Forty Sixth Sovereign Debt News Update: The World Bank Group and International Monetary Fund as Concessional Lenders

By:

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On March 29, 2022, the World Bank approved the sum of $400 million in additional financing for Tunisia with the aim of helping 30% of its total population to cope with the health and economic impacts of the COVID-19 pandemic under the Tunisia COVID-19 Social Protection Emergency Response Support project.

The World Bank also approved the sum of $250 million as credit facility through its International Development Association for a National Agricultural Value Chain Development Project, (NAVA), aimed to increase market participation and enhance value addition for 500,000 small scale farmer in Kenya. With a focus on farmers engaged in the production of diary, poultry, fruits including banana, mango and avocado, vegetables including tomatoes and potatoes, coffee,

cotton, cashew nut, apiculture and pyrethrum. The NAVCP hopes to build on the National Agricultural and Rural Inclusive Growth Project and the Kenya Climate Smart Agriculture Project.

The Board of Executive Directors of the World Bank approved a total of $560 million in two loans to support fiscal policy reforms and strengthen statistical capacity in Angola. The Development Policy Operation and the Angola Strengthening Statistical Capacity Project received financing in the sum of $500 million and $60 million respectively. The Development Policy Operation which received the third of a series of funding is aimed at supporting the government to achieve more sustainable and inclusive growth. The Angola Strengthening Statistical Capacity project is aimed at improving the country's statistical capacity to produce data efficiently.

After six years of being suspended from receiving financing from the International Monetary Fund (IMF), Mozambique has reached a staff-level agreement with the International Monetary Fund for a three-year extended credit facility program in the sum of $470 million. IMF projects that the program will, among others, address transparency in the country's debt management.

Tanzania seeks to borrow the sum of $700 million from the International Monetary Fund in its bid to explore more concessional loans as a strategy to reduce the risk of debt distress. This comes after the International Monetary Fund (IMF) raised the nation's risk of debt distress from moderate to low, and after the President, Samia Suluhu, announced a plan to boost Tanzania's fiscal position.

The World Bank Group President, David Malpass projected that emerging market economies including Nigeria are at the risk of imminent debt shock, food crisis and environmental challenges. In his speech titled "Addressing Challenges to Growth, Security and Stability", Malpass noted that exposures to financial sector risks are currently opaque and the cost of insuring against debt default for emerging markets has reached the highest point since the onset of the pandemic.

The major opposition to the current Ghanaian administration at the federal level, leader of the National Democratic Congress and former Ghanaian President, John Mahama warned that the country is at the risk of defaulting on

its debt as more than half of government’s tax revenue gets spent to service debts. He urged the President to reduce expenditure and overhaul the Economic Management Team to deal with soaring debt.

In a deal made public in April 2022, the government of Zimbabwe state-run Kuvimba Mining House will pay Trafigura Group, one of the biggest oil and metal traders, $ 226.6 million for fuel bills Zimbabwe on contracts dating back to 2016. Under the agreement, Zimbabwe agreed to pay Trafigura $ 6 million a month and to retain 40% of payments from nickel and gold mines controlled by subsidiaries of Kuvimba. The deal gives Trafigura the right to approve buyers of the metal and the right of first refusal.

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