Eighteenth Sovereign Debt News Update: African Internal and External Sovereign Debt Policies

By:

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According to the Public Debt Management department, it is projected that Kenya would save up to 78.17 Billion Kenyan Shillings in general, part of which is also attributable to the recent growth in the strength of the Kenyan Shillings. Under the DSSI arrangements alone, which the Kenyan government had initially been hesitant to participate in because of the risk of a sovereign debt rating downgrades, the government projects a savings of 32.9 Billion Kenyan Shillings. 39 percent of the 78.17 Billion Kenyan Shillings projected savings is traceable to Kenya's arrangement with China in January. Notably, civil society groups in Kenya have alleged that the Kenyan government may have misled the IMF.

Chad, which is reputed to have the best chance at the G20 Common Framework has had its process stalled as a result of political instability arising after the death of its President, Idriss Deby, in April, 2021. So far, Chad's provisional agreement with the International Monetary Fund (IMF), which is a

prerequisite for the G20 Common Framework debt treatment has been concluded but awaits approval by the IMF board. It appears that if there is any hope that the debt treatment will continue, the political crisis has to be resolved in earnest.

In a bid to boost its liquidity, Ghana is exploring local creditors and hopes to raise 21. 43 Billion Ghanaian Cedis in the second quarter of 2021. These debts will involve investments in short-term government debt securities, roll over from matured credits, as well as medium to long term securities in the form of bonds.

According to the IMF's 2021 Regional Economic Outlook report, 17 African countries are either in debt distress or at the brink of it, and this includes Ghana. As a result, in addition to tightening regulations to curb illicit financial flows, the IMF has suggested that countries increase their tax base. Accordingly, Ghana has introduced a number of taxes including, COVID-19 Health Levy, Sanitation and Pollution Levy (SPL), Energy Sector Recovery Levy, Financial Sector Clean-up Levy, as well as some other levies to be introduced as road tolls as well as on gaming.

Speaking to the need to have a more sustainable disposition to sovereign debt management, the president of the Lagos Chamber of Commerce and Industry (LCCI), Mrs Toyin Mabogunje, called on the Nigerian government to move away from the system of incurring debts in order to extinguish existing debts but to resort to linking debts to assets and specific projects.

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