



Key takeaways

1. During uncertain and volatile times of crisis –
 - Countries still need to develop and broaden their tax base.
 - Prefunding is a good strategy to avoid possible cash flow shortages during the fiscal year.
 - Debt management strategies should be flexible and issuers to adopt to ever-changing environment.
2. To avoid refinancing risks -
 - Funding strategies, if possible, should aim to smoothen future redemptions.
 - Refinancing risks, however, should be actively managed.
3. Funding options –
 - Diversifying instrument options will attract a broader base of investors.
 - Access to regional markets and tapping into the euro markets have softened the funding pressures for francophone countries.
 - COVID-19 bonds are an innovative way to attract longer term investors and to earmark proceeds towards economic activities impacted by pandemic.
 - Access different sources of funding will release funding pressure.
4. Lessons in dealing with multi- and bi-lateral creditors –
 - While multilaterals have done well to fast track emergency COVID-19 financing, delays in disbursement remain and impede budget execution. It is essential that recipient countries take ownership of this process and ensure rapid disbursement of funds.

5. Communication and investment strategies during COVID-19 -
 - Working with creditors and investors, and following clear communication strategies, will lead to better understanding of countries' fiscal challenges.
 - Investment strategies have changed, investors mainly focusing at the short end of the curve.
 - Building and strengthening relationships with different stakeholders are critical.

6. Considering debt relief –
 - Expansionary fiscal policy, with the focus on infrastructure development, has led to high debt levels even pre-COVID-19.
 - Debt relief options are limited, deferral of interest payments may release short-term pressures, but have long-term implications.
 - If financial and legal advisors are appointed to assist with debt relief negotiations – ensure they operate in the best interest of country and roles and responsibilities are clearly defined.

7. Outlook and way forward -
 - Focus should be to normalise funding and market conditions.
 - Within regions, unified terms and costs structures to be negotiated with creditors/investors.
 - Suspension of debt ceilings has been seen across the continent. Once the crisis subsides, it will be important that countries exercise discipline and foresight in reverting to usual ceilings.