Is Africa on the Creditor’s hook?

Overview of the continent’s debt situation

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Rising concerns about debt sustainability did not slow debt accumulation in many of the poorer countries in the region. The external debt stock of these countries has doubled since 2010.

Sub-Saharan Africa: 15.5 percent increase in external debt to $535 billion from $463 billion in 2016.
The combined external debt stock of rose 11 percent in 2017, compared to 7 percent in 2016.
The rise in external debt stocks has outpaced economic growth in much of the region. Accumulated external debt at a faster pace than low- and middle-income countries in other regions in 2017.
Future debt service payments rise steeply, or remain elevated, over the next two to five years.
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.

>200% in 14 countries
6 countries in 2010

54% of countries over 150% (28% in 2010)

34.2% in 2017 (50% higher than in 2010)
**Bond issuance and syndicated commercial bank loans**

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

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

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

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**

- China has accounted for over 60 percent of the region's long-term debt owed to bilateral creditors in 2017.
- Increase in financing from non-traditional bilateral creditors and from private creditors.

**a significant change in the composition of external bilateral creditors**
Access to international capital markets has added to the borrowing options of a rising number of Sub-Saharan African countries.

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

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

Bond issuance by sovereign governments and public-sector entities in the region rose to $27 billion.
$4.8 billion

$2 billion

$1.1 billion

$0.2 billion

BOND ISSUANCE
2017

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

$2 billion: Gabon
$4.8 billion: Nigeria
$0.2 billion: The Gambia
$1.1 billion: Western Sahara (Morocco)