Thirty fifth Sovereign Debt Update News: Sovereign Debts, Credit Ratings, and Internal Polity as a Key Factor

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Despite apparent hurdles with the natural gas exploration in Cabo Delgado which the country largely depends on in financing the renegotiated bonds issued originally by the Empresa Moçambicana de Atum (EMATUM), the Mozambican finance Minister, Adriano Maleiane assures that there will be no need for another restructuring of the debt. Meanwhile, the servicing of Mozambique's Public debt which the International Monetary Fund projects will rise to 133% of its GDP in 2021, is heavily reliant on the vibrancy of gas revenues.

Amidst recent conflicts in Ethiopia and Sudan, the International Monetary Fund (IMF) expressed its hesitation in discussing potential IMF financing programs. Yet, Ethiopia awaits the disbursement of credit facilities in the sum of $2.9

billion which had been approved by IMF since 2019 since France and China has convened a creditor committee. Welcoming the developments with the formation of the creditor committee, the IMF committed to providing technical support while the situations get monitored.

As a result of the delay in Ethiopia's restructuring pursuant to the G20's Common Framework and the escalating crisis within the country, the country's Sovereign Credit rating has been further downgraded by Moody's Investor Service to a Caa2. Moody hinges its assessment on the fact that although the creditor committee has been convened, it will take time for the committee to reach its decision and in the meantime, the country has no access to official and market-based external funding.

In a recent meeting between representatives of the IMF and the Nigerien authorities that lasted from October 25 through November 1, a staff level agreement was reached in which an extended Credit Facility was in the sum of $278.5 million was agreed upon. The Facility is to be for a term between 2021 to 2024. It is expected that the arrangement will be approved by the IMF Management and Executive Board in December.

Similarly, in a meeting between representatives of the IMF and Kenyan authorities, a staff-level agreement on economic polices was reached in view of the existing 38-month EFF/ECF financed program. This would grant Kenya access to $264 million in financing. However, this is subject to IMF Executive Board approval.

The IMF also had a meeting with the authorities of Congo in October and reached a staff-level agreement pursuant to the Extended Credit Facility program under which $456 million will be provided in financing. The aim is to help the country maintain macroeconomic stability and support economic recovery from the economic shocks arising from the pandemic.

Sanusi Lamido Sanusi, a former Governor of the Central Bank of Nigeria recently criticized the Buhari administration for paying less premium on education while prioritizing debt service. He explained that this has the implication of hampering the making of a developmental state.

With the Nigerian Senate approving new loans in the sum of $16 billion, Nigeria's debt stock which as of the third quarter of 2021 was around 35.5

trillion naira ($86.46 billion) will increase to 42.7 trillion naira ($104 billion). $3.5 billion is to be sourced from the World Bank, $5.07 from the China Exim Bank, $3.9 billion from the Industrial and Commercial Bank of China, $2.8 billion from the China Development Bank, $698 million from the Africa Development Bank, 345 million Euro from the French Development Agency, 175 million Euro from the European Investment Bank, $190 million from the European ECA, 500 million Euro from the International Capital Market and $62.1 million from Standard Chartered Bank.

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