

DEVELOPING A MATRIX HIGHLIGHTING THE GAPS IN UGANDA'S DEBT REGISTER IN COMPARISON TO OTHER EAC COUNTRIES.

Terms of Reference

Introduction:

SEATINI Uganda with support from DIAKONIA is implementing a project titled 'Promoting Domestic Resource Mobilization in Sub-Saharan Africa'.

The project aims at having Members states in targeted Regional Economic Communities (RECs) held accountable for prudent debt management in line with regional finance and investment protocols. As part of the initiatives to achieve this outcome, SEATINI Uganda would like to develop a matrix highlighting the gaps in Uganda's Debt Register in Comparison to other East African Community (EAC) Countries

Problem

Under the Addis Ababa Action Agenda for Financing for Development to meet the Sustainable Development Goals, debt transparency is a key commitment of the international community. According to Africa's Agenda 2063, the continental strategic development framework, envisions Africa as a dominant player in the global economic arena. However, the pace with which African states have accumulated public debt in recent years raises concerns about debt sustainability, which may affect the continent's ability to achieve the goals of Agenda 2063.

Low Developing Countries' levels of indebtedness have been dwarfed by their sustainable development needs. However, the generalized expansion of external debt raises serious concerns on debt sustainability, especially if the ongoing COVID-19 recovery will continue to bypass most LDCs. COVID-19 has exacerbated the situation, with debt burdens now looming large on LDCs' recovery efforts and subtracting resources for service delivery and sustainable development spending. More so, the limited understanding of authorities' attention to the benefits of having a prudent debt management strategy, framework, and policies that are coordinated with a sound macro policy framework which have stifled the development of domestic financial markets, and severely hinder debt managers' efforts to protect the government from excessive rollover and foreign exchange risk.

However, countries have been faced with poor quality of data on public debt and weak public reporting practices are fuelled in part by weak standards in recording and reporting of debt, which impede debt transparency. According to an IMF/World Bank study (2017) found that 46% of 70 low-income countries surveyed had weak capacity in recording and reporting of debt. Another

study indicated that almost 60% of countries sampled did not meet requirements in debt recording, while 65% did not meet those for debt reporting and evaluation.

Furthermore, the COVID-19 pandemic worsened the debt situation in most Low-Income Countries (LICs). Increasing levels of debt as a result of the pandemic have further highlighted the urgency for transparency. In past crises, it became apparent that borrowed funds had been diverted to purposes that did not raise export proceeds, productivity, or potential output (Kose et al., 2020). Bilateral and syndicated loans have been more prone to misreporting or non-disclosure than Eurobonds because loans are not traded in official markets and are more likely to include confidentiality clauses. In addition, information about their restructuring or re-profiling does not enter the public domain in a timely manner.

It is upon this background that SEATINI Uganda with support from DIAKONIA would like to develop a debt matrix highlighting the gaps in Uganda's debt register in comparison to other EAC Partner States.

Justification

SEATINI Uganda with support from DIAKONIA will develop a debt matrix highlighting the gaps in Uganda's debt register in comparison to other EAC Partner States. This matrix will be shared with stakeholders from policy makers and across media platforms to create awareness to citizens, policy makers, duty bearers and civil society organisations at the national and regional level etc.

Prudent Debt Management needs to be linked to a clear macro-economic framework, under which governments seek to ensure that the level and rate of growth in public debt are sustainable. A good track record of implementing sound macro policies can help to alleviate this uncertainty. This should be combined with building appropriate technical infrastructure such as a central registry and payments and settlement system to facilitate the development of domestic financial markets. (i.e. Debt registers). Debt transparency, mainly entails to: (i) the quality and comprehensiveness of data and level of public reporting on public debt; and (ii) the transparency requirements associated with debt loan agreements and information made available on new loans that have been contracted.

This will be to create awareness about proper record keeping on Country's debt and also provide a regional comparison with countries with Debt registers (if any) in order to advocate for prudent transparency on debt acquisition and management. More so a number of EAC partner states have surpassed the Debt to GDP 50% threshold which is not in compliance to the East African Monetary Union (EAMU) protocol. As such, we therefore believe this will also enable a call to action for Governments to enhance prudent debt management through compliance to the macro convergence criteria from the EAMU protocol at the national and regional level.

The specific objective;

Generate proposals for Government to develop a comprehensive Debt register for an effective, inclusive and accountable debt management in Uganda.

Objectives;

- (i) Analyse the existing challenges in Debt reporting and the efficacy of the policies & legal frameworks in place in Uganda.
- (ii) Generate proposals for a robust Debt register for increased Debt transparency.
- (iii) Provide policy and best practices recommendations for implementation of a Debt register

Duration of the Development Process

The Development of a matrix highlighting the gaps in Uganda's debt register in comparison to other EAC Partner States will be one month and a half;

Activity	Responsibility	Timelines
Expression of Interest	Consultant	19 th August, 2022
Selection of Consultant	SEATINI Uganda	09 th September, 2022
Signing of Contract	SEATINI Uganda	15 th September, 2022
Submission of Inception Report	Consultant	17 th September, 2022
Submission of first draft	Consultant	12 th October, 2022
Review of the first draft	SEATINI/DIAKONIA	14 th October, 2022
Submission of Final	Consultant	27 th October, 2022

Management of the Process

- The Consultant will be working closely with SEATINI Financing for Development Team.
- The Executive Director of SEATINI Uganda will oversee the process.

Qualifications of the Consultant

The suitable consultant/consultancy firm shall have the following qualifications:

- Knowledge in the area of planning, public policy, development economics, law and tax.
- A fair knowledge of the Uganda and the EAC partner states debt portfolios, debt dynamics, legal and policy frameworks and analytical skills.
- Excellent skills in written and spoken English.

Method of Application

- The consultant will submit a technical and financial proposal with an indicative budget including tax. It should be followed by a CV and an Expression of Interest that highlights previous similar experiences.
- Submission deadline by C.O.B 19th August, 2022 to info@seatiniuganda.org and cc nregina@seatiniuganda.org and pmbabazi@seatiniuganda.org