Nineteenth Sovereign Debt News Update: France's Campaign for Debt Relief in Africa

By:

Afronomicslaw

June 1, 2021

In addition to previous efforts by the United States, Britain, Sweden and Ireland to facilitate Sudan's reincorporation into the international community and access to relief under the Highly Indebted Countries Program through the provision of bridge loans, France has given Sudan a bridge loan of $1.5 Billion, which was instrumental in clearing its arrears with International Monetary Fund. Germany has also pledged $110 Million towards extinguishing Sudan's debt with the IMF.

Beyond providing the loan, France also led discussions on debt cancellation for Sudan by proposing the cancellation of $5 Billion worth of debt. In response, Germany undertook to forgive 360 Million Euros worth of debt. Norway has expressed its support for Sudan's transition to democratic rule and in doing so declared the cancellation of all its bilateral debts with Sudan. Some private creditors with significant credit interests, including Afro Fund Ltd have also

committed to providing debt relief under the HIPC program as long as other creditors are on board.

These commitments were made in an event hosted by the French President, Emmanuel Macron on Monday, May 17, 2021 tagged “Delivering on Economic Promises and Moving Towards Sudanese Debt Forgiveness”. At the event, which commemorated Sudan’s re-incorporation into the international institution, the IMF Director General enumerated the laudable efforts of the Sudanese governments towards a balanced economy, including its commitments to IMF Staff Monitored Programs, institution of a three-year poverty reduction strategy, clearance of arrears of some debts with bridge financing, reconciliation of debt numbers with creditors, among others.

The French President also hosted a summit in Paris on Tuesday May 18, 2021 on African Financing where he made the case for the reallocation of $100 Billion in IMF Special Drawing Rights to African States. The goal is to ensure that African countries are not left behind in the post pandemic recovery. The IMF Executive Director noted that while there is a 6% global economic growth projection in 2021, Africa is projected to experience only 3.2%. The World Bank President, in recounting some of its efforts towards providing financing to African Countries also announced the launch of its joint trade finance initiative in selected African countries.

Despite massive protests by Kenyan citizens and their apparent displeasure to more loans, the International Monetary Fund has reached another staff level Agreement in reviewing the proposed Extended Fund Facility and Extended Credit Facility to be afforded Kenya over a period of 38 months. Once approved by the IMF Executive Board, the sum of $410 Million will be transferred. IMF premises its decision on Kenya’s purportedly strong prospect in achieving roughly 6.3% economic growth this year. However, the African Development Bank projects a 5% growth. This financing constitutes the second tranche of a $2.4 Billion worth of financing to be expended over a period of three years, with the next tranches to come in a consecutive period of 6 months.

Qatar is earmarking funds for the purpose of funding infrastructure projects across Sub-Saharan Africa. Although much of Qatar’s activities in Africa has always been in Morocco, recent past events depict Qatar’s interest in the Sub-

Saharan region of Africa. This includes the conversation of its Emir with the former president of the African Development Bank in 2019 in Kigali on how potential funds may be structured. Also noteworthy is the recent joint venture partnership between Qatar's sovereign wealth fund, Qatar Investment Authority and Enel Green Power aimed at building and operating renewable plants in Sub-Saharan Africa.

Following Tunisia's rise in debt burden and economic regression, and its subscription to the IMF financial assistance package, its authorities, with the support of IMF and World Bank officials were able to secure a grant of $500 Million in aid from the United States of America in order to enable Tunisia finance its infrastructural and other capital projects. The country still grapples with nation building since its democratization in 2011.

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