# Seventeenth Sovereign Debt Justice News: The International Monetary Fund and African Sovereigns

**By:**

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The International Monetary Fund recently declared Sudan's potential eligibility for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. According to the Managing Director of the IMF, although providing Sudan with debt relief is a priority for the IMF, the completion of the process is subject to the Sudanese Authorities' continued efforts to meet the other stipulated requirements.

Following a series of meetings from February 2021 which, according to Zambian Treasury Secretary, Fredson Yamba, can be traced to a formal request made by the Zambian Government in November, 2020, the International Monetary Funds expressed its optimism on the progress towards granting Zambia an Extended Credit Facility. This the IMF noted is based on the Zambian authorities' apparent commitment to enforcing policy measures that address macroeconomic imbalances. An IMF-supported economic program seems to be a long-time desire of the Zambian government, but it is debatable whether an extension of more credit facilities is as a result of the fiscal health of its economy.

With a possible Extended Credit Facility arrangement in view, Guinea Bissau has requested for a 9-month Staff Monitored Program (SMP) with the IMF. The program is slated to involve implementation of revenue mobilization and expenditure containment measures, including the policies on wages which will potentially generate enough fiscal space to afford debt sustainability, while also avoiding non concessional borrowing and encouraging DSSI participation. For a fragile State with a long history of political instability whose risk of external debt distress is considered high, IMF's confidence in the authorities' commitment to implement sound fiscal policies, may potentially come at the detriment of its citizens. This is because the Extended Credit Facility will add to the country's debts taking into account the recently extended $20.47 Million Rapid Credit Facility.

Notwithstanding Mauritius positive response in curbing the spread of COVID-19, the rise in its public debt levels currently at 90 percent of its GDP is alarming. The IMF Staff in its 2021 Article IV Mission made a number of recommendations including fiscal consolidation with the aim of stabilizing its debt in the medium term. Since the Country is hugely dependent on Tourism, the IMF has made a recommendation for diversification. Also notable in IMF's recommendation is the need to bolster the credibility of its Central Bank and solidify an effective monetary policy.

The Director General of the Lagos Chamber of Commerce and Industry, Musa Yusuf, recently brought into focus the unsustainability of Nigeria's debt stock. Drawing from the 2020 and 2021 budget on debt servicing, Yusuf raises a largely ignored alarm on an impending debt crisis. He also warned against the illusion of GDP as safety nets noting that some major components of Nigeria's GDP do not generate revenue.

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