



APRM
African Peer Review
Mechanism

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AGENDA

CABRI Virtual Network Engagement with Public Debt Managers in Africa

13 April 2023

12.00 – 13.45 (SAST)

In the early 2010s, a number of African governments took advantage of low policy rates and accommodating fiscal and monetary conditions to issue Eurobonds in the international capital markets. The high appetite for these bonds was a sign of investor confidence in African credit markets and risks. Over the next 8 to 9 years, African governments will be faced with a wall of maturities starting as early as 2024. The leading challenge for governments will be to refinance this massive Eurobond debt, which will be due for redemption while dealing with increasing contingent and other hidden liabilities at the same time.

During this network engagement, CABRI in collaboration with African Peer Review Mechanism (APRM) will explore how African governments are addressing roll-over, debt refinancing and fiscal risks related to Eurobond issuances. This session will also be sharing lessons from the application of various active debt and risk management strategies such as debt exchanges (or non-credit event debt restructuring or reprofiling) or debt buy-backs in managing and/or reducing government refinancing risk. Attention will also be given to the indicators (and/or risk benchmarks) that countries are using to monitor and report on government's refinancing risk, which can impact positively on debt sustainability analysis, sovereign risk and rating analysis.

APRM In Brief

The APRM, is an entity of the African Union, whose primary purpose is to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the needs for capacity building. Founded by the New Partnership for Africa's Development (NEPAD) Heads of State and Government Summit meeting held in Abuja, Nigeria in March 2003, the APRM recently (March 2023) celebrated 20 years of promoting democracy and good governance in Africa. Two decades later, 43 of the 55 African Union (AU) member states are now included in APRM's governance community. During the 20-year period, APRM has completed peer reviews in 26 member states, second generation peer reviews in 5 member states and are targeting peer reviews in 5 member states.

Format:

1. **Welcome Remarks** – by Mrs Soonsyra Lowe Nicolas, Acting Executive Secretary, CABRI (5 mins)
2. **Opening remarks** – by a Representative from the African Development Bank (5 mins)
3. **Setting the scene and Introduction of Facilitator** (5 mins) – Mr Jim Matsemela, Head, Sustainable Public Debt Management (SPDM), CABRI
4. **Presentation and Discussion**
Presentation – Mr Jim Matsemela on **Questions to frame open discussions** (10 mins)



Discussants – United Nations Economic Commission for Africa (UNECA) and African Forum and Network on Debt and Development (AFRODAD) (5 mins each)

Facilitator - Dr Misheck Mutize, APRM

- How do African governments use active debt management, especially switches or debt exchanges – where shorter-dated bonds about to redeem are exchanged for longer-dated bonds to manage refinancing risk?
 - Are these debt exchange operations (switches) used as a cash management tool, a debt management tool or a risk management tool, or all?
 - Can these active debt management techniques apply uniformly to both external and domestic debt?
- Portfolio-based Indicators of refinancing risk are within control of and can easily be implemented by Debt Managers as early warning signs:
 - What are some of these indicators and how well do they instill discipline and foster closer working relationship between various units in Debt Management Offices in achieving the common debt management objective(s)?

Question & Answer (Q&A) session (10 mins)

5. Country Experience sharing on the application of active debt and risk management strategies

Presentation 1 – Mr Hugues Oscar LOKOSSOU, *Directeur Général: Caisse Autonome d'Amortissement* (Benin) (10 mins)

Q&A session (10 mins)

Presentation 2 - Dr Joseph Thullah, Assistant Director: Department of Public Debt Management, Ministry of Finance (Sierra Leone) (10 mins)

Q&A (10 mins)

6. Conclusion and key takeaways (5 minutes)

Mr. Jim Matsemela, Head: SPDM, CABRI

7. Closing Remarks (5 mins)

Mrs Soonsyra Lowe Nicolas, Acting Executive Secretary, CABRI

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