



ADDRESSING AFRICA'S INFRASTRUCTURE CHALLENGES IN VIEW OF RISING PUBLIC DEBT

FOCUSING ON UGANDA

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.....Uganda Debt Network (UDN).....

- **What is UDN?** A national policy advocacy CSO which works to generate advocacy expertise that influences people-based and accountable public resource generation and management in Uganda – www.udn.or.ug
- **Historical perspective-** With Hqtrs in Kampala- Uganda in East Africa, UDN formed in 1996championed Jubilee 2000 campaign for debt relief for UgandaHIPC Initiative; subsequent MDRI in 2005/06; still “soldiering” on for equitable and gender-responsive national dev’t.
- **UDN Ideology & Context-** These underpin her Values and Theory of Change imperative that posture UDN on a facilitator-role pathway of, **“Facilitating Citizens’ Engagement and Ownership of Development Programs”** – Gov’t Accountability, Citizens’ Participation & Influencing Uganda’s development policy & financing agenda- esp. Dev’t Aid at;
 - i) National ii) Regional/ continental and iii) Global levels.



..Devt Aid, PPPs & Infra. financing...context..

- ❑ Ideally, **Dev't Aid (Debt, Grants, Technical Assistance) & increasingly Blended financing** can positively contribute to desirable dev't outputs, outcomes & shared prosperity in emerging & developing economies e.g. in Africa.
- ❑ **Infrastructural dev't nexus**expanded investment, economic & GDP growth, plus prosperity is key.
- ❑ Poor infrastructure across sectors undercuts **Africa's economic dev't by an approximate 3% of GDP lost opportunity** annually - both for Africa & global economy.
- ❑ **PPPs** financing modalities have also come aboard towards bridging infrastructural gap- with over 335 PPPs in Africa, worth \$ 59 billion;**PPPs need not only be perceived as necessarily for large infrastructure.....**
- ❑ So far big.....including **85** in South Africa; **35** in Nigeria; **22** in Kenya; **22** in Uganda- esp. in Transport & Energy sectors.
- ❑ **Uganda alone-** currently faces a financing deficit of approx. **\$1.4b** annually in hardware infrastructural investment alone; with huge cost of inefficient infrastructure estimated at **\$300 annually**.



PPPs & Sovereign Debt sources, Global, Africa & UgandaTrends

- **Slow, stagnant global econ. growth landscape....thus reduction in quantum of ODA-** esp. Grants i) Europe and refugees/ migration ... ii) advanced economies at 2.1%, Eurozone at 1.9% in 2019 iii) trade wars & ...to decline GDP... iii) 2017 G.20 “Compact with Africa” iv) thus causing policy & financing shift to and within Africa with 3.8% (nearly 4%) growth in 2019.....yet poor infrastructure....
- **Infrastructural financing has contributed to Africa’s growing debt situation;**
- **....for Uganda-** currently from i) China ii) WB Group iii) EU iv) AfDB; v) Others.....Turkey, IndiaJapan....
- vi) **PPPs-** diversifying financing for Uganda- including “The Emerging Africa Infrastructure Fund (EAIF)” of the Private Infrastructure Development Group (PIDG); Bujagali Electricity Ltd, etc. ...**push for huge Capital into Africa &Debt?**
- **China- mainly non-concessional** ...unlike, say, WB-IDA...; cost passed onto consumers/ citizens; ...Chinacancelling debts by Africa economies??
- Uganda’s sovereign **debt in excess of \$15.2b-** UDN studies; even higher given worsening Nominal Exchange Rate (NER) of Uganda’s currency against major global currencies thru which local & external borrowing is done, **BOP issues...** (compared to Govt’s & IMF suppressed at about \$11.5b) against \$26b GDP.....



.....therefore.....1.?

- Previous debt forgiveness, reduction &/ or restructuring for Uganda- 1980s; ...HIPC- 1990s & 2000s under WB & IMF; ...MDRI- at Gleneagles- 2005/6 under G.5. We don't wish to go back.
- As UDN and many actors in the south still prefer public financing as the major modality, we are not against borrowing, but for responsible borrowing whether under PPPs/any other financing modality.. Yes to good PPPs & no to bad PPPs
- Character ...relevancy ...of PPPs in Africa ...Uganda too...;
 - i) General cost-benefit analysis to the economy of recipient country: jobs; lowering cost of doing business; leveraging growth and frontier at Inter, Intra/ regional & Global...
 - ii) Transparency & local content ..., Participation of citizens, experts, interest groups throughout project cycle;
 - iii) Profit sharing obligations; investment shareholding & tax obligations to avoid BEPS-base erosion & profit shifting, transfer pricing issues, etc....
 - iv) Project debt portfolio- principle & amortization.....
 - v) Respect for human rights, dignity and standards- esp. for women & children,
 - vi) Compliance with country's regimes- legal, policy & institutional. Lenders & investors who short-circuit compliance...
 - vii) Demonstrate improvement in efficiency of public service outlays...etc.



.....therefore.....2?.....we seek German CSOs- South CSOs partnerships

- 1) In identifying concessional financing in Europe & elsewhere; including “clean” money from Germany to Africa; retracing & curtailing IFFs in billions of USD/Euros from Africa- so that we advise African Gov’ts towards debt sustainability & economic integration- EAC, CFTA;
- 2) Let’s support African Gov’ts build capacity for PPPs analysis & oversight.....
- 3) Technical capacity support – to jointly & periodically assess compliance of PPPs- for lessons, advocacy, documentation **i)** case of Bujagali hydro power dam **ii)** diagnosis of complex PPPs e.g. *EaIF- of PIDP Group- owned by multi-donors- from 7 European countries & WB- managed by Investec Asset Managements...investing in Uganda under PPP modality...*
- 4) Specific joint annual policy advocacy targets- Brussels, Germany, IMF, WB
- 5) Research to leverage civic actions in our capitals; public debates on Dev’t Aid, PPPs performance assessments, Media profiling–Social media, TVs..
- 6) Info exchange about companies; Lessons from EU Court of Auditors’ Report & others; for credible Policy alternatives1885....etc.