

# Network Engagement Meeting with Public Debt Managers in Africa – 25 Nov 2021

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# Key messages from third network engagement meeting – 7 June 2021

## Following policy interventions in 2020 –

- Left with huge debt overhangs and high annual borrowing requirements
- Countries accessing international debt capital markets (Ghana), while others developing/accessing local markets (Nigeria)
- Sovereign debt restructuring process – Zambia case
- Alternative funding options – Egypt successfully issued a green bond



# Raising and Managing Debt for post-COVID Recovery – 6 & 7 July 2021

Four most pressing challenges currently facing public debt managers regarding high public debt levels in Africa –

- managing refinancing risks,
- mobilizing additional financing options,
- maintaining and improving investors relations and confidence,
- restructuring unsustainable debt portfolios – DSSI and Common Framework

# Raising and Managing Debt for post-COVID Recovery – cont'd

Key messages from the Policy Dialogue –

- Public debt managers to deal with uncertainties and vulnerabilities
- Identified refinancing risks challenges as major risks
- Growing investor appetite for labelled bonds such as green and social bonds (ESG) - carefully evaluate the costs and risks of innovative or alternative financing options
- Public debt managers play an important role in building and maintaining relationships of trust with investors during good and bad times

# Negotiating Fair and Balanced Contract with Investors/Creditors – 5 & 6 October 2021

Highlight common pitfalls and identify practical steps through which African governments can improve negotiation outcomes –

- Improving the transparency of sovereign debt negotiations
- Enhancing the government's negotiations position through rigorous financial analysis
- Understanding key legal concepts and room to manoeuvre
- Assessing the options and opportunities for restructuring sovereign debt – China case

# Key messages – debt negotiations

- Effectively negotiating debt contracts requires a variety of technical skills
- Multiple actors - roles and responsibilities are clearly defined
- Transparency and communication – sharing of information and disclose prices and costs - making informed borrowing and lending decisions
- Rigorous financial analysis is a critical component of the debt negotiation process
- Legal terms and provisions not set in stone - must be carefully examined and negotiated
- China is not a homogenous entity but is made up of different lending institutions facing different incentive structures

# Fourth Network Engagement with Public Debt Managers in Africa – Rating Actions in Africa – 25 Nov 2021

- Impact of the COVID-19 pandemic on African Credit Risks
- Key issues to consider in improving country credit scores
- Country credit ratings and investor management programmes (Ghana, Senegal and Egypt)
- Interactive discussion
- 2022 agenda outlook

Thank you