

DEBT AND GENDER: PRUDENT DEBT MANAGEMENT FOR THE ACHIEVEMENT OF WOMEN'S RIGHTS IN UGANDA

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Introduction

Public debt is critical to foster sustainable development as it allows governments to bridge their fiscal deficits and thus provide public services and finance investments that lead towards the achievement of countries' development goals. However, public debt can become unsustainable if not prudently managed; hence leading countries into situations of debt distress, low economic growth and often times lowers the quality of life for the citizens. In many African countries, debt servicing exceeds the amount spent on critical social services.¹ In Uganda, during the FY 2023/24, while debt servicing (including interest payments) is expected to consume USD 4.5 Million, an equivalent of 32% of the country's total budget, the amounts allocated to health care and education are 7.7% and 8.6% of the expected total budget respectively. This poses a negative implication on women, who are a vulnerable group.

In managing public debt, it is vital to understand that the impacts of borrowing go beyond finances. This paper brings to light the interplay between public debt and gender, delving into how debt policies and their consequences can exacerbate the existing gender disparities and thus worsen the vulnerable status of women in Uganda. It further provides recommendations for considerations by stakeholders as a means to ensure that more inclusive and effective strategies are applied towards public debt management to minimise the gender-associated risks.

Public Debt and Gender: Analysing the Gendered Effects of Debt

The link between debt and gender takes two main dimensions. These are reflected in the set conditionalities and the policy environment as a result of debt

Debt acquisition and debt relief come with different conditionalities, by which developing countries must abide. Most of these conditionalities undermine the ability of the Government to make policy decisions in favour of the citizens. This was especially the case under IMF/WB's Structural Adjustment Programme (SAP) in which the IFIs forced countries to adopt specific policies before they could access financing. Some of the policies arising as a result of the set conditionalities included; forced privatisation and liberalisation of the economy as well as reduction in public expenditures in crucial sectors such as education, health and social protection, all of which have a disproportionate impact on women as demonstrated above. In Uganda, it is evident that the effects of these policies and conditionalities have continued to negatively impact the achievement of women's rights as described below;

Regressive tax policies

High debt burdens create a vicious cycle in which governments may be forced to rely on regressive taxes in order to finance their debt payment. In Uganda, it is evident that the Government relies heavily on Value Added Tax to raise revenue to finance its priorities including the payment of debt. It is notable however,

¹ <https://www.afronomicslaw.org/category/african-sovereign-debt-justice-network-afsdjn/sovereign-debt-and-human-rights-focus-sub>

that VAT is a regressive tax because both high and low income earners pay the same amount regardless of the amount they consume. Previously, the Government has also introduced VAT on items such as diapers for adults and babies and has also continued to impose the same on basic utilities i.e. water and electricity. Imposing VAT on such items implies that women, majority of whom are low income earners will unlike their male counterparts have to spend a bigger proportion of their income purchasing such items

Fiscal consolidation and austerity measures:

The IMF and World Bank have often emphasised the need for fiscal consolidation in order to ensure that countries cut down on their deficits. To meet this condition, governments have often been forced to put in place policies that reduce funding allocations to sectors that are critical to the wellbeing of women. This has especially been felt in sectors such as health, education, water and sanitation as well as social protection. For example, during the finalisation of Uganda's national budget for FY 2023/24, a cut amounting to USD 21.3 Million in the country's budget allocation to the health sector affected the upgrade of health centres across the country.² It is notable that these health centres are critical for women access to maternal health care and failure to upgrade implies the need for women, especially those on rural areas to move long distances in the search for healthcare services.

Furthermore, it is notable that in Uganda, expenditure in the health sector has often been directed towards curative care; with less attention directed towards the preventive care, where most the poor especially the women and the children would benefit. Most women in rural areas who are unable to afford health services under the cost-sharing arrangements either forego medical care or resort to home care treatment. According to a 2021 report by the Uganda Bureau of Statistics, the maternal mortality rate in women aged 15-49 is 368 deaths per 100,000 live births. These challenges suggest the need to strengthen the community health services.

Furthermore, the reduction of resources towards health care has over the years had an impact on the number of hours spent by women doing care work versus engagement in productive economic activities. According to the Uganda National Household Survey 2019/20, women spent 10 hours more on unpaid care work as

compared to their male counterparts. More still, the survey revealed that 35% of persons engaged in care work took part in caring for the sick, old and children. 52% of those taking part in this kind of care work were female. It is notable that engagement in care work reduces the number of hours spent in productive economic activities hence partially contributing to lower income earnings among females (USD 33.5) who earn half the amount that is earned by their male counterparts (USD 69).

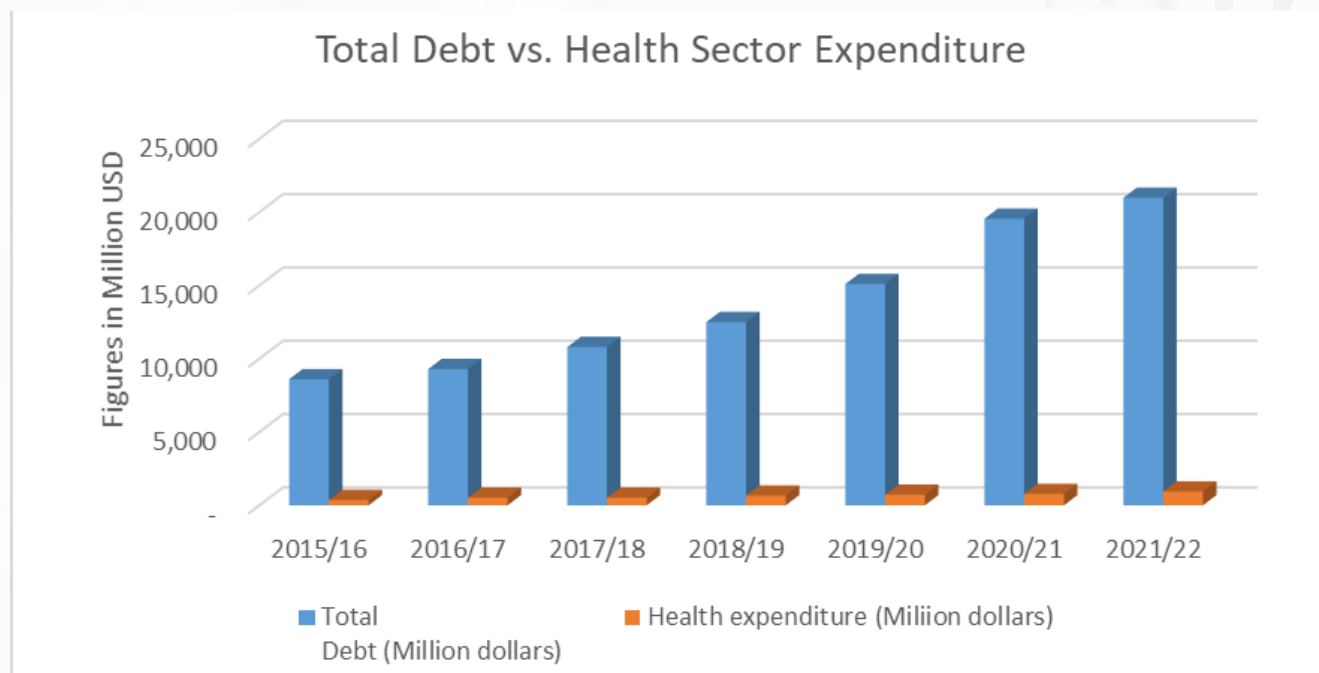
Abuse of women's human rights in the labour market;

Another untenable policy condition pushed by WB under the SAPs was privatisation. Uganda's privatisation policy saw the reduction of the state's role in both public and private enterprises hence subjecting women majority of whom are now employed as casual labourers in many of the privatised firms experience abuse of their rights. This has been in terms of low wages, sexual abuse, land grabbing, among others. In Uganda, women employed in projects funded by Government loans have often shared concerns of abuse by private actors, but have not received justice due to the gaps within loan agreements that do not provide for stringent penalties against the abuse of women's human rights.

More recently, the World Bank has continued to push policies emphasising the de-risking of private finance. This is a strategy employed by financial institutions, governments, and multilateral development banks to reduce the perceived risks associated with private sector investments, particularly in the context of infrastructure and development projects such as transport, education, health, energy, among others. However, de-risking tends to focus on mitigating investors' risks while overlooking the risks and rights of vulnerable populations, as well as the long-term sustainability and social outcomes of development projects. For example, in Uganda, Government, during the month of March 2019, approved Promissory Notes worth US\$ 379.7 Million. to finance a project agreement that was signed by the Government of Uganda and FINANSI/ROKO Construction SPV Limited for the design, construction and equipping of the International Specialized Hospital of Uganda (ISHU) at Lubowa, Wakiso District. In this project, the Ministry of Health has had to allocate a significant portion of its budget to repay a private entity. This has been a strain on the health sector, which was already struggling with limited funding. More still, this project increases on the country's debt burden.

Debt Servicing and Public Service Delivery

As reflected in the graph below, between FY 2015/2016 and FY 2018/19, Uganda's debt was increasing at an average annual rate of 2-3%. Between 2019/20-2021/22, there was a spark in Uganda's debt mainly due to the COVID Pandemic.



Source: Authors calculations based on data from Ministry of Finance, Planning and Economic Development

As at the end of June 2023, Uganda's public debt stood at US\$ 23.7 billion.³ This reflected a 12.9% increase in the debt level from US\$ 20.99 as the end of June 2022. Of the accumulated debt, domestic debt averaged at 40 % while external debt stood at about 60%. For the Financial Year ending June 2022, the debt service to domestic revenue stood at 34.1% compared to 30.6% in the previous year. The increase in the debt service cost was due to external commercial and domestic borrowing.

On the other hand, financing for Uganda's health has continuously remained low and only saw a rise during the FY 2021/22 and 2022/23 when the country was faced with the COVID-19 pandemic. Financing of public debt with the use of domestic revenue reduces the funding available for other government priorities such as health and education.

Conclusion

It is evident that there is a gender disparity when it comes to the impact of indebtedness of countries. The conditionalities and policies set tend to have a disproportionate impact on women. The reduction of social investments in favour of servicing debt have driven an increase unpaid labour that is overwhelmingly shouldered by women. Therefore, it is important that Government puts in place to ensure prudent debt

management thus reducing its effect on the achievement of women's rights.

Recommendations

1. Inclusive Debt Management Strategies:

It is important that Government prioritizes inclusive debt management strategies that put into consideration the impact of unsustainable debt levels on vulnerable groups such as women. In this regard, government could apply a gender-equal participation approach in policy formulation and implementation processes related to debt management and economic reforms, ensuring women's perspectives are considered and their rights are safeguarded. More still, policy makers ought to collect and analyze gender-disaggregated data to continuously monitor the gendered impacts of public debt, enabling evidence-based policy adjustments and targeted interventions. Furthermore, policy makers should also put in place structures to encourage active involvement of civil society organizations and women's groups in monitoring debt-related policies and advocating for gender-inclusive outcomes.

2. Debt Transparency

The government should enhance transparency in debt negotiation, acquisition, utilization and accountability to ensure that loans acquired are used efficiently for development purposes. Both the Government and its lenders should commit to reporting all loans on a publicly available database upon signing of contracts. This will enable parliamentarians, media and civil society-including women rights organizations to hold government accountable on the acquisition and utilization of debt.

3. Adherence to Gender-Responsive Budgeting:

Government entities need to fully adhere to the guidelines that have been set by the Equal Opportunities Commission. This will contribute to ensuring that a fair proportion of public resources is allocated to critical sectors like health, education, and social protection, which directly impact women's well-being.

4. Plugging revenue leakages and diversification of Revenue Sources:

Government ought to explore diversified revenue sources beyond Value Added Tax to mitigate the disproportionate impact on women, considering progressive taxation and targeting wealthier segments of society. It is important that the Government reduces the award of harmful tax incentives and exemptions that have no benefit for the country but simply erode the tax base.

5. Government and Civil Society engagement on IFIs Policy

It is important that actors both Government and Civil Society engage with international financial institutions on the efficacy of the proposed policies to apply them based in the context of a given country. For example, flexible fiscal consolidation strategies that safeguard investments in sectors like health, education, and social protection, thus protecting women's access to essential services should be emphasized in countries like Uganda.

6. Strengthening Labor Protections clauses in loan agreements:

It is important for the Government to enhance legal provisions within loan agreements and put

in place enforcement mechanisms to protect the rights of women employed in both public and private sectors, ensuring fair wages, safe working conditions, and avenues for addressing human rights abuses.

7. Reform of the Global Financial Architecture

Government of Uganda should join call for a multi-lateral debt mechanism that safeguards its sovereignty from creditors. There is a pressing need to update debt resolution frameworks to cater to the specific needs of African countries and their populations. This will contribute to a reduction in the level of debt servicing demanded and the creation of favourable terms for borrowing and debt relief.

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