



POSITION PAPER

**OPTIMISING PUBLIC DEBT IN AFRICA:
BUILDING TRUST, FISCAL CREDIBILITY AND
SUSTAINABLE DEVELOPMENT**

March 2026

Problem Statement

Africa's development ambitions continue to outpace available domestic resources, making sovereign borrowing an unavoidable instrument of fiscal policy. The policy problem is not borrowing per se; it is weak debt governance. Across many African countries, rising debt-service costs, fragmented debt management operations and records, limited public disclosure, and weak links between borrowing and measurable development results have combined to shrink fiscal space and erode trust in public institutions.

When citizens, investors, legislatures, and development partners cannot clearly see what has been borrowed, on what terms, for which projects, and with what results, debt quickly shifts from a development tool into a source of suspicion and macro-fiscal vulnerability. The result is a widening credibility gap: governments need debt to finance transformation, but weak governance around debt reduces public confidence in the very institutions responsible for that transformation.

Context and Impact

The conference presentation on optimising sovereign debt emphasised that debt management must be understood against a backdrop of global uncertainty, tighter financing conditions, rapid population growth, climate vulnerability, and large investment needs for sustainable development. It also highlighted the practical importance of medium-term debt strategies, debt sustainability analysis, and stronger links between financing choices and broader PFM reforms.

IMF analysis has shown that public debt in Sub-Saharan Africa climbed to levels last seen in the early 2000s, while World Bank reporting indicates that debt vulnerabilities remain elevated across IDA-eligible African countries. At the same time, the development financing gap remains measured in the trillions of dollars annually. These pressures mean that governments must borrow more strategically, communicate more transparently, and manage risks more proactively.

The policy impact of getting this right is significant. Better debt governance improves fiscal credibility, lowers uncertainty, strengthens investor confidence, supports macroeconomic stability, and helps protect social expenditure from being crowded out by debt service. It also places the Office of the Accountant General in a stronger position to support whole-of-government fiscal visibility, liability reporting, and evidence-based accountability.

Policy Solutions

AAAG proposes to advocate for a five-part reform agenda that moves sovereign debt management from a narrow treasury function to a visible pillar of trust-building and development governance.

- 1) Adopt comprehensive debt transparency frameworks that disclose the full debt stock, debt-service profile, guarantees, contingent liabilities, on-lending arrangements, and major debt terms through regular public reporting and accessible dashboards. Information on Debt should be reconciled across treasury, debt, budget, and accounting systems and presented in formats accessible to parliament, markets, citizens, and civil society.
- 2) Strengthen the integration of debt management with budget preparation, cash management, macro-fiscal forecasting, public investment management, and fiscal risk reporting so that

borrowing decisions are evaluated against affordability and long-term value. Debt decisions should be assessed not only for cost but also for maturity structure, currency risk, interest-rate risk, and refinancing pressure.

- 3) Link borrowing to productive and assessable outcomes by requiring stronger project appraisal, ex post performance review, and clear disclosure of how debt-financed investments support growth, resilience, and service delivery. New borrowing should be clearly tied to high-impact capital formation, climate resilience, and service delivery priorities that can improve growth, fiscal returns, or resilience over time. Stronger ex ante appraisal and ex post performance review are essential to distinguish productive borrowing from fiscally corrosive borrowing.
- 4) Invest in digital interoperability between debt systems, IFMIS, cash systems, project systems, and reporting platforms to create real-time fiscal visibility and reduce data fragmentation. Integrated FMIS, debt systems, project monitoring tools, and treasury platforms should enable near real-time reporting of disbursement, debt service, project execution, and fiscal exposures. Digital dashboards can materially improve decision-making and reduce the opacity that often fuels mistrust.
- 5) Institutionalise accountability through stronger legislative oversight, citizen communication, and a clearly defined role for Offices of Accountants General in liability reporting and fiscal transparency. Debt governance should be supported by stronger parliamentary scrutiny, supreme audit institution engagement, public debt reports, and structured communication that explains the purpose, cost, terms, and expected benefits of major borrowing decisions.

Conclusion

Africa should treat sovereign debt optimisation as a governance reform agenda anchored in trust, transparency, and disciplined fiscal strategy. Properly managed debt expands fiscal space, supports resilience, and accelerates development. Poorly governed debt erodes legitimacy, weakens service delivery, and constrains future governments. AAAG should therefore champion sovereign debt practices that strengthen whole-of-government fiscal visibility, improve the link between borrowing and outcomes, and position the Office of the Accountant General as a central actor in debt transparency, fiscal reporting, and public accountability.

Call to Action

African governments, regional institutions, and development partners should move beyond debt volume debates and focus on debt quality, transparency, use, and accountability. The immediate policy imperative is to make every unit of borrowing visible, justified, measurable, and development-enhancing.

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