

Is Africa on the Creditor's hook?

Overview of the continent's debt situation

Berlin
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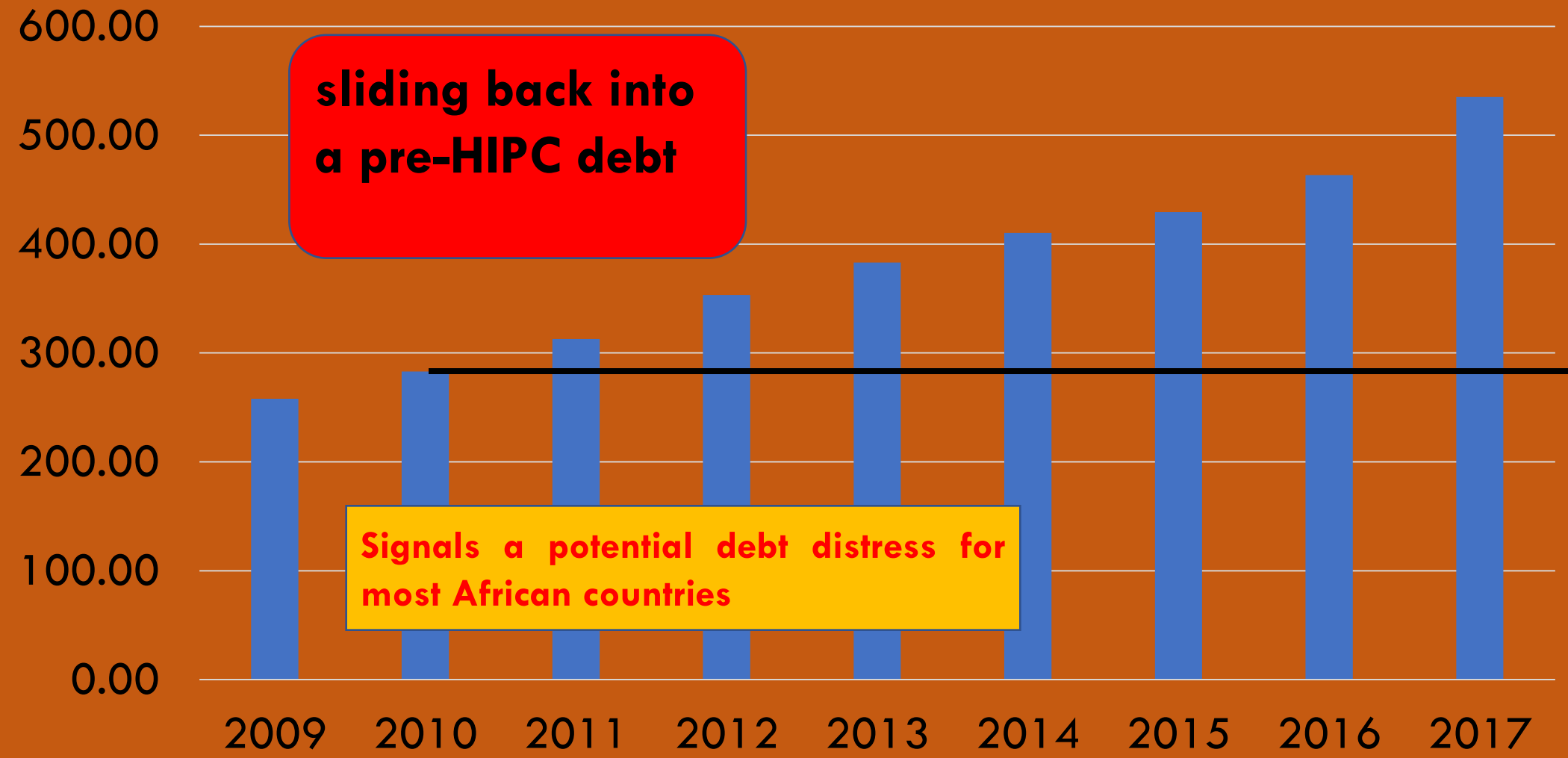


AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

Sub-Saharan Africa: 15.5 percent increase in external debt to \$535 billion from \$463 billion in 2016

The external debt stock of these countries has doubled since 2010.

External debt stocks \$ billion



sliding back into a pre-HIPC debt

Signals a potential debt distress for most African countries

Rising concerns about debt sustainability did not slow debt accumulation in many of the poorer countries in the region

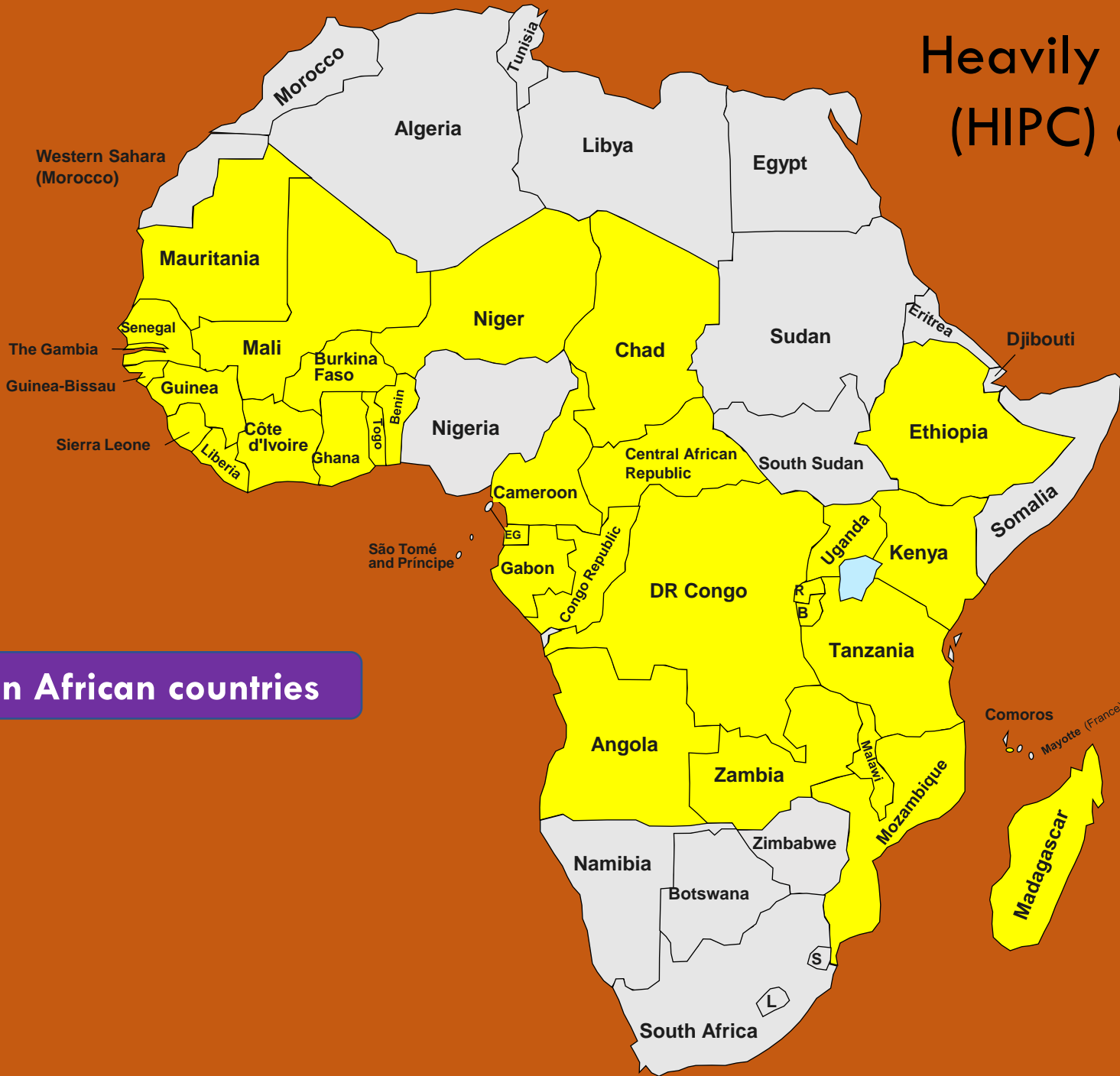
Heavily Indebted Poor Country (HIPC) and Multilateral Debt Relief (MDRI)

Relieved 36 participating countries of \$99 billion in debt.

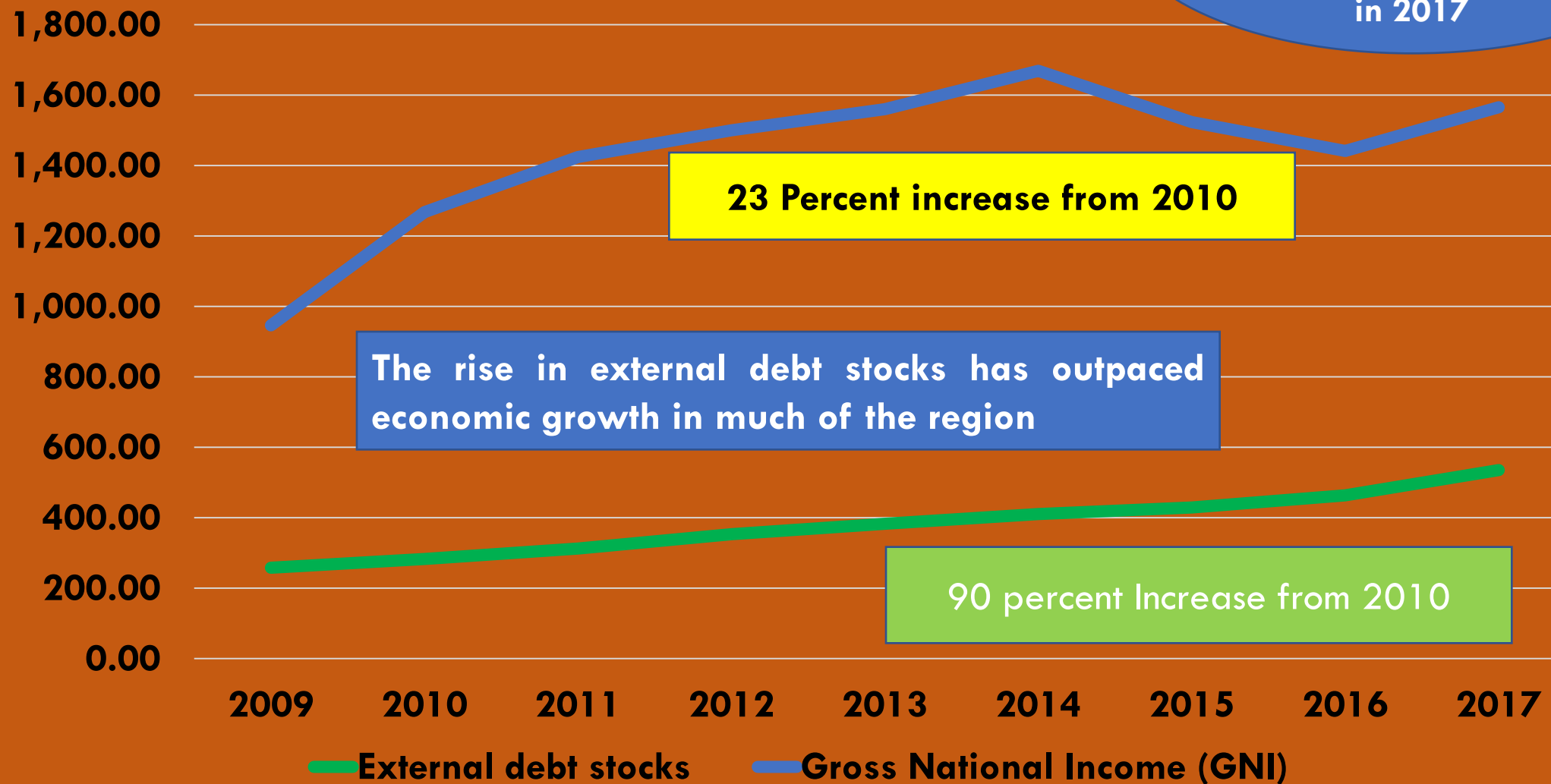
30 Sub-Saharan African countries

- B=Burundi
- EG=Equatorial Guinea
- L=Lesotho
- R=Rwanda
- S=Swaziland

The combined external debt stock of rose 11 percent in 2017, compared to 7 percent in 2016.



GNI vs Debt Stock \$ billions



accumulated external debt at a faster pace than low- and middle-income countries in other regions in 2017

23 Percent increase from 2010

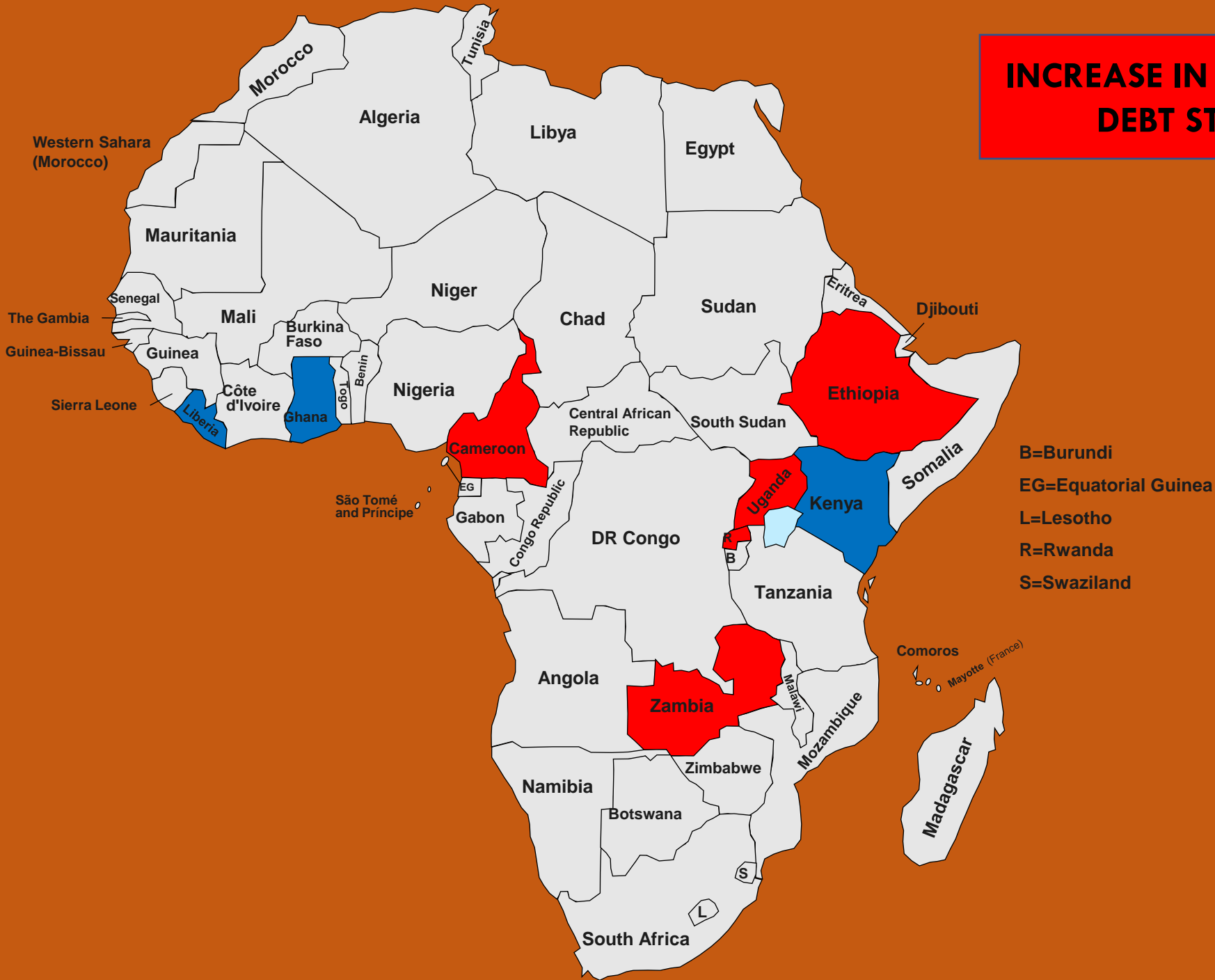
The rise in external debt stocks has outpaced economic growth in much of the region

90 percent Increase from 2010

External debt stocks

Gross National Income (GNI)

INCREASE IN EXTERNAL DEBT STOCK



**HIPC/MDRI
>60 %
DEBT/GNI**



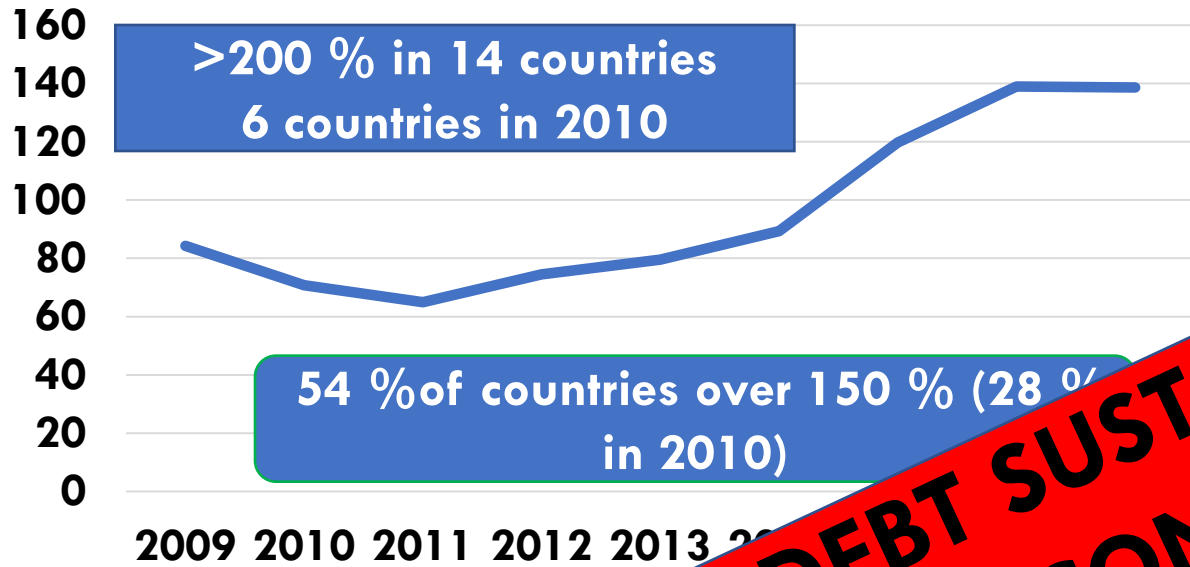
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Future debt service payments rise steeply, or remain elevated, over the next two to five years

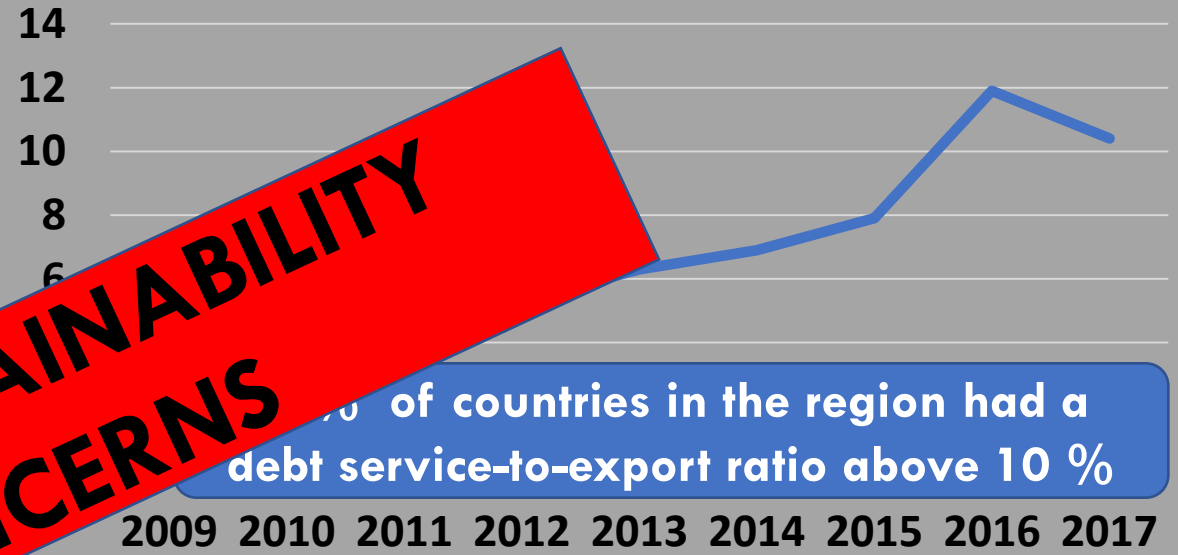


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External debt stock to exports (%)

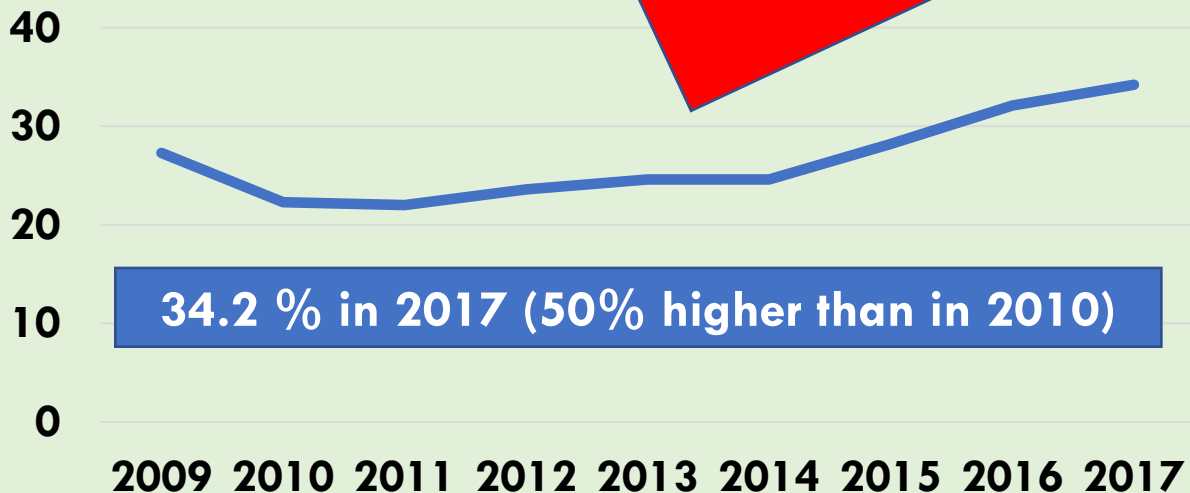


Debt service to exports (%)



DEBT SUSTAINABILITY CONCERNS

External debt stock



The total debt service payments projected to rise to \$44 billion in 2018 double the 2017 figures

Bullet repayments falling due on maturing international bond issues

Rising global interest rates

Fluctuating Commodity Prices

Increase in financing from non-traditional bilateral creditors and from private creditors

Bond issuance and syndicated commercial bank loans

Rising external debt in Sub-Saharan Africa has been accompanied by important changes in external borrowing patterns

Official bilateral and multilateral creditors (60 % of total long-term external debt stock in 2017) still the biggest lender

Multilaterals still the most important official lender. However, their share of total long-term external debt has declined to 34 % from 44 % in 2010

a significant change in the composition of external bilateral creditors

China has accounted for over 60 percent of the region's long-term debt owed to bilateral creditors in 2017.

The Paris Club creditors accounted for just 5 % of the long-term public and publicly guaranteed external debt stock in 2017, down from 20% in 2010.

External Borrowing Patterns

Access to international capital markets has added to the external borrowing options of a rising number of Sub-Saharan African countries

Amount held by bondholders was \$105 billion - 29 % of the outstanding long-term external debt (13 % in 2010)

Private creditors and lending by commercial banks and other private entities, accounted for 40 % of the long-term debt stock

Bond issuance by sovereign governments and public-sector entities in the region rose to \$27 billion

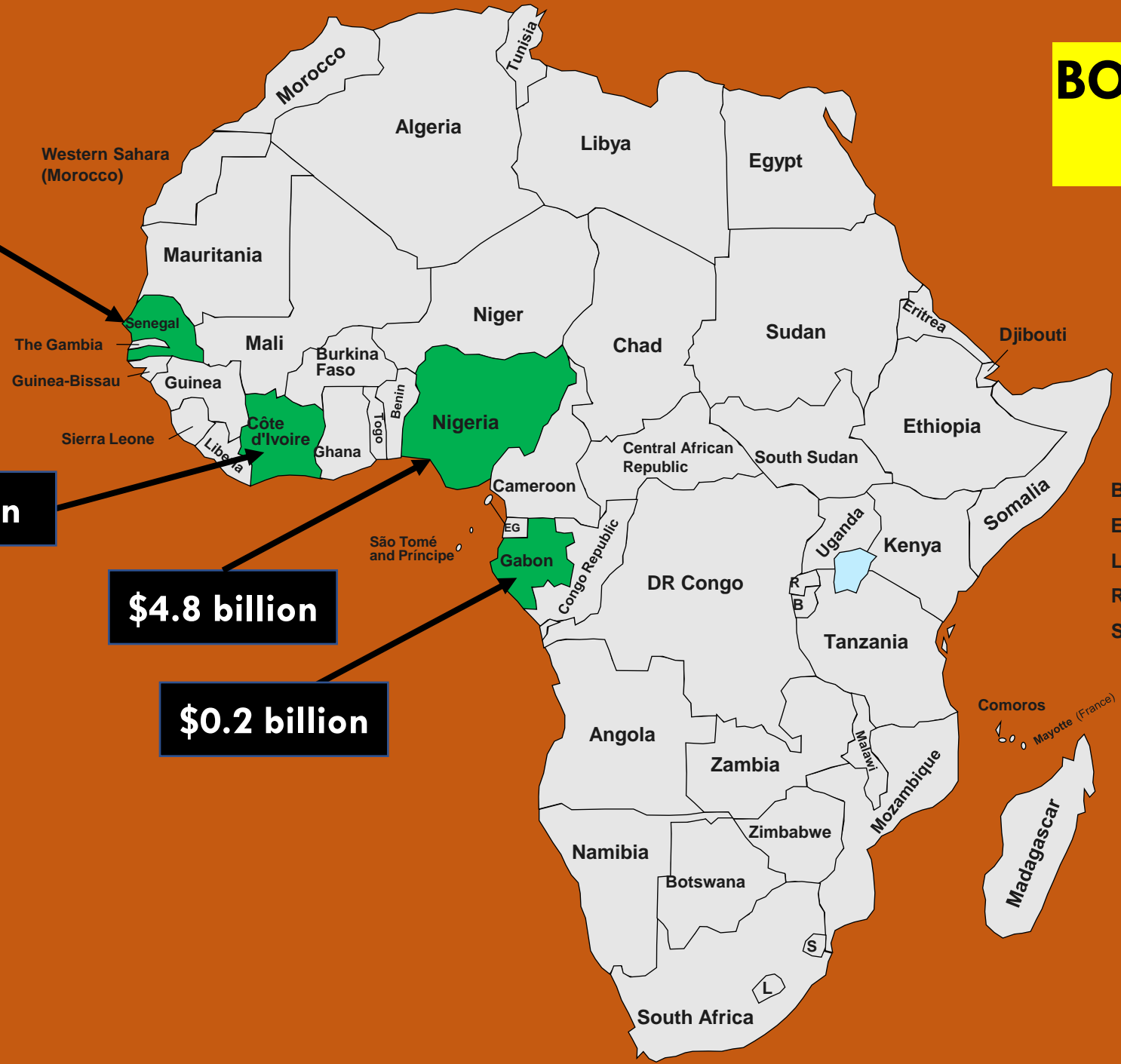
BOND ISSUANCE 2017

\$1.1 billion

\$2 billion

\$4.8 billion

\$0.2 billion



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THANK YOU