CABRI

CONNECT • SHARE • REFORM

COVID-19 Africa Public Finance Response Monitor

It takes a pandemic: Debt relief in response to COVID-19

Contents

Acknowledgements

This report forms part of a series of publications informed by CABRI's COVID-19 Africa Public Finance Response Monitor. The reports support policymakers by providing insight into managing and mitigating crises, what elements of PFM systems need to be strengthened and how systems can prove more resilient and lower the cost associated with exogenous crises in the future. This report was written by Siya Biniza (Executive Director: PESA) and reviewed by Philipp Krause and Danielle Serebro of the CABRI Secretariat.

Tables and figures

Acronyms and abbreviations

AfDB	African Development Bank Group
AMoFs	African ministries of finance
AU	African Union
CCRT	Catastrophe Containment and Relief Trust
CRF	COVID-19 Response Facility
DSSI	Debt Service Suspension Initiative
EME	emerging market economy
FMCBGs	Finance Ministers and Central Bank Governors
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IMF	International Monetary Fund
LIC	low-income country
MDRI	Multilateral Debt Relief Initiative
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
SDR	Special Drawing Rights
WBG	World Bank Group

Introduction

Even prior to the COVID-19 pandemic, numerous African countries faced debt distress, with debt levels exceeding regional targets, debt-service costs rising to unsustainable levels, and elevated refinancing risks. In February 2020, the International Monetary Fund (IMF) and World Bank Group (WBG) published *The Evolution of Public Debt Vulnerabilities in Lower Income Economies*, showing that 36 of the 70 low-income countries (LICs) and many emerging market economies (EMEs) were at high risk of debt distress or already in debt distress. The study found that, on average, debt-service costs have been rising and are the highest amongst sub-Saharan African countries, contrasting with the easing debt-service burdens facing countries in the Middle East and North Africa (IMF, 2020a). This is largely due to high levels of public debt, at their highest in more than 50 years, and increased reliance on non-concessional debt from private and non-Paris Club creditors (IMF, 2020b). The onset of the COVID-19 pandemic and the impact of global lockdown measures worsened matters in terms of risk of debt distress for LICs. Lockdowns halted economic activity and reduced the ability of governments to mobilise revenue and resources, at a time when governments faced bigger spending demands to respond to the global public health crisis.

Rising debt-service costs do not only pose a risk of default and debt distress in the future, they are already crowding out critical expenditure, including healthcare, and may have inhibited African healthcare systems' ability to respond effectively to the crisis. For example, in Nigeria, the 2020 budget allocated NGN2.43 trillion to servicing debt, while only NGN64 billion was allocated to the health sector. Similarly, in 2020, Ghana allocated GHS13.9 billion to debt servicing, while spending GHS4.24 billion on health (Onyekwena, 2020). In the context of high public debt levels, elevated debt distress and increased financing for health and economic recovery needs, the pandemic set up the conditions for which debt relief is justified. However, the Paris Club co-ordination mechanisms, which historically helped LICs in debt distress with restructuring, and the IMF and WBG's Heavily Indebted Poor Countries (HIPC) initiative have become increasingly ineffective due to greater reliance on private and non-Paris Club creditors. This prompted the IMF and WBG to lobby the G20 creditors to suspend repayment of official bilateral debt, allowing countries to redirect public funds towards their public health responses to the COVID-19 pandemic (WBG, 2020a).

On 15 April 2020, the G20 Finance Ministers and Central Bank Governors (FMCBG) responded with measures and further commitments to support the global economy during and after the COVID-19 pandemic. These included rapid implementation of the US$200 billion in emergency response packages adopted by the WBG and regional development banks, and the G20 Debt Service Suspension Initiative (DSSI), which targeted 72 LICs and International Development Association (IDA) countries that were eligible for debt suspension and public debt restructuring (UoT, 2020a). Official bilateral debt-service payments in these countries were estimated at US$14.0 billion in 2020 with less than US$4.0 billion owed to Paris Club members (WBG, 2020b). The G20 has encouraged private and non-Paris Club creditors to participate in the DSSI or to provide debt relief on comparable terms. Debt relief is achieved when there is a reduction in the present value of debt-servicing payments and/or deferral of payments due, which reduced the short-term debt-service obligations. This can be achieved through various means such as debt forgiveness, debt rescheduling or refinancing, debt conversion and debt assumption. Since the G20 represents national governments, access to debt relief and the effectiveness of the DSSI depends on the prerogative

Rising debt-service costs do not only pose a risk of default and debt distress in the future, they are already crowding out critical COVID-19-related expenditure.

of private and non-Paris Club creditors who cannot be forced or compelled to participate in the DSSI. This raises the questions: is the DSSI sufficient to have a meaningful impact for its recipients, and what more needs to be done since the majority of public debt is owed to private and non-Paris Club creditors?

This report was produced using data collected for the COVID-19 Public Finance Response Monitor, where CABRI has been tracking how African governments have responded to the public finance implications of the COVID-19 pandemic, including how countries have sought to increase their fiscal space through debt suspension and borrowing (CABRI, 2020). This report provides a descriptive analysis of how the COVID-19 pandemic promoted global discussions around debt relief, the long-term implications of debt relief for marketability of public debt and the implications for public management; in addition, the report considers what additional support is needed to provide adequate debt relief or debt forgiveness for LICs and IDA countries. Section 2 reviews how the COVID-19 pandemic provided a platform for discussions on debt relief, Section 3 provides a descriptive analysis of the G20 DSSI and the implications for debt managers, and Section 4 provides an overview of the role of multilateral creditors in response to the COVID-19 pandemic.

The effectiveness of the DSSI depends not only on participating governments but on the willingness of private creditors to provide debt relief.

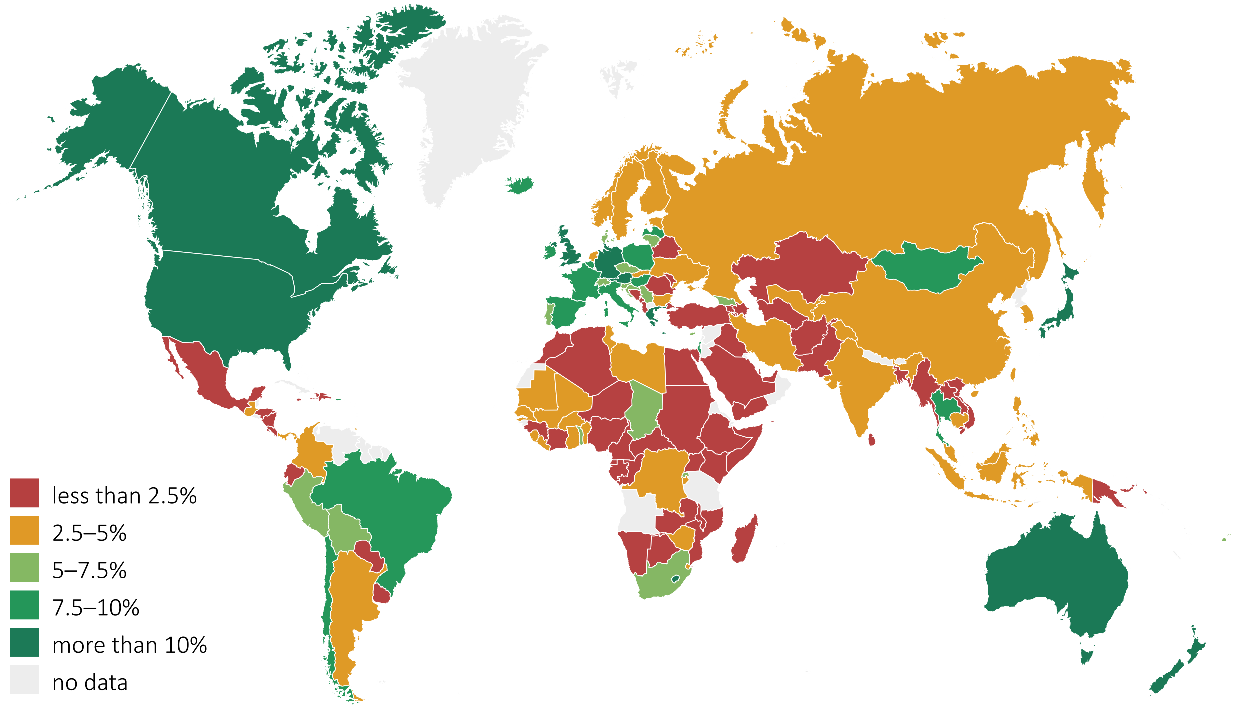
How the pandemic provided a platform for discussions on debt relief

2

Following the global lockdown, many African ministries of finance (AMoFs) faced the difficulty of balancing the need for economic recovery within contexts of limited public health capacity. As the cliché goes, governments had to balance saving lives with saving livelihoods. Some have argued that the two are not mutually exclusive and that an adequate public health response would not be possible with the global economy in recession or under strict lockdowns (Van den Heever, 2020). This necessitated innovative approaches to resolving the challenge faced by many AMoFs, particularly in LICs. Although almost all governments and central banks intervened in response to the economic shock caused by the global lockdown response to COVID-19, as well as the public health crisis caused by the pandemic, AMoFs had much less financial and fiscal capacity compared to their counterparts in advanced economies.

For example, of the global total of US$6.0 trillion in direct fiscal stimulus for healthcare, and to support other economic sectors in response to the COVID-19 pandemic, AMoFs accounted for a total of US$49.0 billion (approximately 0.8%); and of the global total of US$5.8 trillion in indirect fiscal support like loan guarantees, AMoFs accounted for a total of US$18.1 billion (approx. 0.3%) (IMF, 2020b). Despite the differences between countries, on average AMoFs provided US$923.7 million (approx. 2.3% of GDP) in direct fiscal stimulus, and US$903.2 million (approx. 2.6% of GDP) in indirect fiscal support.[1] This pales in comparison with the average of US$430.0 billion (approx. 7.8% of GDP) in direct fiscal stimulus and US$508.6 billion (approx. 14.5% of GDP) in indirect fiscal support by the G20 advanced economies.[2] The COVID-19 pandemic has highlighted and exposed the multiple dimensions of the central plight of global inequality.

Figure 1: Fiscal measures in response to the COVID-19 pandemic (2020)



Source: IMF (2020c)

1 There is considerable variation in the data, with South Africa being a significant outlier in terms of fiscal support. Excluding South Africa, AMoFs spend considerably more towards direct fiscal responses with an average of US$653.6 million in direct fiscal stimulus and US$325.9 million in indirect fiscal support. However, in terms of the distribution of the direct fiscal support, there is no major difference across AMoFs. On average, AMoFs spent approximately 40.0 percent of their direct fiscal support on the health sector (excluding South Africa at 40.7percent) (IMF, 2020b).

2 On average, the G20 advanced economies spent approximately 9.1 percent of their direct fiscal support on the health sector (IMF, 2020b)

The COVID-19 pandemic has also forced many governments to borrow to finance their public health and economic response. Globally, public debt levels have risen by approximately 20.0 percent of GDP in advanced economics, 10.0 percent in EMEs, and approximately 7.0 percent in LICs in 2020 (Georgieva, Pazarbasioglu & Weeks-Brown, 2020). As shown in CABRI's COVID-19 PF Response Monitor, with limited access to capital markets, many AMoFs had to borrow from the IMF and WBG to finance their public health response needs or economic recovery and macroeconomic needs like balancing international payments.

The IMF's total lending capacity is currently US$1.0 trillion with commitments in excess of US$280 billion, of which more than US$93.3 billion was committed in response to COVID-19 (IMF, 2020c). Although the IMF has responded proactively to the COVID-19 pandemic and enhanced some of its lending instruments to help countries, this quantum of support is pales in comparison to the global total response of US$11.7 trillion (IMF, 2020d). In addition, due to elevated levels of public debt, most EMEs' and LICs' borrowing capacity is constrained by each government's ability to service additional debt. This has left AMoFs with limited options and having to find innovative solutions like advocating for debt relief and debt cancellation. Hence, African leaders, through the African Union (AU) and international finance institutions like the IMF and WBG have been advocating for debt-relief measures like debt-service suspensions or restructuring, and debt forgiveness through partial or complete debt cancellation. Given that previous debt-relief initiatives have also come in response to global shocks, the call for debt relief in response to COVID-19 has strong historical precedence (see Textbox 1 for a brief discussion of debt relief).

However, the context of debt relief and justification has changed slightly since the period of the HIPC initiative. Historically, the central justification for debt relief was that debt-servicing costs create a burden that divert crucial public finances, which would otherwise be used for development, towards servicing public debt, thereby keeping LICs in a spiral of poverty and reliance on advanced economies for development assistance and finance. This justified debt relief in the period of the HIPC initiative to enable LICs to invest the additional fiscal space towards their own economic development in the 1970s and 1980s, including the period from 2000 to 2010 (see Textbox 1). In the current context, debt relief is justified by the need to create fiscal space so that LICs can adequately respond to the COVID-19 pandemic. However, social and healthcare spending is likely to decline after the immediate threat of pandemic fades and as AMoFs make provisions to resume debt servicing. There have been suggestions to create linkages between debt relief and health spending by using innovative instruments such as debt-to-health swaps to ensure that countries use the fiscal space created by debt relief for healthcare (Wuennenberg, 2020). Hence, the structural constraints faced by LICs are unlikely to be resolved, even if the countries reallocate debt relief benefits towards social welfare and healthcare.

This means that debt managers cannot accept short-term gains from debt rescheduling with the hope that they will be in a better position by December 2022 or a year after the final DSSI cut-off date. Ideally, countries would have accepted debt suspension through the DSSI in the hope that they could reallocate public funds towards capital expenditure. This public investment could create an economic return for the country in the medium- and long-term, which would expand government revenues enabling the repayment rescheduled debt-servicing costs. However, in the context of the pandemic, most AMoF are likely to reallocate the additional fiscal space created by debt relief towards recurrent expenditure to expand public health capacity, secure personal protective equipment and vaccines, or towards supporting economic recovery. Hence, most AMoF have preferred to take debt relief through grant instruments like the IMF's Catastrophe Containment and Relief Trust (CCRT) and the WBG's Multilateral Debt Relief Initiative (MDRI) rather than the DSSI.

In the current context, debt relief is justified by the need to create fiscal space so that LICs can adequately respond to the COVID-19 pandemic.

Textbox 1: Brief history of debt relief and debt forgiveness

Historically, debt relief discussions developed in the context of global economic shocks such as the oil crisis, which led to high interest rates, recessions in industrial countries, and then low commodity prices during the 1970s and 1980s. LICs, particularly in Africa were mostly affected by commodity prices which collapsed in the early 1980s after growing at an annual average rate of 12.0 percent from 1970 to 1980 (IMF, 2000). In response to the deteriorating export earnings and terms of trade, many countries resorted to increased foreign borrowing to balance their international payments (IMF, 2000; ODI, 1994). Hence, many LICs became over-indebted during this tumultuous period, and raised calls for debt relief in order to reduce the debt burden on them, which was negatively affecting their ability to develop.

Debt relief or debt reorganisation is provided to a debtor in order to address liquidity and/or, sustainability problems arising from future and current debt-servicing obligations (IMF, 2014). Debt relief is achieved when there is a reduction in the present value of debt-servicing payments and/or, a deferral of payments due, which reduces the short-term debt-service obligations. This can be achieved through various means such debt forgiveness, debt rescheduling or refinancing, debt conversion, a debt assumption. Each of these types of debt relief is defined in summary below:

- *debt forgiveness:* when a creditor reduces part of, or cancels the entirety of, the debt obligation via a contractual arrangement with the debtor
- *debt rescheduling* or *refinancing*: when a creditor changes the terms and conditions of the debt owed and, thereby, reduces the present value of the debt obligation, which can be done by suspending and rescheduling debt-service payments, exchanging the type of debt instruments, or changing the interest rate charged and repayment terms
- *debt conversion*: when a creditor exchanges a debt obligation for something of economic value other than another debt claim on the same debtor such as debt-for-equity swaps, debt-for-real estate swaps, and debt-for-nature swaps, debt prepayment or debt buybacks for cash
- *debt assumption*: when a new debtor assumes responsibility for the former debtor's outstanding liability to the creditor and becomes responsible for the debt repayment (IMF, 2014).

Debt-service suspension involves an individual creditor allowing the debtor a formal suspension of debt-service payments in order to provide short-term relief during a given period (IMF, 2014). The debt-service payments are then rescheduled to a medium- or long-term period when the debtor is assumed to have recovered from the liquidity challenges, which makes debt-service suspension a form of debt rescheduling. However, debt rescheduling can be achieved without debt-service suspension if the terms and conditions of the debt are amended or the debt is refinanced or exchanged for another debt instrument. Critically, debt rescheduling differs from debt restructuring in that rescheduling typically provides short-term debt relief, while restructuring is aimed at providing sustainable or medium- and long-term debt relief to the debtor.

In the current period, the IMF and WBG provide debt relief through their respective, namely the CCRT and MDRI. The IMF's CCRT provides grants for debt relief to the poorest and most vulnerable countries hit by catastrophic natural or public health disasters. The debt relief frees up additional resources to meet exceptional balance of payments needs created by the disaster and for containment and recovery (IMF, 2020f). In response to COVID-19 the CCRT has provided a total of USD 488.7 million in debt relief through two tranches, in April and October 2020 (IMF, 2020e). The last debt relief assistance provided by the WBG through its MDRI was in 2017 (WBG, 2019).

Historically, debt relief and debt forgiveness were aimed at resolving the central problem of unsustainable debt-servicing costs faced by most LICs even though they had access to concessional funding from multilateral and bilateral creditors. It became increasingly clear that servicing external debt was a major obstacle in the development of LICs, which required a permanent or long-term solution (IMF, 2000, 2001). The central logic was that public finances could be reallocated and invested towards economic development if LICs were provided meaningful debt relief and debt forgiveness; and that debt relief needed to be supported by policy reforms to enable development of healthcare, education and public investment (IMF, 2000). However, the current context of COVID-19 means that countries will not be reallocating the fiscal space provided by debt relief towards economic or social capital expenditure and investments because there are immediate competing needs of public health capacity and economic recovery.

The G20 DSSI and implications for debt management

In order to create the fiscal space required to enable African governments to adequately respond to the COVID-19 pandemic, African leaders advocated for a comprehensive fiscal stimulus package, including deferred payments and debt suspension on public and private debt from the G20 and international partners like the IMF and WBG (AU, 2020a, 2020b). African leaders have been able to negotiate concessional finance primarily from the IMF and WBG; and the G20 leaders conceded to some extent by providing debt suspension for bilateral public debt through the DSSI, which lasts until June 2021 with the possibility of extension after the April 2021 review (IMF, 2021; WBG, 2020b). The IMF and WBG have also decided to back the extension of the DSSI until December 2021 (IMF, 2020c).

The DSSI mechanism works through multilateral consensus at the G20 level, which also includes Paris Club creditors. Like most international multilateral forums, the G20 Heads of State and Government (Summit) meet after a series of meetings by senior officials (Working Group and Sherpa meetings), followed by the G20 FMCBG (Ministerial meetings) (G20, 2021). The negotiations and consensus-build take place during the Working Group and Sherpa meetings (G20, 2021). Debt managers from LICs and EMEs have no influence over the process because the negotiations take place from the perspective of donor countries who dominate the agenda despite a few EMEs' being members of the G20. Involving LICs or, at least, the recipient countries in the development of DSSI terms would help to avoid setting restrictive requirements that cannot be met. It would also potentially ensure that assistance provided is sufficient for countries to adequately respond to the economic and public health challenges set off by the pandemic. The outcome of the G20 process culminated in a term sheet stipulating the treatment of debt, the cut-off date and the rescheduling terms (UoT, 2020b).

In October 2020, the G20 FMCBG released a revised DSSI term sheet aimed at dealing with matters such as eligibility of arrears and treatment of the restructured debt by credit ratings agencies, and extending the debt suspension period until June 2021. The October 2020 term sheets provide for DSSI eligible countries to suspend official bilateral debt-service payments through December 2021 with a repayment period of five years after a year's grace period (UoT, 2020a). However, these terms have not clearly stipulated how arrears accrued during the suspension period and payments to syndicated loans will be treated without affecting third-party creditors (UoT, 2020a). The DSSI is scheduled to be reviewed in April 2021 to determine whether it should be extended further until December 2021 (IMF, 2021). The revised G20 DSSI term sheet has raised further questions about the implications of debt relief or debt forgiveness for future debt-servicing costs, the treatment of debt-relief recipients by credit ratings agencies, and public debt management.

As of early March 2021, fewer than two-thirds of the eligible LICs have made requests under the DSSI (IMF, 2021). As reflected in CABRI's COVID-19 Public Finance Response Monitor and shown in Table 1, amongst African countries, only 28 of the 39 eligible countries have chosen to participate, making them eligible for US$4.6 billion out of the potential US$5.8 billion in potential debt suspension under the DSSI (WBG, 2020c). Meanwhile, 27 countries have requested debt suspension from their official bilateral creditors, providing US$5.5 billion in relief under the DSSI (see Table 1). It is still unclear how much assistance the countries will receive under the DSSI because the cut-off date has been extended with a possibility of further extension; and there are challenges with transparency regarding the reporting and monitoring of debt relief received (WBG, 2021). Specifically, sovereigns with a significant role in financing AMoFs, like China, have been secretive regarding their loans and, in some instances, non-disclosure clauses in the loan agreements (especially commercial loans) have required DSSI recipients to seek waivers on non-disclosure in order to report the debt suspension received (Horn, Reinhart & Trebesch, 2019).

Two of the main challenges with Chinese creditors has been their reluctance to participate in the DSSI and their lack of transparency regarding existing loan agreements. China's importance as a creditor to AMoFs has increased rapidly with China lending close to US$150.0 billion to African governments and state-owned enterprises since 1960 (Brautigam, Huang & Acker, 2021; Wheatley, Cotterill & Munshi, 2021). Chinese creditors account for approximately 22.0 percent of total public debt stock and 29.0 percent of total debt-servicing costs in African LICs (Brautigam, Huang & Acker, 2021). Chinese loans to LICs are generally priced at interest rates of 2.0 to 3.0 percent, in contrast to the interest-free loans and grants received by LICs from most other bilateral and multilateral creditors; and for EMEs and middle-income countries, loans are extended at market terms or interest rates prevailing in private bond or loan markets (Horn, Reinhart & Trebesch, 2019). The potential loss of interest income may explain China's reluctance to participate in the DSSI. Although China is the main contributing creditor amongst the G20 creditors, it has only suspended US$1.9 billion out of the US$13.4 billion in total debt-servicing China was expected to receive from

DSSI eligible countries in 2020 (Wheatley, Cotterill & Munshi, 2021). This illustrates the low participation of Chinese creditors under the DSSI, which is to be expected given the predominantly commercial terms of Chinese loans to African governments and state-owned enterprises.

Table 1: Summary of DSSI recipients from the COVID-19 Public Finance Response Monitor (as at 28 February 2021)

Country*	Debt suspension (US$ millions)	Debt suspension (% of GDP)
Angola	1 800.0	1.80%
Burkina Faso	23.3	0.02%
Burundi	3.9	0.10%
Cabo Verde	18.0	0.90%
Cameroon	337.3	0.90%
Central African Republic	7.4	0.33%
Chad	65.4	0.60%
Comoros*	2.3	0.30%
Democratic Republic of Congo	156.3	0.50%
Republic of Congo	182.0	1.40%
Côte d’Ivoire	225.0	0.40%
Djibouti	56.8	1.70%
Ethiopia	472.9	0.50%
The Gambia	10.2	0.60%
Ghana	337.9	0.60%
Guinea	147.9	1.10%
Kenya	630.8	0.70%
Lesotho	9.8	0.40%
Madagascar*	24.0	0.20%
Malawi	17.4	0.20%
Mali*	52.3	0.30%
Mauritania	90.8	1.20%
Mozambique	290.0	1.90%
Niger	26.0	0.20%
Rwanda*	13.2	0.10%
Sao Tome and Principe	1.7	0.40%
Senegal	139	0.60%
Sierra Leone	8.1	0.20%
Tanzania	138.9	0.20%
Togo	24.4	0.40%
Uganda	91.0	0.20%
Zambia	165.4	0.70%
Grand Total (Average)	**5 569.4 (174.0)**	**19.7% (0.6%)**

*** Note:** DSSI recipients have not requested debt suspension from its official bilateral creditors.

Source: CABRI (2020)

The problem of lack of transparency by Chinese creditors also makes it difficult to implement the DSSI and track the support provided by China to its debtor countries. The lack of transparency has also meant that the Chinese government can use its bargaining power to negotiate debt relief on adverse terms for some of its debtors. For example, China recently concluded restructuring of loans in Seychelles (along with another group of bilateral lenders) and in the Republic of Congo (between the government, China Export-Import Bank and China Machinery Engineering Corporation). Although China had a much smaller loan exposure of approximately US$20.0 million in the Seychelles, the Chinese creditors agreed to restructuring terms similar to those provided by the Paris Club with ‘haircuts’, that is a reduction in the net present value of loans, averaging 61.0 percent (Gardner, Lin, Morris & Parks, 2021). However, in the Republic of Congo whose government had little leverage and where China’s total exposure was approximately US$2.5 billion, the China Export-Import Bank agreed to restructuring terms that increased the net present value of its portfolio by 23.0 percent (Gardner, et al., 2021). This underscores the need for transparency to ensure that AMoFs are aware of negotiations in peer countries and not to accept restructuring terms that provide temporary debt relief while leaving governments in a worse-off financial position.

There are several reasons why AMoF have been reluctant to use the DSSI, primarily the fear of adverse consequences like credit rating downgrades, which affect marketability of debt, and the relatively small or insignificant quantum of debt relief for official bilateral debt. In some instances, countries have also reversed their participation in the DSSI in fear of the implications on their credit ratings (WBG, 2021). Although credit rating agencies have argued that debt-service suspension on Paris Club debt would not necessarily have negative ratings implications for a country, all the major credit ratings agencies have made it clear that suspending debt-service on non-Paris Club or private debt under the same terms as the DSSI would result in a ratings downgrade (WBG, 2020c; SPG, 2020; Mutize, 2020). There are significant implications for a country’s decision to request debt-suspension relief and for debt management. Beyond just finding sources of financial assistance, debt managers now need to weigh the cost-benefit of accessing that assistance with particular focus on the medium and long term, even if the additional resources have a clear short-term benefit of helping the country respond more adequately to the COVID-19 pandemic. AMoFs have the option of accepting modest debt relief through the DSSI, and forgoing the potentially more substantial debt relief from its private creditors, unless the country is willing to accept the medium- and long-term cost of a credit ratings downgrade. This also undermines the calls by African leaders, the G20, WBG and IMF for private creditors to provide debt relief on the same terms as the DSSI, which is also a critical historical basis for debt relief – transparency and negotiation on equal terms.

Restructuring non-Paris Club debt is the most adequate support to ensure debt sustainability and fiscal space to deal with the COVID-19 for LICs; however, as discussed with reference to Zambia in Textbox 2, this is a challenging task for any government.

Debt managers might also find themselves facing political pressure to fund the response and recovery from COVID-19. In this instance, the DSSI enabled countries to use the fiscal space received from the DSSI to increase social, health and economic spending in response to the COVID-19 pandemic (UoT, 2020a). In addition, since countries are expected to be recipients of the IMF emergency funding on zero-rated or concessional terms, DSSI recipients can use the IMF financing to support their country's development in the medium term without jeopardising debt sustainability. However, more consideration is needed regarding what might enable debt managers to withstand this political pressure if it means that the government will be unable to support their country's development in the medium term, especially for countries that have not received IMF financing. In this case, the cost-benefit analysis would need to consider the domestic or alternative resources that these countries might mobilise to finance their response and recovery from the pandemic without jeopardising debt sustainability or the government's ability to service the deferred debt-servicing costs in the medium-term.

Textbox 2: The challenge of negotiating with private creditors: The Zambian experience

The government of Zambia has issued a total of US$3.0 billion in Eurobonds (ZMMoF, 2020a; IMF, 2019). It has faced significant liquidity challenges which have resulted in accumulated arrears to service providers and state personnel as far back as 2017. In 2020, total public debt was projected to have increased to 120.0 percent of GDP, and debt-servicing costs increased to ZMW22.8 billion (approx. 38.1 percent of total government revenue) (ZMMoF, 2020b). This has forced the government of Zambia to seek public debt relief through the G20 DSSI, for which it was approved, while additional attempts at securing IMF assistance have been unsuccessful (CABRI, 2020; IMF, 2020k). The government is expecting debt relief of approximately US$81.0 million on its official Paris Club debt through the DSSI, and has requested its non-Paris Club and private creditors to provide additional debt relief of US$897.0 million using the same terms as the DSSI (ZMMoF, 2020b). However, as discussed above, the DSSI is not binding on non-Paris Club or private creditors.

On 22 September 2020, the government of Zambia issued a consent solicitation to holders of the three Eurobonds. The government requested a suspension of all scheduled payments of the principal debt and interest, including accumulated arrears, for six months from October 2020 until April 2021; effectively covering the upcoming three coupon payments due in October 2020, January 2021 and March 2021 on the respective bonds (ZMMoF, 2020c). The government intended to use this suspension period to negotiate a restructuring of its Eurobond debt, finalise a debt sustainability analysis, and negotiate a programme for financial assistance from the IMF (ZMMoF, 2020b). This request was rejected by the bondholders, forcing the government to accumulate arrears (ZMMoF, 2020d). The government of Zambia has also missed a coupon payment of US$42.5 million on its Eurobond debt in September 2020, which has resulted in a default following the end of the 30-day grace period. There is speculation that the government has decided to default on all its public debt including the Eurobonds and other commercial loans in order treat all creditors equally in negotiating debt relief and debt forgiveness (Twala, 2020; Chikuba, 2020; Mvunga, 2020).

In order to restructure all of its commercial debt, the government of Zambia started engagements with its non-Paris Club and private creditors, including the Zambia External Bondholder Committee (ZEBC), representing more than 40.0 percent across all Eurobond issuances,. The government is also planning to continue negotiations with the IMF towards a new programme including financial assistance. The IMF is unlikely to conclude a programme with the government in 2021, since it is an election year and there is a low likelihood of the government implementing fiscal austerity (Ebeke & Ölçer, 2013). The government has also not received any IMF emergency assistance in terms of the RCF and RFI. In addition, the government is heavily dependent on commercial debt, which accounts for US$5.9 billion (approx. US$2.9 billion, excluding Eurobonds) of the total US$11.5 billion in direct government debt (ZMMoF, 2020b). State-owned enterprises and government-guaranteed debt accounts for an additional US$2.2 billion (approx. US$1.6 billion in guarantees) (ZMMoF, 2020b). Therefore, the only meaningful debt relief, in the absence of an IMF programme, would come from non-Paris Club or private creditors.

As discussed above, the maximum debt relief for the government of Zambia from the DSSI would be meagre compared with the commercial creditors providing debt relief on the same terms as the DSSI. The Chinese Government has agreed to grant debt relief for all bilateral official debt and all concessional loans based on the DSSI terms (ZMMoF, 2020b). However, the government also cannot rely on bilateral sovereign relations with key creditor countries like China because the lenders are a diverse group of state-owned enterprises and private creditors who have also lent on commercial terms.[3] The main Chinese creditors are the Export Import Bank of China, China Development Bank, Industrial and Commercial Bank of China and a few other commercial entities including the Bank of China (ZMMoF, 2020e). Ongoing negotiations between the government and its Chinese creditors have focused mainly on debt-service deferment in the context of the DSSI and deferment of arrears accrued before the DSSI period (ZZMoF, 2020e). Therefore, the Government will receive limited debt relief, even if its non-Paris Club or private creditors agreed to the same terms as the DSSI. The assistance provided through the DSSI may still be insignificant and would result in credit rating downgrades if the government receives debt relief in respect of its commercial debt on the same terms as the DSSI.

The only viable meaningful debt relief will have to come from the government of Zambia's non-Paris Club and private creditors. However, the ZEBC represents 40.0 percent across all the Eurobond issuances, which is low participation, meaning that the government would not be able to enforce any collective action clauses unless more bondholders joined the committee. The recent default and accumulation of arrears also does not provide an incentive for bondholders to participate in the interest of the Government in the restructuring negotiations or to make the necessary compromises to end deadlocks and conclude negotiations. Moreover, since the Zambian case is an *ex-post* restructuring, the negotiations will most likely take at least 3.5 years to conclude and will be associated with higher economic losses in GDP, investment, private credit and capital flight (IMF, 2020k; Asonuma, Chamon, Erce & Sasahara, 2020).

The Government claimed to have a sinking fund strategy to reduce the fiscal impact of its Eurobond repayments from 2022 onwards, but there is no clarity on the amounts accumulated thus far (ZMMoF, 2017; ZNMA, 2020). Given the current fiscal constraints and accumulated arrears, it seems more plausible that the sinking fund strategy has either failed or has been abandoned. This means that the government has limited bargaining power going into the restructuring negotiations. Lastly, without financial support from the IMF, the government seems unlikely to reach a deal any time soon with its non-Paris Club or private creditors.

3 China's foreign lending has unique characteristics in comparison to other major economies, namely that capital outflows are almost exclusively official lending; and that the state-owned enterprises foreign loans are predominantly on commercial terms. The Export Import Bank of China and China Development Bank together account for more than 75.0% of all direct cross-border lending between 2000 and 2017. For further detail, see Horn, Reinhart and Trebesch (2019).

Just as LICs and EMEs begin recovering from the COVID-19 pandemic, they face the risk of a second round of economic shocks triggered by debt defaults, capital flight and fiscal austerity (Georgieva, et al., 2020). Recent research also illustrates that waiting for a default to occur before dealing with unsustainable public debt is associated with higher economic losses in GDP, investment, private credit and capital flight than pre-emptive debt restructuring (Asonuma, et al., 2020) Hence, it has become increasingly clear that the DSSI debt suspension is insufficient, if not wholly ineffective, to provide the quantum of assistance required, and that a long-term approach is needed to create fiscal space for AMoFs without jeopardising debt sustainability in the medium term. Similar to the period leading up to the establishment of the HIPC initiative and expansion of the Paris Club terms, it is clear that debt restructuring is a much needed and more effective means than debt rescheduling (Shastry & Mark, 2020). The G20 FMCBG has admitted the need adopt a case-by-case approach in dealing with debt beyond the DSSI, particularly regarding the treatment of private debt (UoT, 2020c).

Ideally, countries would have accepted debt suspension through the DSSI in the hope that they could reallocate public funds towards capital expenditure. This public investment could create an economic return for the country in the medium- and long-term, which would expand government revenues, enabling them to repay the rescheduled debt-servicing costs. However, in the context of the pandemic most AMoF are likely to reallocate the additional fiscal space created by debt relief towards recurrent expenditure to expand public health capacity, secure public protective equipment and vaccines, or towards supporting economic recovery. Hence, most AMoF have preferred to take debt relief through grant instruments like the IMF's Catastrophe Containment and Relief Trust (CCRT) and the WBG's Multilateral Debt Relief Initiative (MDRI) rather than the DSSI.

4 The role of multilateral creditors in response to COVID-19

This section focuses on evaluating the financial assistance and debt relief or debt forgiveness provided by multilateral creditors such as the African Development Bank Group (AfDB), IMF and WBG. Most of the financial assistance has been in the form of concessional and part-grant finance, zero-rated loans and project grants. Debt relief and debt forgiveness have been much less significant and solely provided by the IMF.

The AfDB raised US$3.0 billion to alleviate the economic and social impact of the COVID-19 pandemic on livelihoods and Africa's economies (AfDB, 2020a). In April 2020, the AfDB announced its COVID-19 Response Facility (CRF) to assist African countries with fighting the pandemic (AfDB, 2020b). The AfDB provided a total of US$3.0 billion in concessional finance and grants to its regional member countries and through some of the regional institutions (see Table 2). However, the AfDB has no instrument for debt relief and has not participated in the G20 DSSI, given that it is a multilateral creditor. There are also those who argue that multilateral development banks should not participate in the G20 DSSI because this would reduce their lending capacity to help countries in their recovery from COVID-19 in return for a small and short-term benefit (Humphrey & Mustapha, 2020).

The IMF provided concessional finance through the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI). Some G20 countries have made contributions to the IMF Poverty Reduction and Growth Trust which are utilised under the IMF RCF to provide concessional financial assistance with limited conditionality to LICs facing an urgent balance-of-payments need (IMF, 2020g). In addition, the RFI provided rapid financial assistance to all IMF member countries confronting such a need (IMF, 2020h). The IMF provided a total of US$14.8 billion in concessional finance and zero-rated loans through its RCF (approx. US$5.7 billion) and RFI (approx. US$9.1 billion) funding instruments; and an additional USD 9.9 billion in its normal funding instruments.[4] This brings the IMF's total financial assistance to AMoFs to US$25.0 billion, excluding additional debt relief through its CCRT. However, the debt relief provided by the IMF has been relatively small.

In 2010, the IMF established its Post-Catastrophe Debt Relief Trust to provide debt relief for very poor countries affected by catastrophic natural disasters (UN, 2013). In February 2015, the IMF transformed this Trust into the CCRT to provide grants for debt relief to the poorest and most vulnerable countries hit by catastrophic natural disasters or public health disasters (IMF, 2020i). That same year, the CCRT provided close to US$100.0 million in assistance to Guinea, Liberia and Sierra Leone, which were affected by the Ebola outbreak (IMF, 2020i). In April 2020, the IMF made further amendments to its CCRT in order to provide debt relief in response to the COVID-19 pandemic. AMoFs were the majority of the beneficiaries of the CCRT accounting for 23 of the 29 recipient countries and US$409.4 million (approx. 83.8 percent of the total) from the total debt relief of US$488.7 million (CABRI, 2020; IMF, 2020d).

4 The IMF provided zero-rated loans through its RCF instrument and its RFI provided concessional financial assistance (CABRI, 2020; IMF, 2020e).

Multilateral creditors have played a significant role in supporting countries during the pandemic. However, most of the financial assistance has been through concessional and part-grant finance, zero-rated loans and project grants. Debt relief and debt forgiveness have been much less significant.

African MoFs need a more proactive approach towards debt relief and debt forgiveness, one with debt sustainability embedded to respond adequately to the competing public health and economic recovery needs.

In addition to the concessional finance, debt relief and debt forgiveness calls, African leaders also advocated for the IMF to increase its issuance of Special Drawing Rights (SDRs) (AU, 2020a). SDRs are an international reserve currency introduced by the IMF in 1969 to supplement member countries' official reserves (IMF, 2020f). There is potential that SDR allocations can play a role in increasing liquidity for countries facing balance-of-payment challenges due to the global economic lockdown and COVID-19 pandemic. SDRs are allocated according to countries' IMF quotas, which means that LICs will be allocated a total of approximately 40.0 percent (IMF, 2020f). Therefore, if member states agree to increase the SDRs, the distribution of would favour advanced economies unless they are willing to volunteer their allocations to LICs and middle-income countries. Since SDRs are neither currency nor a claim against the IMF, countries are free to trade them in exchange for any of the basket of currencies on which they are based.[5] The additional benefit of trading SDRs is that their exchange rate against the basket of currencies is fixed for a five-year period, except for the US$ (IMF, 2020f). This could insulate AMoFs from exchange rate risk against four other major currencies that are part of the SDR basket, but member countries do not have a way of earning SDRs or any of the four major currencies. Therefore, SDRs are not a more stable basis for foreign currency lending and debt management. However, increasing the allocation of SDRs would also increase the maximum amount that all member countries can borrow from the IMF.

The WBG earmarked US$160.0 billion to alleviate the economic and social impact of the COVID-19 pandemic on vulnerable livelihoods and to support economic recovery in more than 100 countries, including US$50.0 billion for African countries (WBG, 2020d). The WBG provided a total of US$3.9 billion in part-grant and concessional finance, and an additional US$788.2 million in project grants to AMoFs (CABRI, 2020). The WBG has also provided debt relief totalling US$125.2 million, for Nigeria and Somalia, apart from lobbying for and assisting with the implementation of the G20 DSSI (CABRI, 2020). None of the debt relief support provided by the WBG has been utilised as yet. The last debt relief assistance provided by the WBG through its MDRI was in 2017 (WBG, 2019).

Apart from the IMF's CCRT, the WBG and IMF have mainly been advocating for countries to receive debt relief from the G20 DSSI. The traditional instruments such as the IMF HIPC and WBG MDRI have not been part of the institutions' response to the COVID-19 pandemic.

AMoFs need a more proactive approach towards debt relief and debt forgiveness, one with debt sustainability management embedded, in order to respond adequately to the competing public health and economic recovery needs. This requires debt relief through more medium- and long-term solutions such as debt restructuring and debt forgiveness rather than the short-term approach of debt-service suspension or rescheduling. Most importantly, the approach for debt relief needs to be tailored to accommodate the needs of debtor LICs, and final loan terms from the restructuring agreements need to be publicised in order ensure that creditor countries treat AMoFs equitably. The importance of transparency cannot be overstated, given that negotiations take place in different circumstances which affect parties' bargaining power and the outcomes of restructuring negotiations. In this regard, LICs should always use collective bargaining or negotiations with groups of lenders, as opposed to attending to bilateral requests. The collective bargaining forums can be used to establish the basic principles for the cases where bilateral negotiations are unavoidable. This is critical to ensure that LICs receive debt relief on comparable terms, without biasing certain individual or groups of lenders, and that the debtor country is not left in a worse financial position due to agreeing on adverse restructuring terms.

LICs also need to be integrated more equitably in the global economy through supportive economic policies and more equitable multilateral co-operation that prioritise LICs, and restructuring of the global finance infrastructure to reduce dependence of LICs on external finance (IMF, 2000; Georgiva et al., 2020). History has shown that this is easier said than done, especially given the limited progress towards providing market access to advanced economies for LICs' exports, and the increased competition between LICs and EMEs for that market access. Without an adequate global response to the public health crisis caused by the COVID-19 pandemic there will always be significant uncertainty about subsequent economic recovery, especially for LICs.

5 SDRs are defined as a weighted basket of currencies including US$ (41.73%), EUR (30.93%), CHY (10.92%), JPY (8.33%) and the GBP (8.09%). See IMF (2020g).

Table 2: Summary of COVID-19-related development assistance from the COVID-19 Public Finance Response Monitor (as of 28 February 2021)

	AfDB assistance	IMF assistance				WBG assistance			Total assistance (per Country)
Country*	CRF	CCRT	RCF	RFI	Other*	IDA**	Project***	Sector	
Algeria					100.0				100.0
Angola					766.0				766.0
Benin	7.4	10.2			125.0	60.4	6.9	Education	209.8
Botswana						1190.0**			0.0
Burkina Faso		26.5				95.2			121.7
Burundi		14.4				5.0			19.4
Cabo Verde	33.0		32.3			10.0			75.3
Cameroon			382.0			102.0			484.0
Central African Republic	14.3	4.1	38.0			57.5			113.9
Chad	0.3	2.8	114.0			17.0			134.1
Comoros	20.0	2.5	4.1	8.1		5.0	25.0	Agriculture & Tourism	64.6
Democratic Republic of Congo	100.0	34.3	363.3			47.0			544.6
Republic of Congo						61.3			61.3
Côte d'Ivoire	88.8		295.4	590.8		35.0	40.0	Health	1,050.0
Djibouti	41.2	4.7	43.4			5.0	0.9	Health	95.2
Egypt	0.5			2 772.0	5 200.0	7.9			7 980.4
Eswatini				110.4			26.0	Health	136.4
Ethiopia	165.0	12.0		411.0		332.0			920.0
Gabon	112.0		147.0			9.0			268.0
The Gambia	0.2	5.8	21.3		47.1	40.0			114.4
Ghana	69.0		1 000.0			100.0			1 169.0
Guinea	34.8	45.5	171.5			90.9			342.7
Guinea-Bissau		3.4							3.4
Kenya	222.9		739.0			1,000.0	50.0	Health	2 011.9
Lesotho	8.9				49.1	7.5			65.5
Liberia	14.8	31.7	50.0			9.0			105.5
Libya	0.5								0.5
Mauritius	210.0								210.0
Madagascar	41.2	8.5	425.7			178.7			654.1
Malawi	60.7	20.0	193.0			200.0	7.0	Health	480.7
Mali		20.6	166.0			25.8			212.4
Mauritania			130.0		28.7	75.2	2.0	Health	235.9
Morocco	140.2					48.0			188.2
Mozambique		13.4	309.0			100.0			422.4
Niger	88.7	15.7	114.9			364.0			583.2
Nigeria	288.5				3 400.0	114.3	123.5***	Debt Relief	3 926.3
Rwanda	97.7	11.0	215.1			100.0	14.3	Health	438.0
São Tomé and Principe	0.7	0.2	12.3		2.1	2.5			17.8

Country*	AfDB assistance	IMF assistance				WBG assistance			Total assistance (per Country)
	CRF	CCRT	RCF	RFI	Other*	IDA**	Project***	Sector	
Senegal	194.7		77.5	155.0		120.0			547.2
Seychelles	10.0				31.2	69.0			110.2
Sierra Leone	25.1	35.5	143.0			107.5			311.1
Somalia	25.1					192.5	1.7***	Debt Relief	219.3
South Africa	290.0			4 300.0		60.0**			4 590.0
South Sudan	4.1		52.3			112.6			169.0
Sudan	28.2						52.0	Education	80.2
Tanzania	50.7	26.0							76.7
Tunisia				745.0			196.6		941.6
Togo	32.2	8.4			131.0				171.6
Uganda	31.6		491.5				300.0		823.1
Zambia	37.5						57.6		95.1
Zimbabwe	27.4						10.0		37.4
RECs and groups	337.3								
Grand Total (per Multilateral)	**2 955.2**				**25 726.6**			**4 694.9**	**–**

Note(s): (*) Countries assisted from other IMF facilities and concessional loans, e.g., IMF ECF/EFF/SBA.
(**) Countries have applied for WBG assistance but nothing has been confirmed or disbursed yet.
(***) Countries that have been approved for WBG debt relief but have not accessed or disbursed the assistance yet.

Source: (CABRI, 2020)

Conclusion

In the current context, debt relief is justified by the need to create fiscal space so that LICs can adequately respond to the COVID-19 pandemic. However, social and healthcare spending is likely to decline as the immediate threat of the pandemic fades and as AMoFs make provisions to resume debt servicing. Therefore, there have been suggestions to link debt relief and health spending by using innovative instruments such as debt-to-health swaps in order to ensure that countries use the fiscal space created by debt relief for health care (Wuennenberg, 2020). However, the structural constraints faced by LICs, such as limited capacity to produce PPE or conduct research for vaccines domestically, are unlikely to be resolved even if the countries reallocate debt relief benefits towards social welfare and healthcare.

The G20 leaders conceded to some extent by providing debt relief for bilateral public debt through the DSSI, which lasts until June 2021 with the possibility of extension after the April 2021 review (IMF, 2021; WBG, 2020b). In some instances, countries have also reversed their participation in the DSSI in fear of the implications for their credit ratings (WBG, 2021). Credit-rating agencies have made it clear that suspending debt service on non-Paris Club or private debt under the same terms as the DSSI would result in a ratings downgrade (WBG, 2020c; SPG, 2020; Mutize, 2020). These are significant implications for a country's decision to request debt suspension relief and for debt management. It has also become increasingly clear that the DSSI debt relief is insufficient, if not wholly ineffective, to provide the degree of assistance required and that a long-term approach is needed.

While multilateral creditors have also played a significant role in terms of providing fiscal space, debt relief and debt forgiveness, the quantum of debt relief support provided through the DSSI and CCRT pales in comparison with the debt relief and debt forgiveness provided by the HIPC initiative and MDRI. Nevertheless, the fact that debt levels have grown to surpass their peak in the 1970s illustrates that the historical initiatives have also not succeeded in resolving the debt challenges of LICs, particularly in Africa (IMF, 2020a).

The profile of LICs' and EMEs' public debt has changed with respect to the instruments and creditors. LICs have become increasingly dependent on non-Paris Club loans, particularly from Chinese state-owned enterprises, and private or commercially funded bonds in the case EMEs and AMoFs. This means that restructuring non-Paris Club debt is the most adequate support for LICs to ensure debt sustainability and fiscal space to deal with the COVID-19 pandemic.

It has become clear that the DSSI is insufficient, if not wholly ineffective, to provide the degree of assistance required and that a long-term approach is needed.

References

AfDB. (2020a). *African Development Bank Launches Record Breaking $3 billion 'Fight COVID-19' Social Bond*. Available at: https://www.afdb.org/ [Last accessed: 23 January 2021].

AfDB. (2020b). *African Development Bank Group Unveils $10 billion Response Facility to Curb COVID-19*. Available at: https://www.afdb.org/ [Last accessed: 23 January 2021].

Asonuma, T., Chamon, M., Erce, A. & Sasahara, A. (2020). *Costs of Sovereign Defaults: Restructuring Strategies and the Credit-Investment Channel*. Social Science Research Network, Rochester. Available at: https://papers.ssrn.com/ [Last accessed: 14 January 2021].

AU. (2020a). Communiqué of the African Union (AU) Bureau of Heads of State and Government Teleconference Meeting held on 3 April 2020.

AU. (2020b). *African Union Chair President Cyril Ramaphosa Appoints Special Envoys to Mobilise International Economic Support for Continental Fight Against COVID-19*. Communiqué of the African Union (AU) Bureau of Heads of State and Government Teleconference Meeting held on 3 April 2020.

Brautigam, D., Huang, Y. & Acker, K. (2020). *Risky Business: New Data on Chinese Loans and Africa's Debt Problem*. Washington D. C: China Africa Research Initiative: Available at: http://www.sais-cari.org/ [Last accessed: 4 March 2021].

CABRI. (2020). Public Finance Response Monitor. Available at https://www.cabri-sbo.org/ [Last accessed: 19 December 2020].

Chikuba, M. (2020). Interview with the Permanent Secretary: Economic Management and Finance, Zambia Ministry of Finance: Lusaka, 16 December 2020.

Ebeke, C. & Ölçer, D. (2013). *Fiscal Policy over the Election Cycle in Low-Income Countries*. Washington, D. C: International Monetary Fund. Available at: https://www.imf.org/ [Last accessed: 28 January 2021].

G20. (2021). *About the G20*. Available at: https://www.g20.org/ [Last accessed:22 January 2021].

Gardner, A., Lin, J., Morris, S., & Parks, B. (2021). *Bargaining with Beijing: A Tale of Two Borrowers*. Washington D. C: Center for Global Development. Available At: https://www.cgdev.org/ [Last accessed: 4 March 2021].

Georgieva, K., Pazarbasioglu, C. & Weeks-Brown, R. (2020). *Reform of the International Debt Architecture is Urgently Needed*. Available at: https://blogs.imf.org/. [Last accessed: 14 January 2021].

Horn, S., Reinhart, C. M. & Trebesch, C. (2019). *China's Overseas Lending*. Cambridge: National Bureau of Economic Research. Available at: https://www.nber.org/ [Last accessed: 28 January 2021].

Humphrey, C. & Mustapha, S. (2020). *Lend or Suspend? Maximising the Impact of Multilateral Bank Financing in the Covid-19 Crisis*. London: Overseas Development Institute. Available at: https://www.odi.org/ [Last accessed: 19 December 2020].

IMF. (2000). *The Logic of Debt Relief for the Poorest Countries*. Available at: https://www.imf.org/ [Last accessed: 4 March 2021].

IMF. (2001). *100 Percent Debt Cancellation? A Response from the IMF and the World Bank*. Available at: https://www.imf.org/ [Last accessed: 4 March 2021].

IMF. (2014). *8. Debt Reorganization*. Available at: https://www.elibrary.imf.org/ [Last accessed: 5 February 2021].

IMF. (2019). Zambia 2019 Article IV Consultation. Available at: https://www.imf.org/ [Last Accessed: 4 March 2021].

IMF. (2020a). *The Evolution of Public Debt Vulnerabilities in Lower Income Economies*. Available at: https://www.imf.org/ [Last accessed: 10 December 2020].

IMF. (2020b). Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic. Available at: https://www.imf.org/ [Last accessed: 14 January 2021].

IMF. (2020c). *The IMF's Response to COVID-19*. Available at: https://www.imf.org/ [Last accessed: 19 January 2021].

IMF. (2020d). *COVID-19 Financial Assistance and Debt Service Relief*. Available at: https://www.imf.org/ [Last accessed: 19 December 2020].

IMF. (2020e). *Catastrophe Containment and Relief Trust*. Available at: https://www.imf.org/ [Last accessed: 20 January 2021].

IMF. (2020f). Special Drawing Right (SDR). Available at: https://www.imf.org/ [Last accessed: 5 February 2021].

IMF. (2020g). *IMF Rapid Credit Facility (RCF)*. Available at: https://www.imf.org/ [Last accessed: 11 January 2021].

IMF. (2020h). *The IMF's Rapid Financing Instrument (RFI)*. Available at: https://www.imf.org/ [Last accessed: 11 January 2021].

IMF. (2020i). Catastrophe Containment and Relief Trust. Available at: https://www.imf.org/ [Last accessed: 20 January 2021].

IMF. (2020j). *The International Architecture for Resolving Sovereign Debt Involving Private-Sector Creditors*. Available at: https://www.imf.org/ [Last accessed: 17 March 2021].

IMF. (2020k). *IMF Staff Completes Virtual Mission to Zambia*. Available at: https://www.imf.org/ [Last accessed: 28 January 2021].

IMF. (2021). *Questions and Answers on Sovereign Debt Issues*. Available at: https://www.imf.org/ [Last accessed: 4 March 2021].

Mutize, M. (2020). *Why African Countries are Reluctant to Take up COVID-19 Debt R*elief. Available at: https://theconversation.com/ [last accessed 14 January 2021].

Mvunga, C. M. (2020). Interview with the Governor, Bank of Zambia, Lusaka, 15 December 2020.

ODI. (1994). *Africa's Multilateral Debt: A Modest Proposal*. London: Overseas Development Institute. Available at: https://www.odi.org/ [Last accessed: 19 December 2020].

Onyekwena, C. 2020. *The Case for Debt Relief in Africa Amid COVID-19*. Available at: https://www.africaportal.org/ [Last accessed: 4 March 2021].

Shastry, V. & Mark, J. (2020). *From Debt Relief to Restructuring: The G20 Wakes Up to Reality*. Available at: https://www.atlanticcouncil.org/ [Last accessed: 19 December 2020].

SPG. (Standard & Poor) (2020). *G20 Sovereign Debt Suspension: To Apply, or Not to Apply*. Available at: https://www.spglobal.com/ [Last accessed: 21 January 2021].

Twala, G. N. (2020). Interview with the High Commissioner, South African High Commission, Lusaka, 15 December 2020.

UN. (2013). *IMF Support to NEPAD Planning and Coordinating Authority*. Available at: https://www.un.org/ [Last accessed: 20 January 2021].

UoT. (University of Toronto) (2020a). Communiqué: Virtual Meeting of the G20 Finance Ministers and Central Bank Governors. Available at: http://www.g20.utoronto.ca/ [Last accessed: 4 February 2021].

UoT. (2020b). Communiqué: G20 Finance Ministers and Central Bank Governors Meeting. Available at: http://www.g20.utoronto.ca/ [Last accessed: 22 January 2021].

UoT. (2020c). Statement Extraordinary G20 Finance Ministers and Central Bank Governors' Meeting. Available at: http://www.g20.utoronto.ca/ [Last accessed: 22 January 2021].

Van den Heever, A. (2020). *Toward a Risk-Based Strategy for Managing the COVID-19 Epidemic: A Modelling Analysis*. Available at: https://www.wits.ac.za/ [Last accessed: 19 January 2021].

WBG. (2019). *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) Statistical Update*. Available at: https://www.imf.org [Last accessed: 15 March 2019].

WBG. (2020a). *Joint Statement from the World Bank Group and the International Monetary Fund Regarding a Call to Action on the Debt of IDA Countries*. Available at: https://www.worldbank.org/ [Last accessed: 10 December 2020].

WBG. (2020b). *Factsheet: Debt Service Suspension and COVID-19*. Available at: https://www.worldbank.org/ [Last accessed: 10 December 2020].

WBG. (2020c). *Debt Service Suspension Initiative: Q&As*. Available at: https://www.worldbank.org/ [Last accessed: 21 January 2021].

WBG. (2020d). *World Bank's Response to COVID-19 (Coronavirus) in Africa*. Available at: https://www.worldbank.org/ [Last accessed: 23 January 2021].

WBG. (2020e). *Debt Relief*. Available at: https://www.worldbank.org/ [Last accessed: 23 January 2021.

WBG. (2021). *COVID 19: Debt Service Suspension Initiative*. Available at: https://www.worldbank.org/ [Last accessed: 14 January 2021].

Wheatley, J., Cotterill, J. & Munshi, N. (2020). *African Debt to China: 'A Major Drain on the Poorest Countries'*. Available at: https://www.ft.com/ [Last accessed: 4 March 2021].

Wuennenberg, L. (2020). *Debt-to-Health Swaps: Financing Health System Resilience Beyond the COVID-19 Pandemic.* International Institute for Sustainable Development. Available at: https://www.iisd.org/ [Last accessed: 5 February 2021].

ZMMoF. (2017). *Zambia's Debt Management Strategy for 2017–2019*. Available at: https://www.mof.gov.zm/?p=5412 [Last accessed: 10 December 2020].

ZMMoF. (Zambia Ministry of Finance) (2020a). Ministry of Finance Notice, September 2020. Available At: https://www.mof.gov.zm/ [Last accessed: 12 January 2021].

ZMMoF. (2020b). *Macroeconomic Performance and Public Finance Statistics*. Available at: https://www.mof.gov.zm/ [Last accessed: 12 January 2021].

ZMMoF. (2020c). Ministry of Finance Notice, September 2020. Available at: https://www.mof.gov.zm/ [Last accessed: 28 January 2021].

ZMMoF. (2020d). Announcement of Results of Adjourned Bondholders Meeting, Zambia Ministry of Finance. Available at: https://www.mof.gov.zm/ [Last accessed: 28 January 2021].

ZMMoF. (2020e). Questions & Answers Following Zambia's Presentation to Investors, 29 September 2020. Available at: https://www.mof.gov.zm/ [Last accessed: 28 January 2021].

ZMNA. (2020). National Assembly of Zambia Website, 15 October, 2020. Available at: http://www.parliament.gov.zm/node/8594 [Last accessed: 10 December 2020].

CONNECT • SHARE • REFORM

For information on CABRI, or to obtain copies of this publication, please contact:
CABRI Secretariat, Cnr John Vorster & Nellmapius Drive, Centurion, 0062, South Africa
Telephone: +27 (0)12 492 0022
Email: info@cabri-sbo.org
www.cabri-sbo.org