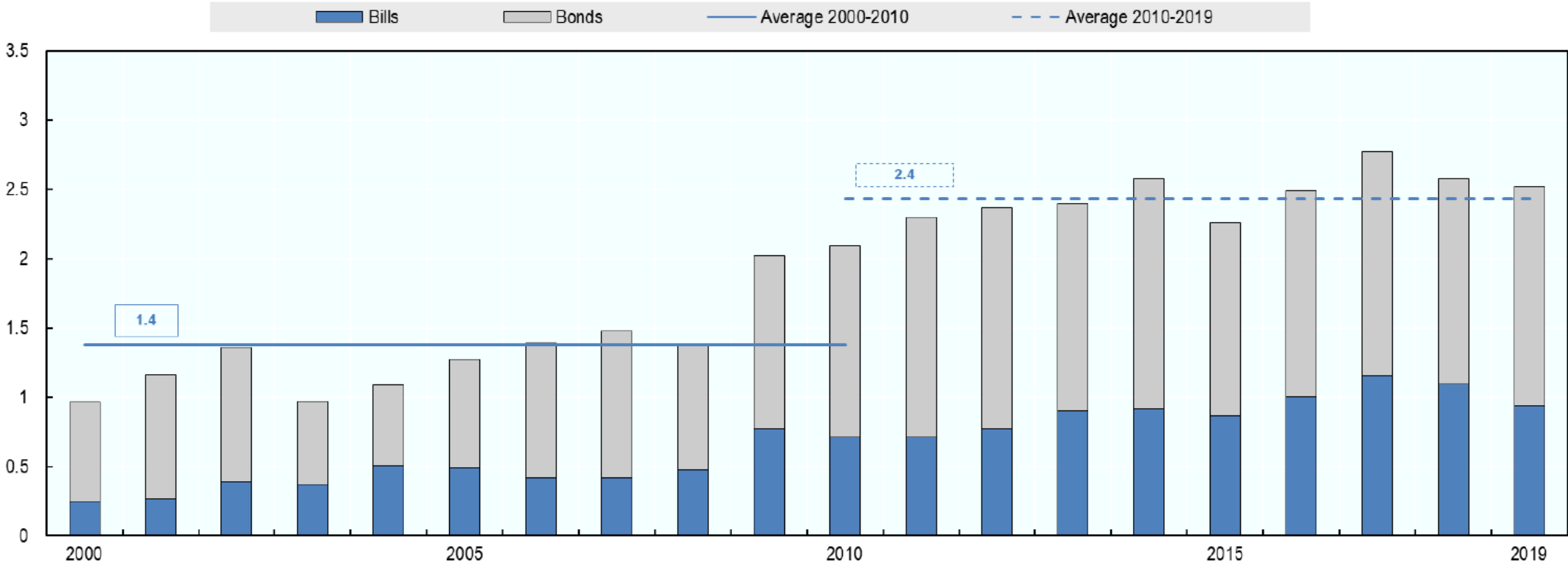


# Peer Exchange on Debt Stabilisation – Public Debt Managers in Africa – 24 November 2020

The impact of the 2020 fiscal crisis on debt levels– Dr Philipp Krause, Senior Advisor, CABRI

# Government borrowing in emerging markets has been growing for decades, reaching \$2.5tn in 2019

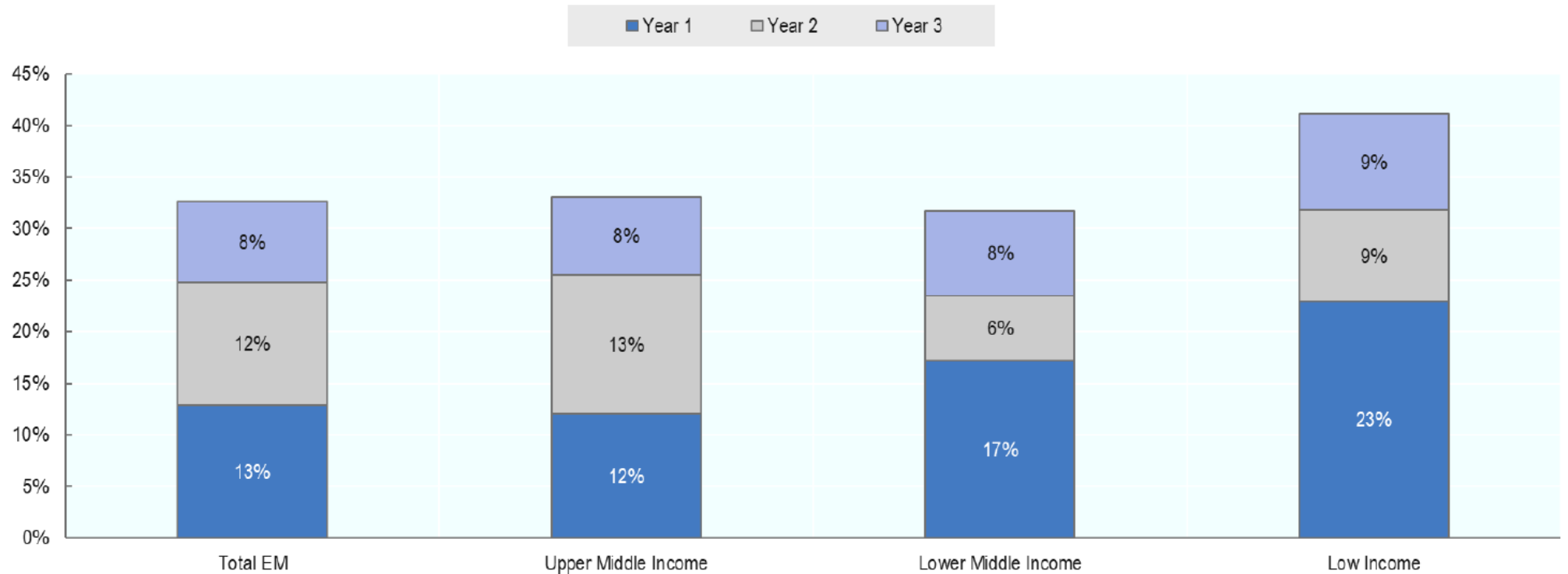
Gross sovereign debt issuance in emerging markets, 2000-2019 (2019 USD, trillion)



Source: OECD sovereign Borrowing Outlook, 2020

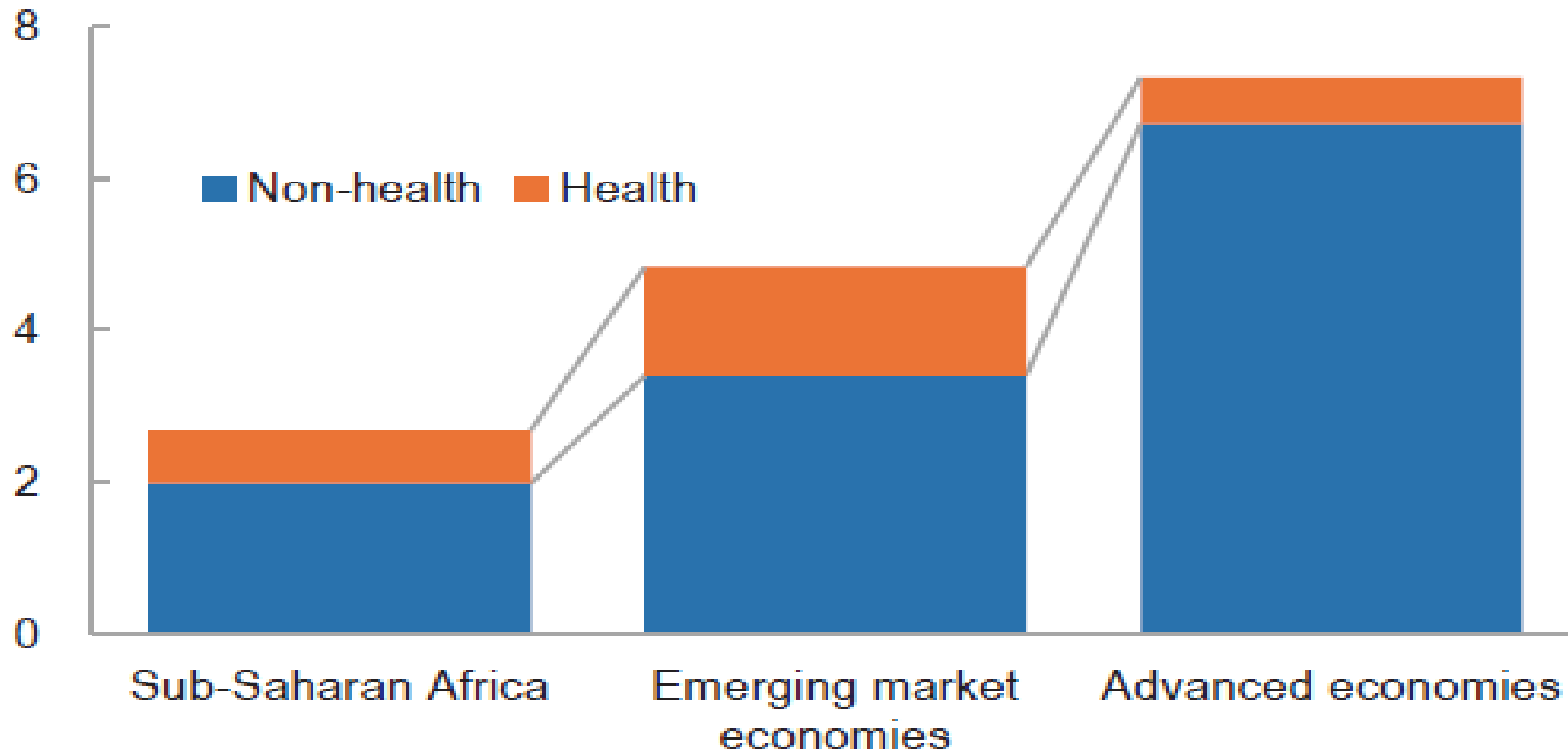
# Significant amounts of debt are coming due within the next years, 33% for EMs, but as much as 41% for low income countries

Outstanding amount of sovereign debt due within 3 years as of end-2019

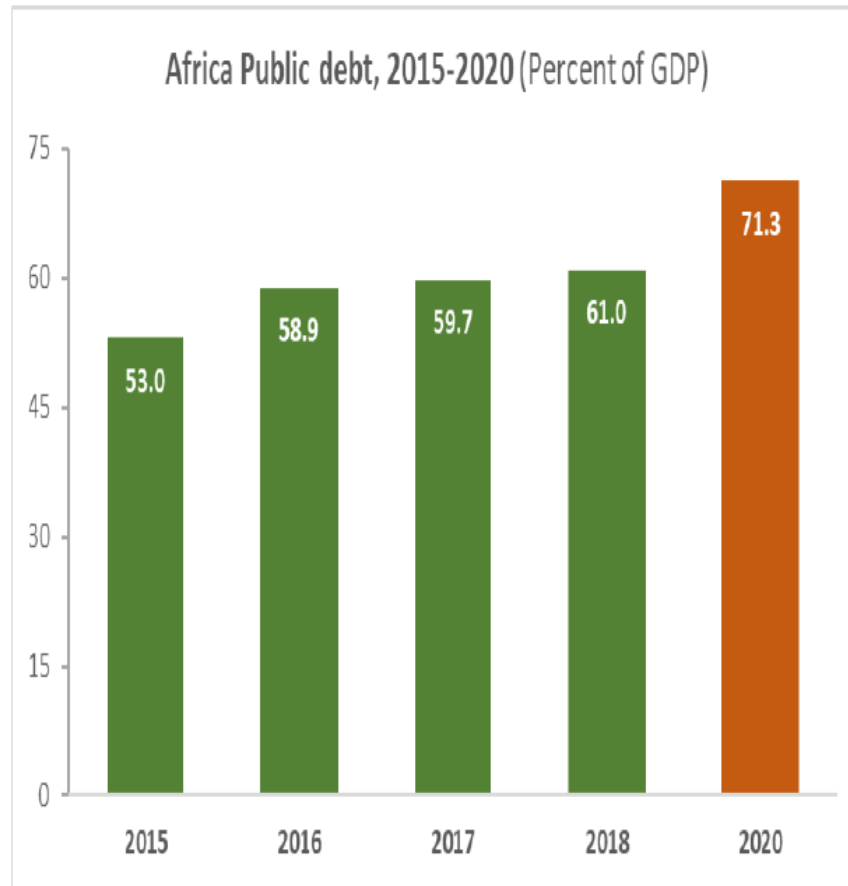


# Selected Economies Fiscal COVID-19 Responses 2020

*(Percent of GDP)*



# Low fiscal capacity to respond: rising public debt, a concern for debt sustainability in Africa



- Africa Public debt is expected to rise to 71.3% in 2020 (*11 percentage points above the 60% sustainability threshold*)
- According to latest debt statistics:
  - 7 countries are already in debt distress;
  - 13 countries are in high risk of debt distress;
  - while the rest are in moderate to low risk of distress.

# 7 out of 8 countries in debt distress are from Africa at April 2020

Low	Moderate	High	In debt Distress
Madagascar	Benin	Burundi	<i>Congo</i>
Rwanda	<i>Burkina Faso</i>	<i>Cameroon</i>	Mozambique
Tanzania	<i>Comoros</i>	<i>Cabo Verde</i>	<i>Sao Tome &amp; Principe</i>
Uganda	<i>D. R. Congo</i>	Central Africa Republic	Somalia
Botswana	<i>Cote d'Ivoire</i>	<i>Chad</i>	South Sudan
Eswatini	<i>Guinea</i>	<i>Djibouti</i>	Sudan
Guinea	Guinea-Bissau	<i>Ethiopia</i>	Zimbabwe
Namibia	Kenya	Gambia	
Seychelles	<i>Lesotho</i>	Ghana	
	Liberia	<i>Mauritania</i>	
	Malawi	<i>Sierra Leone</i>	
	<i>Mali</i>	<i>Zambia</i>	
	<i>Niger</i>	<i>Angola</i>	
	<i>Senegal</i>		
	<i>Togo</i>		
	Algeria		
	Egypt		
	Equatorial Guinea		
	Gabon		
	Mauritius		
	Nigeria		
	South Africa		
	Tunisia		

# Financial markets have penalized emerging market economies

**Africa's borrowing costs much higher (10-year government bond yields)**

	As of Sep 15, 2020	As of Apr 6, 2020	As of Jan 1, 2020
Germany	-0.48%	-0.35%	-0.25%
UK	0.21%	0.36%	0.79%
USA	0.67%	0.73%	1.83%
China	3.13%	2.54%	3.17%
Vietnam	2.78%	3.15%	3.06%
India	6.03%	6.41%	6.56%
Indonesia	7.02%	8.23%	7.12%
South Africa	9.27%	11.03%	8.24%
Namibia	10.74%	12.18%	10.13%
Nigeria	9.00%	12.31%	11.23%
Kenya	11.87%	12.61%	12.58%
Egypt	15.14%	14.85%	14.14%
Uganda	14.75%	16.67%	16.41%



## Focus areas for discussion -

- Have you experienced any challenges in responding to the increasing borrowing requirements and managing higher debt levels in your country?
- What are the immediate steps you took to manage and fund higher borrowing requirements?
- What is your outlook on stabilising debt levels?



**Thank you**