CSOs was the use of advocacy and strategic communication. Most of the CSOs indicated that issues of public finance like taxation and debt required high level advocacy targeting policy makers in government but also awareness creation focussed on improving knowledge amongst citizens and opening up information. As such they applied advocacy strategies like boardroom negotiations and lobbying, media engagement, popular campaigns, petitions, amongst others. They indicated that often, information obtained from research work on similar issues was exploited to enhance their credibility and currency. Some of the advocacy initiatives mentioned by respondents included TISA in Kenya that held a national CSO meeting in 2017 to understand implications of the Eurobond[3] (a debt instrument used by the Government of Kenya). TISA also indicated that they raised debt issues in the country's national budget submissions; identified debt as a key matter in ongoing division of revenue conversations; and convened Nairobi City County Stakeholder Forum on Debt Management in 2017. Another example was AFRODAD's engagements and presentations on Illicit Financial Flows (IFFs) and Debt management to regional parliaments in East and Southern Africa. According to AFRODAD, these engagements resulted in MPs of the East African Legislative Assembly (EALA) demanding development of an effective regional policy framework for curbing illicit financial flows and managing rising unsustainable public debt in the region. Also, in Uganda, AFIC developed a strategy to support advocacy for open contracting commitments for countries signed up on the Open Government Partnership (OGP). In Tanzania, TCDD indicated that it pursues access to information to increase public awareness on public debt and ensure that stakeholders can articulate how rising public debt affects them. In Ghana, Third World Network (TWN) indicated that they convene multi-stakeholder meetings and also participate in forums on finance like the Africa Finance ministers meeting and the G20 and International Finance Institutions meeting through which they canvass fiscal issues.

[1] https://www.cabri-sbo.org/en/our-work/public-debt-management/debt-statistics
[2] http://yourbudgit.com/wp-content/uploads/2019/06/Nigerias-Debt-Status.pdf
[3] Eurobonds are essentially, long term debt instruments in the form of bonds issued offshore by governments in currencies other than that of the issuing country. In Kenya they have been applied by government to raise external credit between 2013 and 2019 and are considered to have substantively contributed to exponential rise in the country's external public debt portfolio. https://www.hsbc.com.tr/en/investment-products/fixed-income-securities/eurobond

3. **Litigation:** Although, to a limited extent, litigation (especially public interest litigation) was cited by some CSOs (like Centre LSD in Nigeria, PALU in Tanzania, and TISA in Kenya) as an approach to their work. For example, TISA in Kenya indicated that they often resort to public interest litigation to address particular issues related to division of revenue in Kenya. Also, PALU in Tanzania indicated that they engaged in litigation in regional courts specifically the East Africa Court of Justice and the African Court of Human and People's Rights to help promote adherence to human rights obligations. It was notable that this strategy was not applied by most CSOs. Many such CSOs indicated that litigation has resource implications (tend to be costly), there is a time lag - which sometimes means a long wait for results, and could also trigger backlash and push back especially by the executive and other agents of government.

4. **Capacity development**: The study also noted that some CSOs were involved in implementing programmes that aim to develop and improve capacities of key actors (policy makers, people's representatives, media among others) on a broad range of fiscal issues that in some cases included debt. In Zimbabwe, for example, AFRODAD and ZIMCODD conducted media trainings involving journalists to report more effectively on fiscal matters. Also, AFRODAD engagement and presentations on IFFs and debt management to regional parliaments (East African Legislative Assembly and SADC Parliamentary Forum) resulted in MPs demanding development of an effective regional policy framework for curbing illicit financial flows and managing rising unsustainable public debt in the region. In Kenya, Tax Justice Network – Africa (TJNA indicated that they have run regional campaigns on IFFs and conducted capacity development trainings for stakeholders (CSOs, policy makers and the general public) on taxation and other fiscal issues imperatives.

5. **Collaborative work on public debt:** A substantive proportion of CSOs consulted in this study also indicated that they pursued collaborative arrangements in implementing interventions on fiscal issues that sometimes-included public debt aspects. Notably, 42.4% of respondents indicated that their organisations sometimes preferred engaging on fiscal issues (especially those where they lacked capacity) through collaborations in consortiums, coalitions or partnerships. Through such arrangements, they argued that their organisations were able to contribute to outcomes even when it did not fall within their focus area, because they tapped into competencies of partner CSOs. The study thus noted that there were CSOs that favoured working with others and complementing their efforts without necessarily directly implementing programmes on public debt.

4.3.4 Effect of debt work on CSOs Strategy and Programming

The study also explored understanding of CSOs on effects of working on issues related to public debt on their programming. The key question here was that; if debt is indeed relevant to grantees, how is it affecting their programming and what can be done to help incorporate debt knowledge into their programming? This was intended to identify implications of working on debt issues and the kind of support that would be necessary for CSOs to do substantive work on public debt. The study noted, from consulted CSOs' feedback, that debt issues and debt work had substantive positive implications. These ranged from contributing towards improved technical knowledge and efficacy of other related programmes on fiscal issues, to enhancing collaborative work and linkages amongst CSOs, as well as visibility and positioning of their organisations. However, the study also noted, especially for grantees that had implemented some significant work on debt, that there are negative implications, like straining relations with some key actors especially in government. The findings are illustrated in Figure 9 below and discussed in detail beneath it.

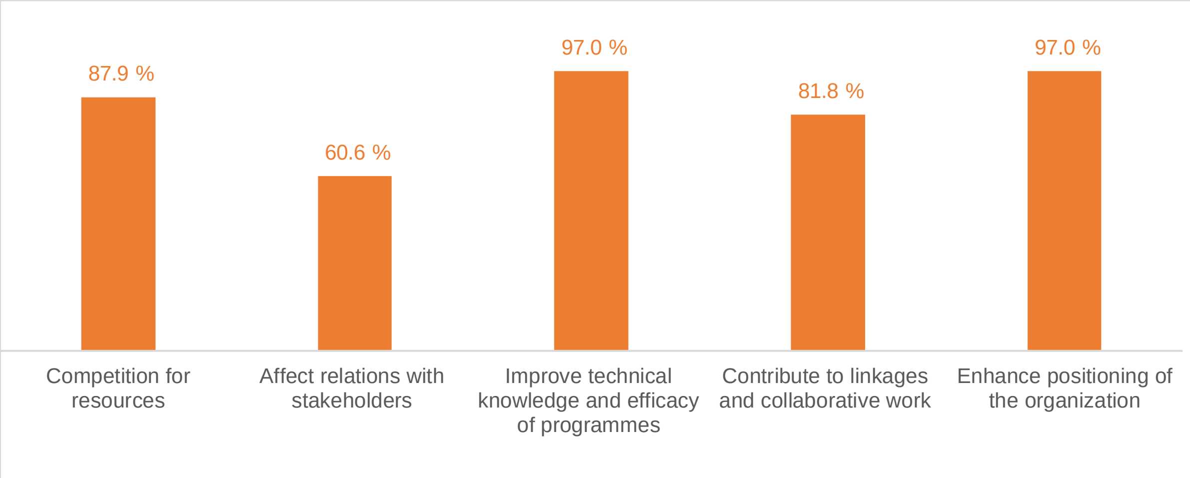


Figure 9: Effect of debt work on CSOs Strategy and Programming

1. **Improved technical knowledge and efficacy of related programmes on fiscal issues:** It was notable that most of the CSOs consulted in this study considered previous work on, and related to debt, an asset. As illustrated in Figure 9, about 97.0% of respondents indicated that working on issues related to debt helped improve their knowledge and efficacy of fiscal issues like taxation, aid and budgeting. For example, CSOs such as SEATINI and CS-BAG in Uganda, CISLAC, CODE and BudgIT in Nigeria, ONG-3D in Senegal, TJNA and TISA in Kenya indicated that whilst they were not necessarily focused on debt work, some debt-related interventions that they have dealt with have improved and increased cogence of their work by linking debt to such issues as taxation, economic justice and trade. They argued that venturing into debt work would also deal with CSOs' tendency to work on fiscal issues in silos, which is sometimes less effective. For instance, they argued that interventions run together tackling debt, tax and extractives had potential of synergising and dealing with domestic resource mobilisation in a more robust and holistic way. As such, some CSOs indicated that they were exploring ways to infuse debt work in their programmes –through joint work with other organisations, acquiring substantive capacity to work on public debt and other related fiscal issues, and developing standalone programmes on debt.

2. **Contributed to linkages and collaborative work:** The study also noted that a significant proportion of CSOs (81.8%) considered previous work related to debt as catalysts for collaborative work and linkages with other organisations that they found useful. Some CSOs like UDN and FOWODE in Uganda, TISA in Kenya, CICODEV in Senegal and TCDD in Tanzania indicated that they had developed working relations with other organisations out of past work related to debt. ACODE, for example, indicated that outputs from their research work, such as policy briefs and research papers, were used to engage government and develop crucial working relations that they continue to exploit for other purposes. ONG-3D in Senegal indicated that out of their growing work on economic justice (with public debt aspects) they were accorded space in government-led budget performance evaluation forums. Integrity in Nigeria also indicated that out of their fiscal policy work, they had developed strong links with private sector and relevant government departments and often worked as bridging agents for policy entrepreneurship and dialogue. The study thus noted that overall, CSOs were open to more and deeper work on public debt especially related to research, analysis and diagnostic studies on trends and performance of debt. They indicated that whilst they had space and expertise to do such work, adjusting their programming and resources to finance and sustain such work would be a challenge due to competing resource demands and difficulty in retaining the cadre of human resource that can do such work. Most of the respondents thus welcomed collaborative arrangements that could lead to capacity development and joint work on debt and linking it to other core issues like taxation and broader fiscal policy.

Effect of Debt Work on CSOs' Strategy and Programming	n	%
1. Eat into (compete for) available finances that could be invested in other interventions	29	85.3
2. Take up human resources (staff capacity)	29	85.3
3. Affect relations with stakeholders (government, CSOs, media, academia)	20	58.8
4. Improve technical knowledge and efficacy of other related programmes on fiscal issues	32	94.1
5. Contribute to linkages and collaborative work	27	79.4
6. Enhance positioning of the organization and its programmes	32	94.1

Table 8: Effect of debt work on CSOs strategy and programming

3. **Enhanced organisational positioning and visibility of programmes:** A significant proportion of CSOs consulted in the study also indicated that current and previous work on/or related to public debt had enhanced their reputation and positioning. Many respondents argued that such work had elevated and positioned them as reputable reference points/organisations. ACODE, for example, indicated that due to the rigour and quality of their work, they have retained the reputation of being one of Africa's leading think-tanks working on fiscal issues. For CSOs that have worked on debt for decades like UDN, TCDD and AFRODAD, this work had put them on the map as go-to institutions for information and engagements on debt. As such, they were open to continued work and engagement with other CSOs and funders to address rising public debt and sustainability concerns.

4. **Strained or improved relations with stakeholders:** The study also probed for any positive or negative implications of working on public debt issues. The general feedback was that most of the CSOs did not see any detrimental effects of pursuing work on public debt. Whilst there were some CSOs, especially those that had done core work on debt like AFRODAD, TCDD and UDN that indicated some difficult relations with government in the course of their work on public debt, the majority felt that this was an area that needed urgent attention and substantive work, despite pushback from government. Most of them nonetheless indicated that when advocacy and engagements are done based on established verifiable facts, and carried out in less accusatory or non-confrontational manner, there was less likelihood of debt work straining relations. What emerged from this finding was the need to base debt work on rigorous research and credible data and to adjust advocacy strategies to include more boardroom engagements that point government to the issues rather than activism. Here are some verbatim responses on implications of working on public debt issues:

   > "We have experience in advocating for action on difficult and contentions issues, such as open contracting. One of the approaches that we have successfully deployed is producing authoritative evidence and constructive engagement to demonstrate negative impacts and experiences and the reason our recommendations should be considered by governments, development partners and other stakeholders. We are therefore confident that scaling up our work on public debt issues would not undermine our ability to pursue its goals" – KII, East Africa

   > "No - working on public debt issues will not impact us negatively because it is a key part of our goals and priorities. As such, it is directly in line with our drive for greater fiscal transparency and civic awareness. We believe the Debt Management Office needs more transparency on debt issues" – KII, West Africa

5. **Competing resource demands:** Lastly, it was also notable that CSOs consulted understood that venturing into substantive debt work would mean significant rearrangements and resource reallocation and mobilisation. Whilst they indicated that debt work would not necessarily be a significant disruption, some indicated that it would eat into available resources for other programmes and issues/interventions. Continued core work or integration of new work on public debt would essentially bring to fore resource trade-offs (both financial and human resources). It can reduce financing for other programmes or take up human resources available. As such many of the respondents argued that an effective programme of

public debt must come with reasonable resource streams (preferably institutional funding) that assure finances for acquiring and retaining necessary capacity and for running programmes. Almost all grantees consulted indicated that substantive work on public debt would require stable streams of core funding in order to develop, grow and sustain the organisational capabilities, capacity and partnerships necessary to gain traction.

4.4 Role of information/knowledge in public debt work

Transparency of public debt is an important issue in promoting proper risk assessment that can enable development and implementation of sustainable borrowing and lending modalities (World Bank, 2018). Greater debt transparency can allow borrowers and lenders important information for evaluating sustainability of public debt and for monitoring risks. There have been cases in the recent past that illustrate how lack of debt transparency abetting hiding of debt can remit adverse social, economic, and political consequences especially for borrowing States (World Bank, 2018). More openness in debt contracting is useful for the public to understand what has been borrowed (and committed), the terms and conditions of what is borrowed, and sovereign exposures to contingent liabilities among other debt sustainability imperatives (World Bank, 2018). This study thus explored levels of knowledge and information needs of CSOs in order to understand what is necessary for them to incorporate knowledge of debt trajectories and their implications into organisational strategy and programming. The key question here was: would more disclosure of public debt liabilities be helpful and if so, in what ways?

	Role of information in public debt work	n	%
1.	Increase awareness on public debt	34	100.0
2.	Inform advocacy for sustainable debt management	33	97.0
3.	Support rigorous research on dynamics of public debt	30	88.2

Table 9: Role of information in public debt work

As illustrated in Figure 2 on page 9, the study noted that most of the CSOs consulted considered public debt transparency a critical component of addressing debt sustainability in the contexts within which they work. As such, many CSOs argued that building knowledge, improving capacities and increasing access to information on public debt was critical for enhancing rigour and credibility of their work on debt. For instance, 88.2% (see table 9 above) agreed that information would shape and improve research and analysis done by various CSOs already doing substantive work on debt and improve policy recommendations they provide as they would be based on accurate and official debt data. Most of the CSOs consulted in the study indicated that they do research, consultations at national, regional and global levels, conduct capacity development programmes for actors, advocacy and awareness interventions, litigation, and policy and institutional development/reform targeted at addressing public debt and other fiscal issues. There was consensus that all these endeavours require credible information and substantive capacity and knowledge in order to succeed. As such disclosure of public debt data is important for facilitating rigorous analysis of public debt trends that generates compelling information, necessary for effective advocacy. For example, analysis of data on source and uses of debt, terms and conditions of debt, and proportion of debt from each source, could generate red flags that are essential to design advocacy and capacity building initiatives. Some CSOs like ACODE in Uganda and ONG-3D in Senegal indicated that due to favourable relations with some departments of government, they were able to access some credible information that they utilised in their analysis around budget tracking that had implications on public debt. Most of the CSOs however maintained that access to crucial public debt data still remained concealed (often regarded as state Secrets).

4.4.1 Capacity (Knowledge and Information) needs

The study noted various challenges highlighted by CSOs related to access, analysis and use of information on public debt that they considered substantive impediments requiring attention for them to implement effective interventions on public debt. Figure 10 below illustrates self-assessment feedback from CSOs on their capacity levels relating to knowledge and information on public debt. It highlights limitations of access to official data on public debt, limited capacity and knowledge on debt, and resource limitations to acquire expertise and conduct capacity development for staff on debt. These are discussed in detail below.

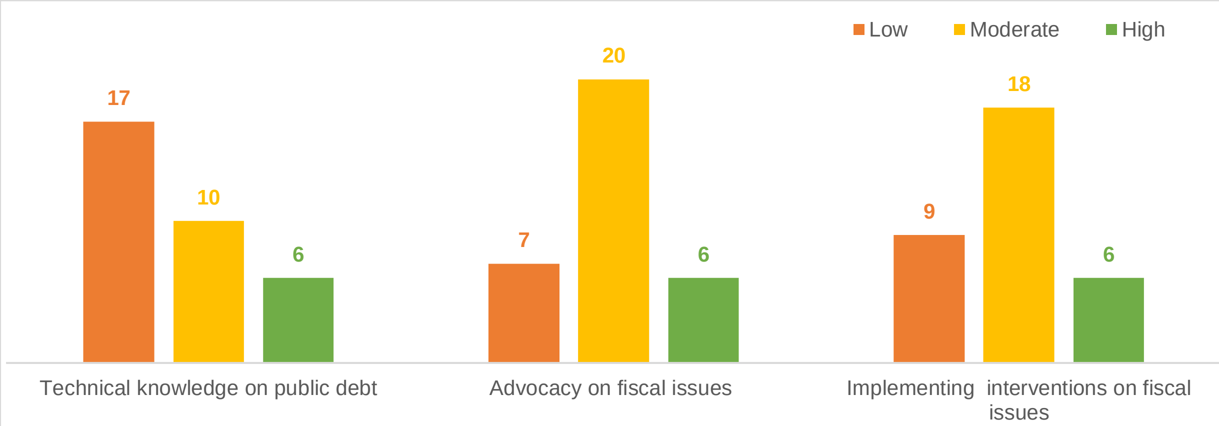


Figure 10: CSOs public debt capacity (knowledge) needs

- **Limited capacity**: Inadequate technical knowledge on public debt was highlighted as a crucial barrier to infusing knowledge and information on public debt work. Most respondents concurred that in order to effectively research and advocate for debt sustainability, there is need for sufficient expertise and technical capacity in terms of strong cadres of actors - researchers, advocates, trainers and litigants on public debt. Nonetheless, sampled CSOs indicated that there are significant capacity gaps that limited effective interventions. This pointed towards the need for critical expertise, trainings and capacity development for existing staff, knowledge and experience sharing that appeared not to be in place across all regions. It was notable that grantees indicated willingness to work in collaborative arrangements with others to pool their specialised advantages (whether in advocacy or research) to address some of the gaps and also to take advantage of combined efforts and pooled resources. They however maintained that such collaborations need to be organically developed through negotiations, agreements and networking as opposed to ad hoc groupings of CSOs.
- **Advocacy for access to fiscal information.** Another need highlighted as a major challenge to work on debt sustainability was capacity development for access to information on debt. Respondents indicated that information on debt is hardly disclosed to the public which makes accountability and tracking challenging. Yet access to such information allows for proper appraisal of debt trends, composition and performance. As such, whilst infusing credible data on public debt would be useful and critical for CSOs, there is need for interventions (that includes advocacy, lobbying, litigation and public pressure) targeting CSOs with capacity to advocate and push for opening up of more government data on debt.
- **Lack of adequate financial resources:** Another significant challenge that was cited by respondents was the issue of financing. This was notably for capacity acquisition and development, organisational building and for engagements that promote access, analysis and use of public debt information. Many CSO indicated that the main barrier has been funding opportunities for fully fledged programmes to build the capacity on public debt. Most of the CSOs indicated that there was an acute deficiency of core/institutional funding upon which they could depend to establish needed capacity, networks and systems to effectively acquire, interrogate and apply information on debt in their work.

Elements of Capacity	**Level of capacity**		
	Low	**Moderate**	**High**
1. Technical knowledge on public debt, Understanding of Legal, regulatory and institutional frameworks on debt	17	10	6
2. Techniques for advocacy on debt and other fiscal issues	7	20	6
3. Experience implementing programmes with elements on debt	9	18	6

Table 10: CSOs public debt capacity (knowledge) needs

4.4.2 Support for effective interventions on public debt

Having established that knowledge/ information on public debt was a crucial component of any work to address debt sustainability, the study probed further to establish what CSOs considered necessary support and the best ways of infusing debt knowledge into their programming and strategies. It established that the following featured most as critical areas in which CSOs need support in order to effectively intervene in addressing rising public debt. These are: i) capacity development on technical aspects of debt, ii) capacity development for designing programmes on public debt, iii) core/ institutional financing for public debt programmes, iv) capacity development in accessing information public debt, v) capacity development and financial support for research, and vi) support for peer learning on public debt. These are discussed in detail below:

1. ***Capacity development on technical aspects of debt:*** The study noted that CSOs saw capacity development as a key ingredient to integrating public debt work in their programmes. Many of the CSOs consulted (87.9%) indicated that a great deal of training targeting staff would support conscious generation, analysis and utilisation of debt information and for reviewing and adjusting their programmes to include work on public debt. Some argued that with support from donors, they could organise targeted trainings for relevant partner organisations in designing and implementing effective interventions on public debt whether in research, advocacy or litigation. This was congruent with an earlier finding that levels of knowledge amongst CSOs consulted was substantively low despite interest in implementing interventions to address rising unsustainable public debt in the region (See Figure 4 on page 17).

2. ***Capacity development for designing programmes on public debt:*** A significant proportion (63.6%) of CSOs also indicated that programme development is a core competency, though many may not be sufficiently conversant with technical issues around debt and how to put them together while designing a programme. As such, many argued that there was need for support targeting CSOs interested in public debt work on techniques and methods of designing effective programmes. There were also CSOs that felt that including debt knowledge into their programming required reassessment and adjustment of their strategic plans. As such, they indicated that capacity development and technical and financial support to carryout reviews of their strategic plans with an aim to infuse debt knowledge and information was crucial for success. They argued that this would empower CSOs to determine the best approaches to working on debt; by including objectives on debt, introducing new programmes, or designing suitable approaches to working with other organisations with core competences on debt. Whilst there was some evidence of grantees working in collaboration with CSOs with expertise on public debt, like CS-BAG in Uganda working with UDN, the study noted that there was limited evidence of grantees reaching out to and consulting the CSOs with expertise on debt for technical advice.

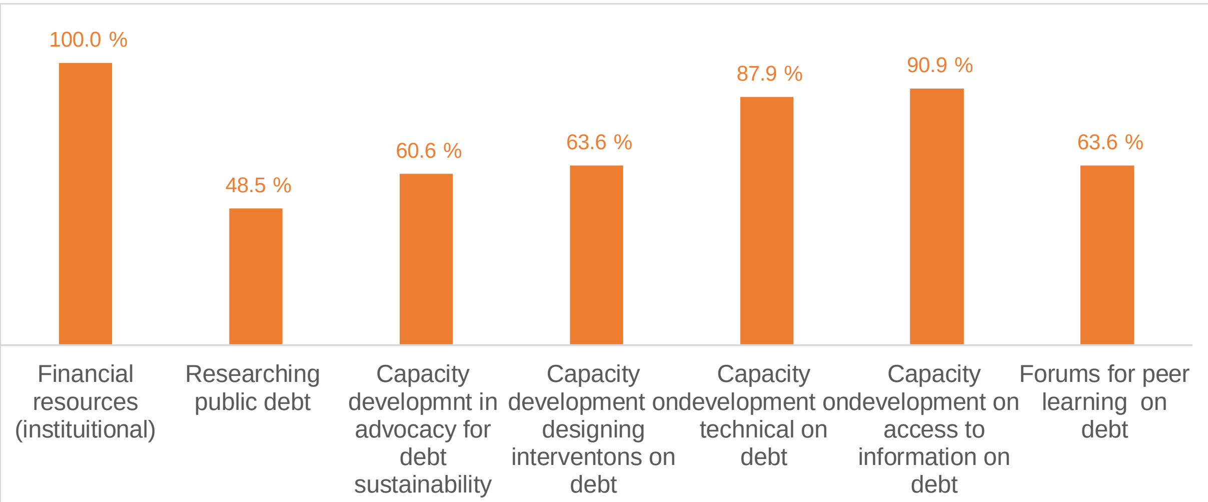


Figure 11: Critical support areas for CSOs to effectively engage in public debt work

3. ***Financing public debt programmes:*** It also emerged from the study that financing is a core component of incorporating debt information/knowledge in the strategies and programming of CSOs. All the grantee CSOs consulted (100.0%) argued that including substantive work on debt would require resources to fund programmes, to attract and sustain critical skills and competent staffs, and for regular measurement of progress and learning. In this regard, most of the CSOs argued that while they appreciate the constraints that funders work with, it was necessary that they consider institutional support rather than project-oriented funding mechanisms that focus on specific objectives. They argued that venturing into such new areas of work like on debt requires flexible funding mechanisms that take into account the development of sustainable organisational capabilities able to pursue and make substantive progress in advocating for policy change and increasing awareness on public debt. They maintained that this can only be achieved through funding arrangements that target both attainment of key objectives but also that allow organisations resource space to attract, retain component staffs, develop crucial linkages with multiple stakeholders and enable positioning of organisations as competent practitioners on debt.

4. ***Capacity development in accessing information public debt:*** Because access to information emerged as important to successful intervention on public debt, most of the CSOs (90.9%) also indicated the need to support acquisition of public debt data/ information. Despite notable existence of access to information laws in many African States, there was still a lurking concern about limitations to access of public debt information, as in other fiscal information. In many cases, feedback indicated that there was active concealment of information on public debt by its custodians in government. The study did not record any evidence of CSOs that had successfully applied the access to information laws to acquire information on public debt. Most argued that litigations were slow and expensive processes that were yet to bear fruit in many contexts. Many argued that they preferred therefore to apply other methods like boardroom lobbying, informal contacts and investigative journalism to access some information. The key challenge with informal contacts and investigative journalism was the problem of attribution of data. CSOs therefore argued that access to information is at the core of effective interventions on debt and as such, requires significant attention. There were notable cases where CSOs indicated that they bypassed challenges and bottlenecks to access information through investigative journalism (with media partners), as well as working with allies within government, and activist society. However, they indicated that these were nonetheless not as effective as was necessary and the bulk of information on public debt was still considered ‘State secrets’ protected by laws related to national security, for example. Some CSOs argued that funders (mainly lending governments) could consider leveraging their relations with national governments in Africa through their back channels to persuade them to avail public debt information especially bilateral loan agreement terms and conditions so that citizens are aware of the implications.

5. ***Capacity development and financial support for research:*** The study also noted significant feedback regarding value of research and repository of information on debt. Some (48.5%) of the CSOs consulted indicated that regular research could generate and update information and knowledge on debt that they could regularly infuse into their work (programmes and strategies). As such, technical and funding support towards research - publication, translations, and dissemination of information on public debt was important. This is especially because a significant proportion indicated that they lacked substantive capacity in deep and rigorous research and analysis in public debt. CSOs argued that this could be dealt with through technical support for existing staff, financial support to hire and retain suitable staff with capacity and also funding research programmes on public debt. Some CSOs also argued that this could be complemented by establishing a continental resource centre on public debt issues where campaigners and advocates can, from time, to time obtain resources for their work. Research work done by CSOs can therefore feed into such a repository.

Nature of Support	Gap (specify)	Specific support necessary
Financing	Lack of resources for organisations resource space to attract, retain component staff, develop crucial linkages with multiple stakeholders and enable positioning of organisations as competent debt practitioners.	Institutional funding
Research Design	Limitations in capacity to design, execute and learn from rigorous research on public debt.	Training on research methodologies, collaborations with academia
Advocacy	Limited knowledge on suitable advocacy strategies and how to push for implementation of policy recommendations on public debt	Training on advocacy and lobbying government engagements and partnership
Programme development	Limitations in knowledge on effective approaches to developing programmes on public debt	Training in policy advocacy programming
Strategies and methods for access to debt information	Substantive challenges in accessing public debt information.	Capacity support on strategies and methods for access to debt information

Table 11: Critical support areas for CSOs to effectively engage in public debt work

6. ***Support for peer learning on public debt***: There was also feedback from CSOs consulted indicating that infusing public debt knowledge into their programmes could benefit from peer learning. Some (63.6%) argued that funders could promote/ encourage cross-learning among key organizations involved in debt issues. These could be online or through physical modalities for horizontal learning including exchange programmes among CSOs in lender and borrower countries.

4.5 Conduct and Opportunities for Collaborative Work on Public Debt

4.5.1 Evidence of collaboration on public debt work

There is evidence in policy advocacy to show that collaborative work – amongst policy entrepreneurs and change agents proffers greater benefits in terms of outcomes and traction (Court et al, 2006). This is especially because complementarity fosters and encourages collaboration which in turn is helpful in achieving goals (Court et al, 2006). The study therefore explored the extent to which grantee CSOs consulted had engaged in collaborative work on fiscal issues in the past with emphasis. The key question here was: has there been any grantee collaboration on tackling public debt issues (including pushing for greater debt transparency); and if so, what has it looked like and has it been impactful?

The study noted that because of limitations in prior public debt work, there was minimal evidence of prior collaborative work between CSOs around public debt. Besides CSOs that indicated they did core work on public debt like AFRODAD, TCDD and UDN, most of the CSOs did not indicate any past collaborative work on public debt.

There were however extensive examples of past work done through collaborative modalities albeit on issues not necessarily linked to public debt. The study noted that a significant proportion (at least 98%) of organizations targeted by the study had worked in collaborations on a number of projects across a myriad of issues. The study also noted that on fiscal issues, there had been collaborations around tax and budget analysis, though work on public debt was still not quite the focus. Of the sampled respondents, only three (3) had exclusively worked on public debt within coalitions. A majority of collaborations had looked at debt indirectly when analysing other fiscal issues. It was clear therefore that CSOs had the interest, understanding and experience in working within collaborative arrangements albeit not on public debt. As such, as argued by most respondents, approaching public debt from a perspective of joint work/collaborative programmes would be desirable and worth pursuing.

4.5.2 Character of past collaborative arrangements

The study also aimed to understand the character of past collaborative arrangements that CSOs had engaged in. The key question here was: what has collaboration looked like? It was notable that there were three major modalities for collaborative engagements that were cited by CSOs. These were: i) bilateral partnerships, ii) consortiums and coalitions, and iii) sub-granting. Across the sampled grantees, experience with collaborative arrangements was as illustrated on Figure 12.

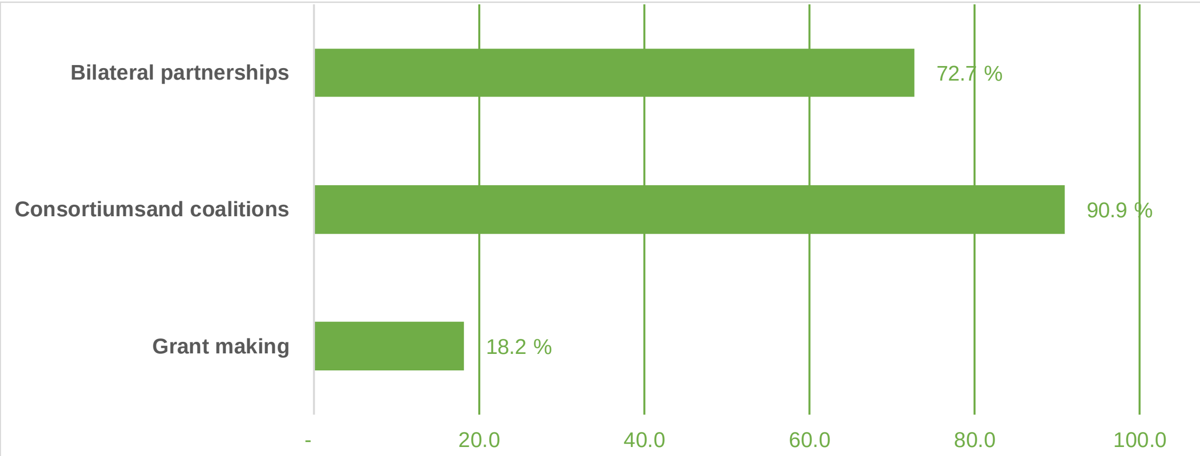


Figure 12: Conduct of collaborative arrangements by CSOs

1. **Consortiums and coalitions:** Consortiums and coalitions were cited by CSOs as the most applied mode of collaboration. About 91.9% indicated that they had participated in some form of consortium or coalition of like-minded organisations working on various issues. Most of respondents indicated that consortiums or coalitions often involved more than three organisations but varied in nature, sometimes involving both small and large highly developed organisations. They indicated that they were often formed out of efforts of coalition entrepreneurs that put together ideas and explored, identified and interested organisations to come together. In many cases, as cited by respondents, they sprung off issues of currency like human rights, democracy, economic justice, reproductive health, women rights, among others. It was clear that a lot of such arrangements were entered into by CSOs interested in amplifying their voice, gaining traction about an issue and sometimes pooling resources and capabilities to confront an issue. Many argued that coalitions and consortiums were a way of exploiting strengths of others, benefiting from large numbers, and learning from a diversity of actors.

2. **Bilateral partnerships:** Bilateral partnerships were also cited as modalities for doing collaborative work. Bilateral partnerships were described as one-to-one organisational understandings (formalised by partnership agreements, MoUs or sometimes just informal agreements). About 72.7% of respondents indicated that their organisations had engaged in bilateral agreements with other CSOs through which they did collaborative work. In many cases, they indicated, this was to benefit from complementarities – like working with organisations strong on research to complement policy advocacy work, or teaming up with CSOs that had strong linkages and voice to disseminate and amplify messages from research work. Likewise, there was limited evidence of partnerships between CSOs on core work on public debt. Where some work was done, it was linked to fiscal issue campaigns like on illicit financial flows. TJNA for example indicated existence of a partnership with AFRODAD and Transparency International Kenya to implement a three-pronged programme managed by Diakonia targeting domestic resource mobilisation by reducing IFFs, improving public debt management and increasing transparency in the extractives sector. It was notable that collaborative work strengthened overall work on domestic resource mobilisation in African states by mashing up capacities and strengths of various organisations that typically do not work in unison to tackle the same problem.[4]

[4] The DRM partnership that Diakonia is supporting was at initial stages of implementation when we interacted with the key partners (AFRODAD and TJNA). As such, the study was not able to record substantive information regarding the results of the programme and the intricacies and relationships and experiences of the major implementing partners

3. **Grant-making:** Sub-granting was cited also as a means of collaborative work. This was especially cited by organisations involved in grant-making like Trust Africa, which indicated having worked with many African CSOs through grant-making arrangements. They argued that this had allowed them opportunity to identify suitable organisations, develop their capacities and provide funding according to their capabilities. However not many CSOs (only about 18.2%) indicated that they had engaged in grant-making or involved in sub-granting arrangements in the course of their work. Equally, because of limited prior work on public debt, it was also not possible to effectively interrogate the conduct of collaborative work on public debt through grant-making arrangements.

4.5.3 Impact of collaborative work on public debt

On whether collaborations have been impactful, the study probed for merits and challenges of collaborative work. It emerged that by and large, collaborative approaches to interventions are effective and produce greater impact than those implemented or run by singular entities. CSOs that had done core work on public debt indicated that impact of collaborations on debt work was seen during the first wave of debt advocacy in the 2000s that involved coalitions campaigning for debt relief. Most of such organisations were set up in network orientations involving several CSOs. The Uganda Debt Network was a grouping of CSOs that worked to push for debt forgiveness. Likewise, AFRODAD was established as a forum and network working on public debt.

Feedback from respondents indicated that working through networks or consortiums of CSOs elevated debt issues to national, regional and global fronts, and gained more traction and public attention for the issue than could be achieved by any singular CSO. It was notable that CSOs that did core work on public debt continued to work with likeminded CSOs to push for increased awareness on risks of rising public debt in Africa and to engage policy makes and duty bearers in the regions. Many argued that such collaborative work had increased prominence of the urgency of the eminent second public debt crisis in Africa and its implications.

It was also notable that besides direct work on public debt, there were CSOs that were working together on successful prominent campaigns around fiscal and economic justice in Africa that included TJNA, CS-BAG and SEATINI (in East Africa), CISLAC, BudgIT, Third World Network, ONG-3D and CICODEV (in West Africa) and AFRODAD, ZIMCODD and CABRI (in Southern Africa). Most respondents agreed that working through collaborative arrangements was more effective, efficient, impactful and sustainable.

However, given that CSOs are diverse with regard to their organizational background, scope and focus, respondents indicated that collaborations come with a fair share of challenges that sometimes impact effectiveness and efficiency. Overall, the study established that with good leadership and strategy, collaborations tend to be very successful and are thus beneficial both to member organizations and the community at large. Respondents highlighted the following as some of the merits and challenges of working in collaborative arrangements:

Merits of Collaborative Work	Challenges of Collaborative Work
1. Collaborations help build/ increase an organization's profile.	1. Differences in institutional mandate and culture gets in the way of shared understanding of issues.
2. It increases acceptability of issues to the public by creating a sustainable public value on issues brought forward that would not otherwise be created by an organization working alone.	2. Power dynamics come into play with each organization scrambling for lead position. Differences in power (given that some organizations work regionally, some nationally and some at the grassroots brings in ego issues.
3. It allows for pooling of resources and creates a better value for money.	3. Decision making is dragged as response time is much slower when there are multiple partners, equally more staff time is taken up in negotiations.

4. It amplifies size, reach, voice and hence, impact. Different perspectives by different organizations give more mileage and sustainability to an issue. 5. It also allows for peer-comparative learning through shared knowledge. 6. It helps avoid duplication and working in silos.	4. Trust issues could come up among partners, related to competition for visibility among organizations for instance. 5. Coordinating action can also be daunting. 6. Differences in perspective, with every organization having its own understanding, could make coming to a consensus difficult. 7. May lead to wastage of resources.

Figure 13: CSOs perceptions of merits and demerits of collaborative work

4.5.4 What an ideal collaborative arrangement would look like

Overall, it appeared that grantees favoured collaborative arrangements that are borne out of common interest, negotiation (among partners), with effective division of labour (in terms of what each partner brings on to the table) that are grown organically over time to allow partners to understand each other and to be comfortable with the backgrounds, competencies and experiences of one another. **<u>See schema on Figure below.</u>**

The ideal seemed to be agglomeration of partners – with competencies in research, advocacy, and technical knowledge on public debt. Some also favoured the mix of large and small organisations to benefit from advantages working at regional level but also at national and grassroots levels. They indicated that support from funders could facilitate multiple engagements amongst likeminded CSOs who see the relevance of rising debt, and have something to contribute, to brainstorm and share ideas on how to develop multi-approach programmes that tackle the problem from various angles and at multiple levels.

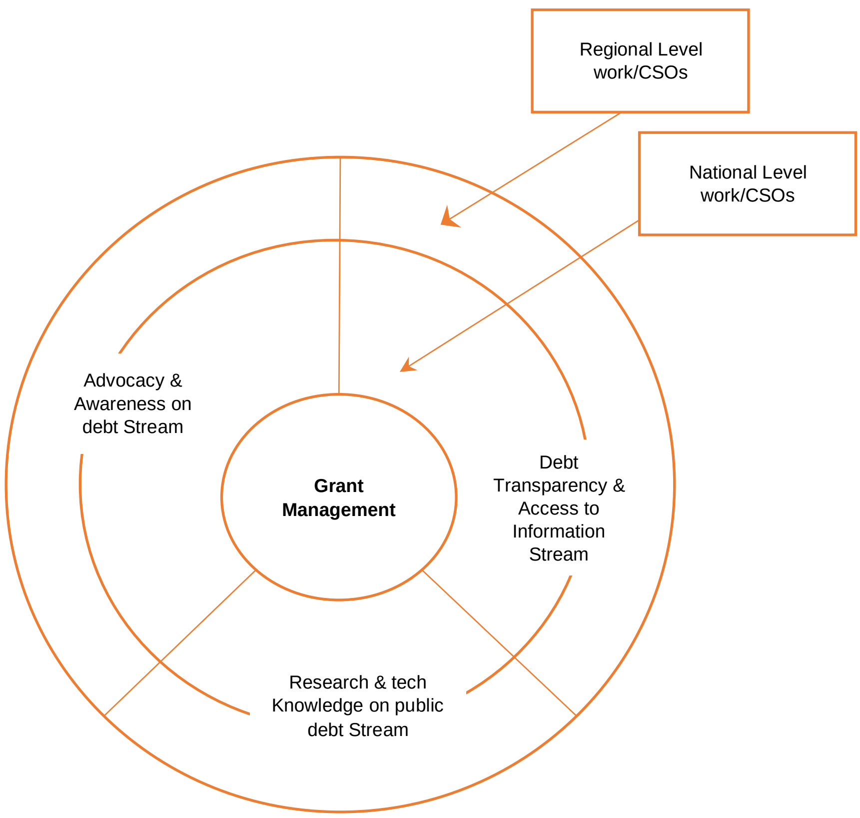


Figure 14: Schema of a possible collaborative arrangement for public debt work

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

As it was in the late 1990s, the issue of rising unsustainable public debt has again come to the fore in Africa. There are increasing concerns that many African states could be slipping back into even worse public debt situations that risk sustainability of their economies and may prevent them from providing essential public goods and financing development goals. Whilst government borrowing remains an essential part of public finances, its application as a macroeconomic instrument has come into question (UNCTAD, 2017; Selassie, 2018). There is now evidence to justify worry about debt sustainability in the continent. About 40% of countries in the region are in debt distress or at high risk of debt distress (IMF, 2018; Selassie, 2018; Sow, 2018).

TAI and OSF sought, through this study, to develop an understanding of the perceptions of their grantee CSOs on relevance of public debt to achieving their fiscal programming goals. It also aimed to outline some actions that grantees can take to adjust strategies and help improve debt transparency and what funders can do to support them.

The study has established that despite disparities in appreciation of relevance of rising public debt amongst CSOs, most of them see it as an important public policy challenge as it risks sustainability of economies and attainment of development goals. There remain generally low levels of knowledge on public debt amongst CSOs, which limits impactful research, advocacy and engagements for public debt sustainability. This is exacerbated by scarcity of information and limitations in the portfolio of actors (including CSOs) involved in core public debt work. However, CSOs are increasingly paying attention to public debt, and are generally interested and willing to adjust their programming and strategies to integrate substantive work on public debt as they believe it can improve efficacy of related programmes on fiscal issues. Many CSOs consider public debt transparency and information a critical component of addressing debt sustainability. As such, building knowledge, improving capacities and increasing access to information on public debt is important for impactful advocacy.

The study has found evidence of increasing debt unsustainability that is considered by grantees to pose a threat to OSF and TAI members reaching priority goals and a risk to economies in the region. It has also established significant and demonstrated attention and willingness of CSOs to intervene towards addressing unsustainable public debt. The study is thus of the opinion that there is sufficient scope for TAI, OSF and partners to lead and support African CSOs in developing and implementing suitable impactful programmes on public debt. This could be in the areas of: i) access to public debt information, ii) rigorous research and capacity development for technical knowledge on debt, and iii) advocacy and strategic communication for debt sustainability. There is also sufficient scope for designing and pursuing more impactful collaborative work amongst CSOs due to existing experience, interest and merits from previous collaborative work. There is an overall appreciation that grantees are open to engaging and participating in collaborative frameworks to join capacities and experience in programmes that address the issue of rising unsustainable public debt especially on improving transparency, access to information and advocacy for better debt policy and management.

Moving forward, the Debt Capacity Support Scoping Study urges CSOs (grantees) and funders to consider the following, as recommendations. Some of these recommendations are more geared for debt focused groups, while some are applicable for tax/spending groups aligning with debt programming:

5.2 Recommendations - Role of Grantees in Advancing Work on Public Debt

1. Convene engagements amongst like-minded CSOs to develop frameworks for collaborative work on public debt – such as development of consortiums, coalitions, networks or bilateral agreements;
2. Work together to create multi-organisational forums for discussing, learning and sharing knowledge on public debt;
3. Convene thought leadership forums on public debt involving high level actors in government, civil society, academia among other key actors to keep public debt issues at the core of contemporary public policy discussions;

4. Conduct rigorous research on public debt including diagnostic studies analysing trends in public debt; interrogating such issues as proportion of debt servicing in national budgets, performance of debt, debt management, debt contracting among others;
5. Advocate for design and implementation of formal and legal frameworks for debt management that stipulate borrowing targets and preferences for borrowing sources;
6. Develop alternative (CSO led) information portals for ensuring up-to-date recording of debt and debt service payments to increase accountability, transparency, and sustainability of debt levels;
7. Advocate for sound debt management practices to be extended to subnational level and state-owned enterprises to ensure more comprehensive management;
8. Support strengthening of debt management capacity and analytical tools for debt management targeting government officers;
9. Lobby and advocate for better information sharing on public debt by lenders (especially non-traditional ones);
10. Advocate for revision or development of new codes of conduct that address irresponsible lending such as G-20's Operational Guidelines for Sustainable Financing (2017) and OECD's Recommendation on Sustainable Lending Practices; and
11. Develop resource mobilisation strategies leveraging existing relationships with TAI members to explore and raise funding for implementing programmes on public debt.

5.3 Recommendations - Role of Funders in Advancing Work on Public Debt

1. Facilitate capacity development for CSOs to better understand deeper issues around public debt in order to intervene more effectively;
2. Finance research (such as political economy analyses) to assist CSOs with information for programme development, advocacy and engagements;
3. Support large CSOs to convene thought leadership forums on public debt involving high level actors in government, civil society, academia among other key actors to keep public debt issues at the core of contemporary public policy discussions;
4. Conduct capacity assessments for CSOs and identify development needs and support to grow a base of CSOs that are competent and interested in implementing interventions that address public debt;
5. Support development and/or sustainability of CSO networks or coalitions across sectors and regions to increase voice and traction of advocacy for public debt sustainability;
6. Consider modalities for delivering more core/institutional funding to allow CSOs budget space for developing strong institutional capabilities – human resources, networks and organisational capabilities to sustainably implement interventions addressing public debt sustainability;
7. Support and/or facilitate regular periodic engagement with grantee CSOs in order to keep up with dynamics and contextual issues that may affect ability of CSOs to effectively intervene on public debt;
8. Engage and coordinate amongst themselves to ensure effective division of labour amongst the CSOs they fund in aspects of public debt that their grantees take on to avoid duplication of effort and wastage of resources;
9. Facilitate access to public debt information through encouraging lender governments to require recipient governments to disclose debt information and facilitate capacity development targeting CSOs with skills and techniques for acquiring public debt information; and
10. Promote peer learning by facilitating grantee CSO forums for sharing experiences and horizontal learning and support establishment of a repository of public debt information for States across the continent that CSOs can tap into.

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