Sovereign Debt Session: SSA’s Public Debt

Maureen Were

Debt and Innovative Financing in Developing Countries Workshop  October 27-28, 2022
<table>
<thead>
<tr>
<th>Year</th>
<th>SSA</th>
<th>Excluding Nigeria and S.Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-18</td>
<td>35</td>
<td>39.9</td>
</tr>
<tr>
<td>2019</td>
<td>50.1</td>
<td>57.6</td>
</tr>
<tr>
<td>2020</td>
<td>57.6</td>
<td>64.3</td>
</tr>
<tr>
<td>2021</td>
<td>57</td>
<td>60.9</td>
</tr>
</tbody>
</table>

Debt to GDP ratio edged up from 50.1% to 57.6% in 2020 and 57% in 2021 (60.9% excluding Nigeria and South Africa)
Increased debt vulnerabilities as more countries face risk of debt distress

DSAs: SSA Countries as of November 30, 2019

**In Debt Stress**
- Congo Republic, Mozambique, Zimbabwe, Gambia, South Sudan, São Tomé and Príncipe (6/9)

**High Risk**
- Burundi, Cabo Verde, Cameroon, CAR, Comoros, Ethiopia, Ghana, Sierra Leone, Zambia, Chad (10/25)

**Moderate Risk**
- Benin, Burkina Faso, Congo DR, Côte d’Ivoire, Guinea, Lesotho, Mali, Niger, Guinea-Bissau, Kenya, Malawi, Togo, Liberia (13/23)

**Low Risk**
- Madagascar, Rwanda, Senegal, Tanzania, Uganda (5/16)

DSAs: SSA Countries as of September 30, 2022

**In Debt Stress**
- Congo Republic, Mozambique, Zimbabwe, São Tomé and Príncipe, Chad, Zambia (6/9)

**High Risk**
- Burundi, Cameroon, CAR, Comoros, Ethiopia, Gambia, Ghana, Sierra Leone, South Sudan, Guinea-Bissau, Kenya, Malawi (12/28)

**Moderate Risk**
- Benin, Burkina Faso, Congo DR, Côte d’Ivoire, Guinea, Lesotho, Mali, Niger, Togo, Liberia, Cabo Verde, Madagascar, Rwanda, Senegal, Tanzania, Uganda (16/25)

**Low Risk** (0/7)
Increased cost of debt servicing associated with increase in private and commercial debt

Example: Kenya’s External debt Interest payment by Lender Category, 2020/2021

- Bilateral: 17.4
- Multilateral: 14.4
- Commercial: 68.2

Legend:
- Bilateral
- Multilateral
- Commercial
Drivers of Public Debt

▪ Increased investment demand for infrastructure development
▪ Increased ability to borrow following improved macroeconomic management, strong economic performance (2000-2014) and debt relief
▪ Favourable global financing conditions
▪ Adverse impact of COVID-19 pandemic
▪ Deteriorating financial conditions
▪ High vulnerability to global shocks
  ― Dependency on commodity exports with volatile prices
  ― Exchange rate risks
▪ Maturity mismatches
▪ Civil strife and fragility of some of the economies