The African Sovereign Debt Justice Network (AfSDJN) 2024 2nd Edition Essay Competition Winners

By:

The African Sovereign Debt Justice Network

August 1, 2024

The African Sovereign Debt Justice Network, (AfSDJN), is delighted to announce the winners of its 2nd Edition of the Essay Competition on "***Predatory Lending by Private Creditors in Africa" and "Austerity-Free Debt Restructuring Processes in Africa***".

The AfSDJN has twin aims for the Essay Competition. First, to encourage a new generation of students and early career researchers in sovereign debt issues from an African perspective, and second, to focus scholarly and policy attention on the role of and effectiveness of national legal and policy frameworks for debt contracting, management and accountability in Africa. The winners of this competition will present their winning papers at the fourth African Conference on Debt and Development (AfCoDD IV) in Maputo Mozambique from the 28th – 30th August 2024, hosted by the African Forum and Network on Debt and Development (AFRODAD). Their papers will also be published on

Afronomicslaw.org.

Winner: Mr Augustine Gwata (Zimbabwean)

Recently graduated with a Master of Science degree in Economics in 2023, University of Zimbabwe

Essay Title: “Austerity-Free Debt Restructuring Processes in Africa: Case Study of Zambia”

Essay Summary: African nations face a growing debt burden, often prompting stringent austerity measures during debt restructuring. Therefore, this essay explored the challenges of debt burdens faced by African nations and the limitations of traditional austerity-based debt restructuring approaches. It has argued for alternative approaches that prioritize economic resilience, social welfare, and long-term sustainability. The essay used Zambia as a case study to illustrate the negative consequences of traditional austerity-based debt restructuring measures. By examining successful debt restructuring strategies like debt cancellation, debt swaps, and growth-focused restructuring, the essay offered valuable lessons from other African countries that successfully employed these alternative solutions. In addition, the essay also emphasizes the importance of leveraging international support through collaboration with Civil Society Organizations (CSOs), regional economic blocs, and international institutions. Ultimately, Africa's path to sustainable debt management and economic prosperity hinges on a concerted effort to strengthen its financial architecture and forge robust international partnerships.

In response to a question from the AfSDJN about Augustine’s reason for entering the competition, he explained as follows: “My inspiration to participate in this competition stems from a confluence of experiences, motivations and passions. Growing up in Zimbabwe, I witnessed firsthand the devastating consequences of debt on communities, fostering a fervent desire to contribute to Africa's economic resurgence. My academic journey, particularly my focus on development economics, along with my experience as an intern at AFRODAD, equipped me with a comprehensive understanding of debt complexities and this ignited my passion to participate on the subject. The work of renowned economists and organizations like AFRODAD and Afronomicslaw has been instrumental in shaping my perspective and aspirations which then

motivated me to also lift my voice through this essay. The opportunity to apply my knowledge, coupled with the potential to make a tangible impact on this critical issue, is immensely motivating. Furthermore, the prospect of a substantial prize served as an additional incentive to dedicate the necessary time and effort to produce a compelling essay."

Second Place: Mr Miracle Okoth Okumu Mudeyi (Kenyan) LLB (Hons) University of Nairobi, Advocate-Trainee at the Kenya School of Law

Essay Title: "Forging a Path Beyond Austerity: Illuminating the Promise of Sovereign Debt Liberation for Africa."

Essay Summary: The persistent economic challenges faced by African nations have underscored the need for effective debt restructuring mechanisms. This paper investigates viable alternatives to traditional austerity measures, examining their effects on social welfare and economic resilience. Through analysis of specific case studies, it reveals the adverse impacts of austerity on public services and economic growth, highlighting the urgency of exploring alternative approaches. The paper advocates for a paradigm shift towards strategies that integrate economic stability with social equity. It emphasizes the role of international collaboration and solidarity in achieving debt restructuring goals. By drawing from successful global examples, the study provides actionable insights for policymakers, proposing a comprehensive framework that prioritizes human capital and sustainable development. Ultimately, it offers a roadmap for advancing debt restructuring efforts free from austerity constraints, aiming to support inclusive growth and long-term economic stability in Africa.

In response to a question from the AfSDJN about Miracle's reason for entering the competition, he explained as follows: "My decision to enter this essay competition is deeply rooted in my academic and personal experiences with International Economic Law and its impact on Africa. During my undergraduate studies, a class on this subject introduced me to the pressing debt issues facing my country from a TWAIL/African perspective, a revelation that profoundly altered my worldview. My engagement with Frantz Fanon's '*The Wretched of the Earth*,' shared through discussions at the Hut, further deepened my understanding of economic injustice. Recent events in

Kenya, coupled with my internship at AFRODAD, have exposed me to the stark realities of Africa's debt crisis. These experiences have not only shaped my critical perspective but also fueled my commitment to addressing economic disparities. This essay competition represents an opportunity to channel these insights and concerns into a meaningful contribution to the discourse on economic justice."

Third Place: Mr Patrick Muema Kioko (Kenyan) Bachelor of Laws Student, University of Nairobi

Essay Title: "Predatory Lending by Private Creditors in Africa."

Essay Summary:

Private creditors are among the greatest lenders to Africa, especially to lower middle income state, owing African countries more than China. A critical study into characteristics of private creditors to Africa parents a picture of predatory lending. As to the indebted countries, more money is allocated to debt servicing than for socio-economic field. Effective negotiations with the lenders to ensure the terms are the most favorable for African countries are necessary. Regional and International financial institutions like the World Bank and IMF should work all together to rethink how the continent's development can be financed more responsibly. A significant part of the private loans is in sovereign bonds, which is mostly governed by English and New York law. English and New York legislators can pass legislation to for debt restructuring or enforce debt relief initiatives. The borrowers and creditors should also adhere to principles of responsible sovereign lending and borrowing

In response to a question from the AfSDJN about Patrick's reason for entering the competition, he explained as follows:

Over the last few decades in Sub-Saharan Africa, there has been an increase in debt levels that pose a risk to debt sustainability. All parties involved, including private lenders, must come together to face this reality and find an edifying solution towards sustainable and responsible lending. I genuinely wanted to be part of this essential conversation and contribute to the discussion which must be ordered towards debt sustainability. Some African countries have already fallen into debt crisis. If we do not have the discussion as early as now, we

could be facing the risk of a continental debt crisis. On my part, I strive to empower others through accessible knowledge and contributing to the exchange of ideas in order to create a more informed world for the good of the African People.

Fourth: Mr Tonny Arisi Omwoyo (Kenyan) Bachelor of Laws (LLB) University of Nairobi, School of Law,

Essay Title: "Debt and Development: The Socio-Economic Consequences of Predatory Lending in Africa"

Essay Summary:

The genesis of predatory lending on African countries was during the colonization period in Africa. Colonial economies were built upon the ruthless exploitation of African countries to enrich their mother countries, a vice that continued way after the attainment of independence. Predatory lending has hurt the socio-economic development of African Countries. The main impact has been on the economic exploitation of African countries, which seems to divert financial resources away from productive investments that could otherwise contribute to economic growth. Predatory lending has also burdened countries with huge loans, thereby limiting the ability of African governments to invest in essential services such as healthcare and education. A case study of the China's Belt and Road Initiative (BRI) for instance has revealed that despite having a positive initiative, it has in countless times been found to have negative impacts on the indebted nation's financial stability. The World Bank and the International Monetary Fund are the main regulatory institutions as they supervise the global financial systems and advance economic stability. Suffice to note however that, while the IMF is a regulatory institution, it is also a lending institution which also practices predatory lending on developing countries which is quite ironical.

In response to a question from the AfSDJN about Tonny's reason for entering the competition, he explained as follows:

In my fourth year of study at the university, I studied a unit called International Economic Law (IEL), where the lecturer, Dr. Bett, addressed the issue of predatory lending to African Countries, hence my gaining in interest in the

topic. I could see that the issues discussed in class were relatable to my country Kenya and the continent of Africa in general. It is undeniable that our economic development has been paralyzed by predatory lending. Consequently, when a friend later shared with me about the Afronomicslaw essay on a related topic, I took it as an opportunity to research more on the topic and share the knowledge gained with fellow Africans by getting the paper published by Afronomicslaw. Nothing excited me more than the thought of having my essay published by the Afronomicslaw.

Fifth: Miss Chioma Echebiri (Nigerian) Bachelor of Law Degree, Babcock University

Essay Title: “A Case for the Shift from Austerity-Based Debt Restructuring in Africa.” **Essay Summary:**

"A Case for the Shift from Austerity-Based Debt Restructuring in Africa" advocates for a radical transformation of the continent's debt restructuring strategies. The essay underscores the deepening debt crisis in Africa, intensified by the COVID-19 pandemic, and the devastating consequences of austerity measures imposed as loan conditions. These measures, which have included the imposition of severe fiscal constraints on already fragile economies, undermine social welfare and hinder economic recovery. Tracing the roots of austerity to post-colonial Africa, the essay reveals how government spending led to budget deficits and the subsequent push for austerity measures. Hence, numerous countries on the continent continue to bear the brunt of these policies, experiencing persistent poverty and inequality. To address this crisis, the essay proposes a sustainable debt restructuring framework. By reforming public finance systems and prioritizing strategic investments, Africa can build a future where its citizens' well-being takes precedence over debt servicing.

In response to a question from the AfSDJN about Chioma’s reason for entering the competition, she explained as follows:

What piqued my interest in the essay competition were the topics, which I found very interesting. I chose to write on 'austerity-free debt restructuring' because I considered it an important, albeit less-discussed issue, especially against the backdrop of perennial concerns about sovereign debt in Africa.

Indeed, my initial research revealed the significant impact of austerity measures on policy decisions and their subsequent effects on individuals and businesses. Moreover, having long been curious about Nigeria's Structural Adjustment Program (SAP) of the 1980s, I saw writing the essay as an opportunity to explore its historical context and effects. Altogether, the challenge of expanding my macroeconomic knowledge and writing skills was also appealing.

We heartily congratulate all our 2024 2nd Edition Winners!

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