Twenty Sixth Sovereign Debt News Update: African Countries Amidst Grants and Loans

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In a bid to facilitate regional integration while ensuring security and fostering socio-economic activities along the trade path that connects Lome, Ouagadougou and Niamey, the respective governments of Burkina Faso, Niger and Togo have been approved for a grant of $470 million under the World Bank's Lome-Ouagadougou-Niamey Economic Corridor Project (LON). The project also aims to enhance strong and inclusive growth while addressing gaps like gender disparities.

At the focal point of a meeting of African leaders in Abidjan, Ivory Coast on Thursday, July 15, 2021 was the request for $100 billion new aid financing from the World Bank in order to facilitate economic recovery and improve access to vaccination against COVID-19. If this request for financing goes through, this will set a new landmark as the highest amount raised in financing by African Countries through the World Bank's International Development Association

(IDA). Spearheaded by Cote d'Ivoire's President, Alassane Ouattara, the request is made rather early considering that the previous financing provided through the IDA in the sum of $82 Billion was expected to last from 2019 through 2023.

Also on Thursday, July 15, 2021, the Executive Board of the International Monetary Fund (IMF) approved an Extended Credit Facility (ECF) to the Democratic Republic of Congo (DRC) in the sum of $1.52 billion for a term of Three (3) years. The aim of the facility is to enhance the maintenance of macroeconomic stability, increase fiscal space and promote sustainable and private-sector-led economic development in response to DRC's structural reform agenda.

Similarly, the Board of Directors of the African Development Bank has also approved a $1.4 million worth of grant under the Global Agriculture and Food Security Program which is partly supervised by the World Bank and the International Monetary Fund. The essence of the program is to reduce malnutrition amongst Southern African's most vulnerable households. As an agricultural driven economy, Zambia enjoys supplementary funds through this program in addition to the $32 million worth of fund under the Agriculture Productivity Market Enhancement Project.

In a bid to support economic recovery by freeing up funds for government expenditure, the Ethiopian government plans to restructure $1 billion of its debts with the exception of its Eurobonds. The plan is subsequent to an initial restructuring of $2.5 billion in principal and interest payment that afforded the country five years postponement of payment on commercial debts. This announcement comes at a time, Ethiopia stands as one of the focal points of the G20 Common Framework.

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