Thirty Sixth Sovereign Debt News Update: IFIs, Paris Club and Africa's Debt Dynamics

By:

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Following the recent military takeover which the President of World Bank notes may impact the country's social and economic recovery and development, the World bank has suspended the provision of aid to Sudan. This developments came shortly after the World Bank and IMF granted Sudan debt relief under the Heavily Indebted Poor Countries Initiative in June.

The Kenyan government has taken up the fifth sovereign bond in the last seven years targeting KSh 105. 6 billion ($940 million) in the next fiscal year and this is likely to include the government's first green bond. The treasury noted that tapping into green financing through its first sovereign green bond which will be geared towards financing green and climate-related projects and programmes is in recognition of the serious threats posed by climate change. However, considering how proceeds from previous Eurobonds have been expended, it is doubtful that funds get disbursed in accordance with what they were initially

earmarked for.

In assisting with Tanzania's substantial challenges with COVID-19 pandemic, the International Monetary Fund (IMF) has approved $372.4 million as emergency financial assistance under the Rapid Credit Facility program. The hope is that the financing will help Tanzania's urgent balance of payment needs and provide concessional resources to mitigate the socio-economic impact of the pandemic.

In effecting a conversion of debt to development program, the authorities of Côte d'Ivoire signed a new debt reduction and development contract with France on Wednesday, October 27, 2021 in Paris, France. The contract has the implication of converting 1.14 billion Euros ($1.28 billion) worth of bilateral debts owed to France by Côte d'Ivoire into grants.

In line with the Debt Service Suspension Initiative, France has agreed on a new moratorium for 5.9 million Euros ($6.6 million) out of Burkina Faso's bilateral debts. This would mark the fourth moratorium extension after an initial extension for the payment of a 5.8 million Euros ($6.5 million) and two subsequent ones in the sum of 5.9 million Euros ($6.6 million). Apart from this most recent extension, Burkina Faso has received the extension of over 17 million Euros worth of debt service, and World Bank estimates this to have impacted the economic potential of the country by 0.2% of its GDP.

The International Monetary Fund has noted that it will not be offering financial support to Zimbabwe because of its unsustainable debts and official external arrears. While recognizing the Zimbabwean authorities' efforts at containing inflationary pressures, the IMF noted that the country's debt problems remain an impediment to its eligibility for any aid program. Meanwhile, IMF continues with its Article IV consultation in Zimbabwe the latest of which was completed on Tuesday, November 16, 2021. Its current external debts in the sum of $10.5 billion is owed to a number of international financial institutions including the Paris Club, African Development Bank and World Bank, although the servicing of the debts to Paris Club members is underway with the payment of $3.78 billion.

Ghana's total revenue and grants for 2022 is projected to be 100.5 billion cedis ($16.4 billion), while its expenditure is projected to be 137.5 billion cedis

($22.36 billion), a 23% increase from 2021 figures. Identifying the deficit in its budget, the Ghanaian finance minister noted the need for government to boost revenue and rationalize expenditure in order to have the country judiciously work its way out of its debt situation.

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