



PRESS RELEASE

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Urgent Call to Restructure the Global Financial System for People's Sake

[HARARE, ZIMBABWE], 18 April 2024 - [The African Forum and Network on Debt and Development](#) (AFRODAD) and partners are [demanding](#) for an urgent reform of the global financial system as [Spring Meetings by the International Monetary Fund \(IMF\) & World Bank](#) take place in Washington DC from 17-19 April 2024. This year's theme is "Energising Africa: What will it take to accelerate access & Improve Lives?".

The debt crisis is no longer a risk, but a reality in many African countries, with almost half of the continent's countries in debt distress or high risk of debt distress. In 2024, [Africa's total debt](#) stands at US\$1.13 trillion, representing a 374% increase in public debt from the year 2000 to 2024. The cost of debt servicing continues to consume a significant amount of public resources with attendant ramifications for [public investment](#), economic growth, and sustainable development. [Around 30 million people in Africa were pushed into extreme poverty](#) in 2021 and the trend continued upwards in 2022 and 2023. Debt to GDP ratio average 198% in Sudan, and over 100% in the Democratic Republic of Congo, Mozambique and Zambia.

The mounting debt trends is clear evidence that debt relief like the Heavily Indebted Poor Countries and Multilateral Debt Relief Initiatives (HIPC/MDR), the [Debt Service Suspension Initiative](#) (DSSI), the [2021 Special Drawing Rights](#) (SDRs) issuance and currently the [G20 Common Framework](#) have failed as they created room for more borrowing, while beneficiary countries performed poorly in development terms, compared to non-debt relief countries. As of the G20 Common Framework (CF)'s shortcoming (i) to offer outright debt cancellation, (ii) the exclusion of middle income economies, such as Egypt and Tunisia even though the debt sustainability analysis shows distress, (iii) being skewed to bilateral debt despite 40% of Africa's debt being owed to private creditors, (iv) the associated risk of credit downgrade and (v) struggle to bring bringing creditors with contradicting objectives in the restructuring process make it difficult for the G20 CF to attract many African countries and to restructure successfully.



Therefore, there is a pressing need to change direction and strategy towards providing structural solutions to the problem of recurrent indebtedness on the continent. Countries like Chad, Ethiopia, Ghana, and Zambia applied for G20 restructuring, but they continue to struggle with a slow process that has negatively affected their credit rating and has not given them a sustainable solution to their debt situation. Zambia reached a restructuring agreement with its official creditors, which is commendable but while debt relief or restructuring is necessary to create fiscal space, solutions for the long term should focus on structural policy reforms linked to the concerns on the financial architecture. Moreover, [Ghana that defaulted](#) on its debt obligations in December 2022 and had approached the G20 for restructuring just got the process halted on 15 April 2024 as the IMF indicated that the deal would not fit its sustainability parameters.

As the Spring Meetings take place, AFRODAD and other Civil Society Organisations are calling for a governance restructuring of the IMF and World Bank to end the debilitating financial commitments of Africa's low-income countries and developing ones. This is the time to emphasise a bold move towards structural solutions. This is the time for Africa to vehemently push back against the IMF World bank policies that do not prioritise people and against creditors who lend irresponsibly with no respect to the duty of care to the borrower.

If the IMF & World Bank are truly concerned about improving African's lives, they must first acknowledge that they are at the heart of increasing debt, economic dependency and poverty in the continent and therefore welcome their restructuring to become fit for purpose. "[I join the call for international collaboration](#) to build a development-oriented debt architecture that is more just and equitable and affords developing countries and affected communities the fiscal space to invest in their country's growth and sustainable development". Dennis Francis, President of the General Assembly of the United Nations.

"The debt crisis is a development crisis and unless we do something very urgent to fix the global financial architecture, we are going to see a regression in the progress that has been made towards the Agenda 2063 and the people, especially the vulnerable ones including women and girls who will be hit even harder" Jason Braganza, AFRODAD's Executive Director.

For more information and how to join sessions by AFRODAD and partners on Friday 19 April 2024 [follow this link](#).



AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

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