



Whose debt is it anyway?

A sustainable route out of the crisis for low-income countries

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The public debt of low-income countries is increasing significantly, with the ratio of public debt service costs to government tax revenue likely to exceed 30% in a third of low-income countries. This could reduce their ability to respond to the COVID-19 pandemic, and to lead an economic recovery that responds to climate change and supports the Sustainable Development Goals. Rapid and sufficient international debt relief for countries that need it is therefore an urgent priority. This needs to take into account the changed structure of debt and the diversity of lenders. An important change in the structure of this debt is that both Chinese and private creditors, especially bondholders, have rapidly increased their share of credit to emerging economies. This paper analyses the extent of the growing debt crisis in low-income economies – particularly in Africa, its complex and diverse nature, and the implications for international debt relief efforts.

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Summary

In October 2020, the International Monetary Fund (IMF) projected that the sovereign debt-to-GDP ratio in emerging market and developing economies would increase by more than 10%, due to the direct and indirect impacts of the COVID-19 crisis, to about 65% of GDP by the end of 2021 – the highest level on record. It also estimated that the ratio of public debt service costs to government tax revenue would exceed 30% in almost a third of low-income developing countries in 2020, with the number of these countries increasing in 2021 (IMF 2021).

The G20's Debt Service Suspension Initiative (DSSI) initiative, promoted by the World Bank and IMF, aims to free up countries' financial resources to combat and recover from the COVID-19 pandemic. In all, 73 low-income countries (LICs) and lower middle-income countries (LMICs) are eligible for a temporary suspension of debt-service payments. Although the DSSI initiative focuses on countries eligible for support from the International Development Association (IDA), the features and composition of these countries' public debt varies greatly. First, the 29 LICs report lower total levels of public debt compared to the LMICs. Second, the impacts of the COVID-19 pandemic are much more severe in the LICs, because of their higher vulnerability and the already poor state of health and welfare systems in those countries, as well as higher levels of poverty. Third, if sufficient debt relief is not provided to debt-distressed LICs, they will be forced to adjust their economies even more than currently, which will slow the recovery process and undermine progress on achieving the SDGs and responding to climate change.

It is key for the international community to swiftly take action to provide sufficient debt relief to the low-income countries that need it because their debt burdens have become unsustainable. Doing 'too little too late', as happened in past crises, such as those in Latin America in the 1980s and sub-Saharan Africa in the 1980s and 1990s, could set development back in those regions, with major reversals to growth, investment and employment. As UN Secretary General Antonio Guterres recently told the *Financial Times*, "The response to Covid and to the financial aspects [of the crisis] has been... too limited in scope and too late" (Wheatley 2021).

It is also essential that these low-income countries allocate sufficient resources for climate adaptation, mitigation and resilience, and biodiversity conservation. But this will not be possible if their debt burdens are excessive. Therefore, sufficient debt relief should be channelled to increased investment in a low-carbon and inclusive recovery in countries with unsustainable debt.

This paper analyses the extent of the growing debt crisis in low-income economies, particularly in Africa, looking at the complex nature of this debt, and the implications of the latter for international debt relief efforts.

In section 1 of the paper, we look at the current context of external debt. We outline first the key features of African debt, including its rapid growth and changing structure, of which an increasing proportion is held by private (especially bond) creditors, as well as Chinese creditors. Although the focus of this paper is on all LICs (most of whom are African countries), we first focus on the public debt of the entire African continent, due to its high vulnerability to external public debt distress. Section 2 focuses in detail on the main features of LICs' debt, in terms of maturity and concessionality. In particular, we discuss the changed composition of LICs' creditors, where the shift to China as a major creditor is as sharp in LICs as it is in LMICs and UMICs, while there is hardly any increase in the role of private creditors. We present our analysis in a detailed dataset, which we have elaborated based on information from the World Bank International Debt Statistics (IDS: DSSI). We also briefly examine the impact of rating agencies' actions on ratings of low-income countries' debt. Section 3 draws policy implications from our data analysis and from the broader international discussion on debt relief. We conclude that delaying an inevitable debt restructuring will leave over-indebted countries and their populations worse off, making it extremely difficult for countries to meet the SDGs. It will also prevent countries from investing in resilience and climate-proofing their economies. We recommend that all creditors, public and private, should step up and provide, where needed, sufficient debt relief to help finance investment in a green, inclusive and resilient recovery.

The current context of public external debt in the developing world

1

The COVID-19 pandemic has severely increased the risk of a sovereign debt crisis for developing countries. Public sectors across all countries need to drastically increase their fiscal spending and deficits to fund additional health and welfare measures and to implement the economic recovery required to address the challenges brought about by the pandemic. In this context, access to additional international financial resources is crucial to provide adequate liquidity for relatively short-term needs, as well as longer-term development finance, particularly for developing countries. For those countries whose debt burden is excessive or who are insolvent, adequate debt relief is a pre-condition both to allow sufficient fiscal space in the present and access to new international development finance in the future.

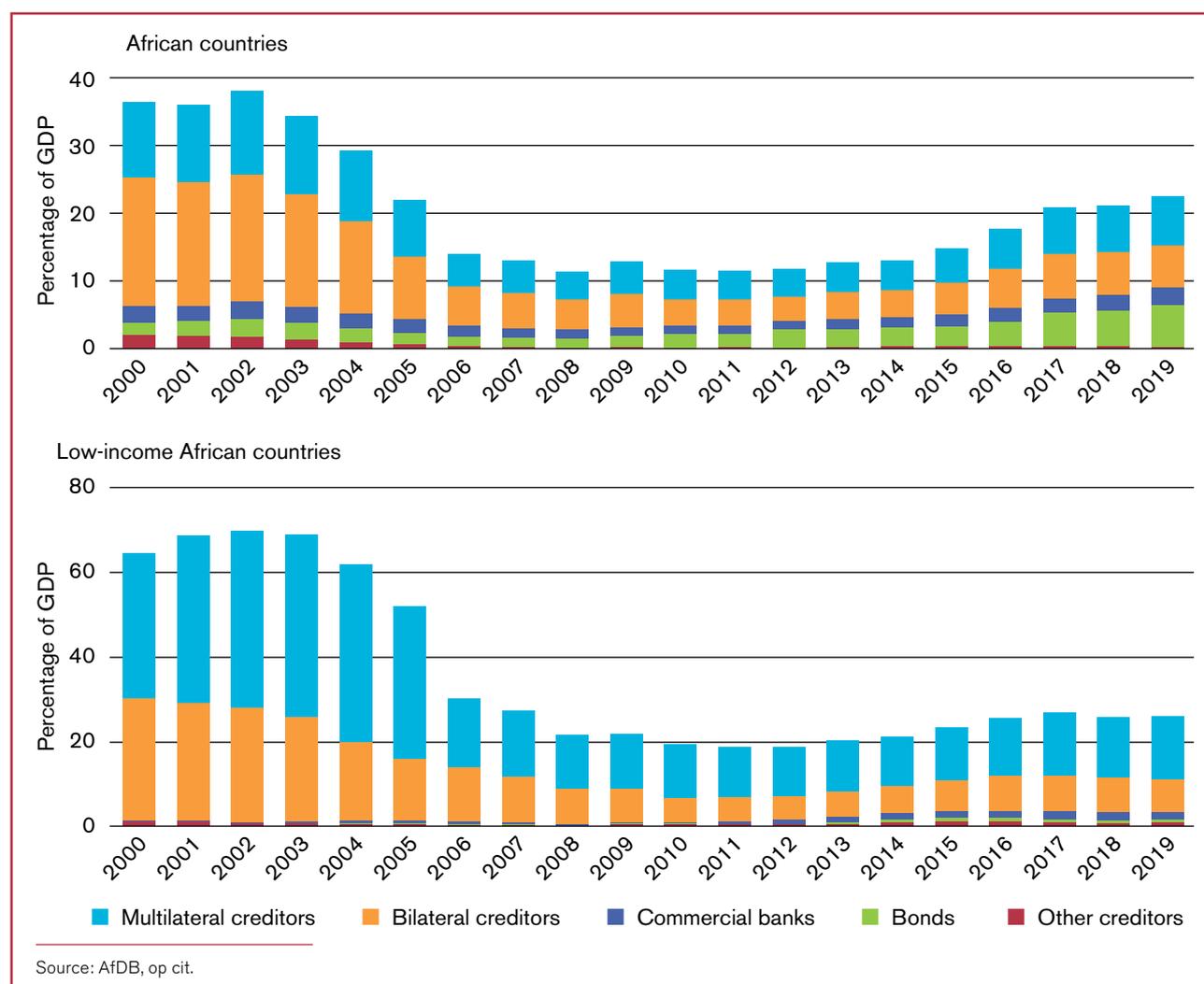
We present below unique data focusing mainly on the public external debt of LICs. Before doing so, we briefly analyse the African public debt context.

1.1 African debt

As is the case worldwide, the COVID-19 pandemic has caused a surge in public financing needs in Africa, as governments spend more to mitigate the socioeconomic effects of the pandemic. Consequently, in the short term, the average debt-to-GDP ratio in Africa is expected to increase from 60% in 2019 to more than 70%. Most individual countries in Africa are also experiencing significant increases in their debt-to-GDP ratios.

The creditor base for Africa's debt has been shifting away from traditional multilateral and Paris Club lenders toward commercial creditors and official lenders who are not Paris Club members. The share of multilateral debt in Africa's total external debt has remained relatively stable over the past two decades at around 30% (see figure 1). The share of bilateral debt in total external debt, on the other hand, has fallen by almost half in the last two decades. In 2000, bilateral lenders, mostly Paris Club members, accounted for 52% of Africa's external debt stock, but by the end of 2019 their share had fallen to 27% (AfDB, 2021).

Figure 1. Composition of creditors (as % of GDP): all African countries and low-income African countries, 2000 to 2019



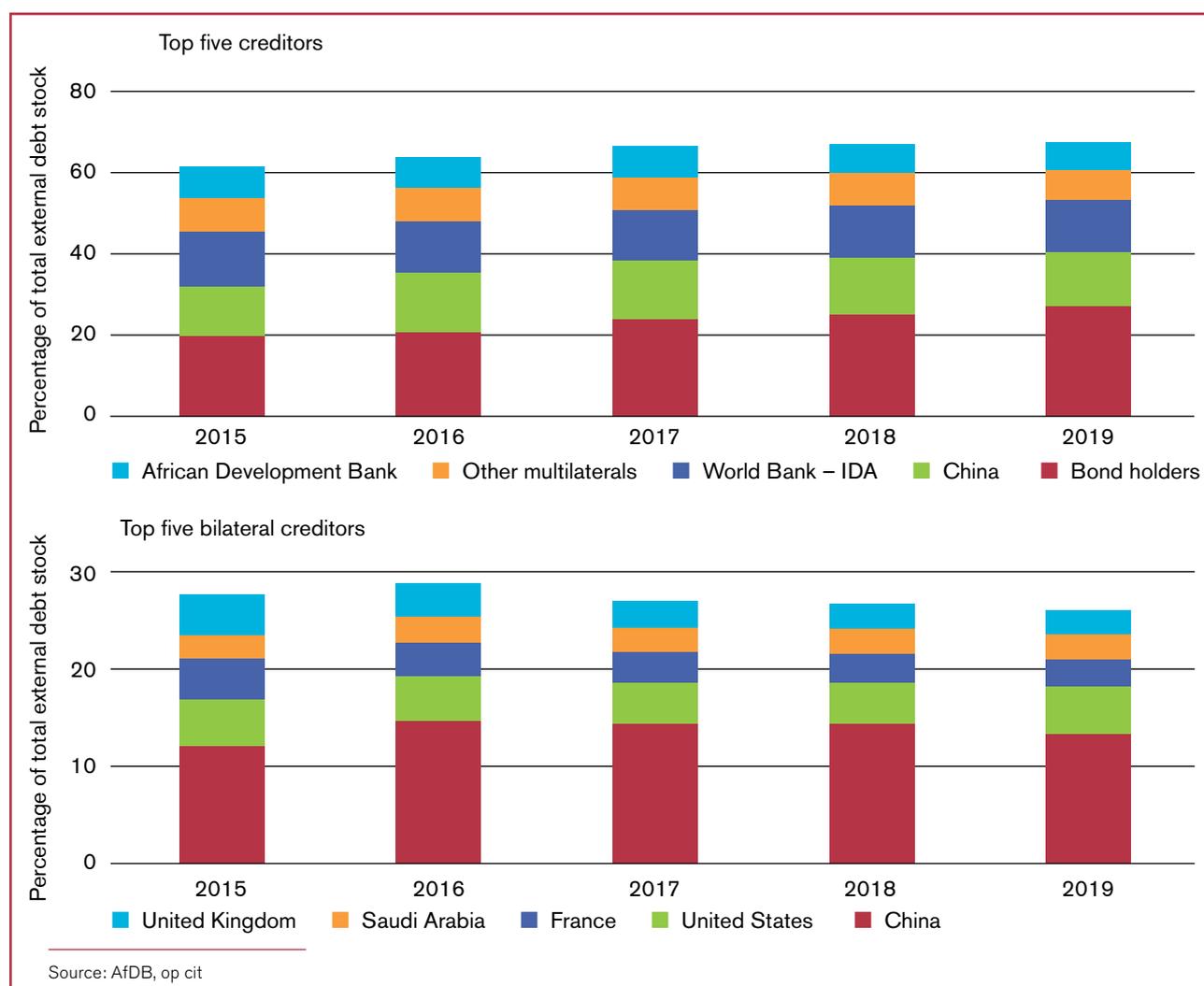
By contrast, commercial creditors (bondholders and commercial banks) have more than doubled their share of African debt in the last two decades. In 2000, commercial banks, private bondholders and other private creditors held a low share of Africa's external debt. That share has grown quickly since 2011, with commercial creditors accounting for 40% of Africa's total external debt at the end of 2019 compared with 17% in 2000 (AfDB, op cit.).

The top five creditors to Africa since 2015 are bondholders (which accounted for 27% of the continent's external debt at the end of 2019), China (13%), the World Bank–International Development Association (12%), the African Development Bank (7%), and other multilateral lenders (7%) (see Figure 2). The top five national creditors to Africa are China (13%), the United States (4%), France (2.9%), Saudi Arabia (2.5%) and the United Kingdom (2.4%). Other top creditors include Germany, Japan and Kuwait and UAE (see Figure 2).

International bonds have become a major source of funding for African countries, with about 21 countries issuing bonds in excess of \$155 billion by 2020. Eurobond issuances were led by large middle-income countries, such as Egypt, South Africa, and Nigeria, followed by resource-intensive middle-sized countries such as Zambia, Angola, and Ghana.

Although private creditors are playing an increasingly important role in so-called 'frontier market economies' or emerging economies, LICs continue to rely mainly on official creditors, particularly multilateral and, increasingly, non-Paris Club members. LICs that do not have access to international capital markets have continued to rely on multilateral concessional credit. There has been a growing shift among these countries away from traditional Paris Club lenders to non-Paris Club lenders, notably China (see figure 2).

Figure 2. Top five creditors and top five bilateral creditors to African economies



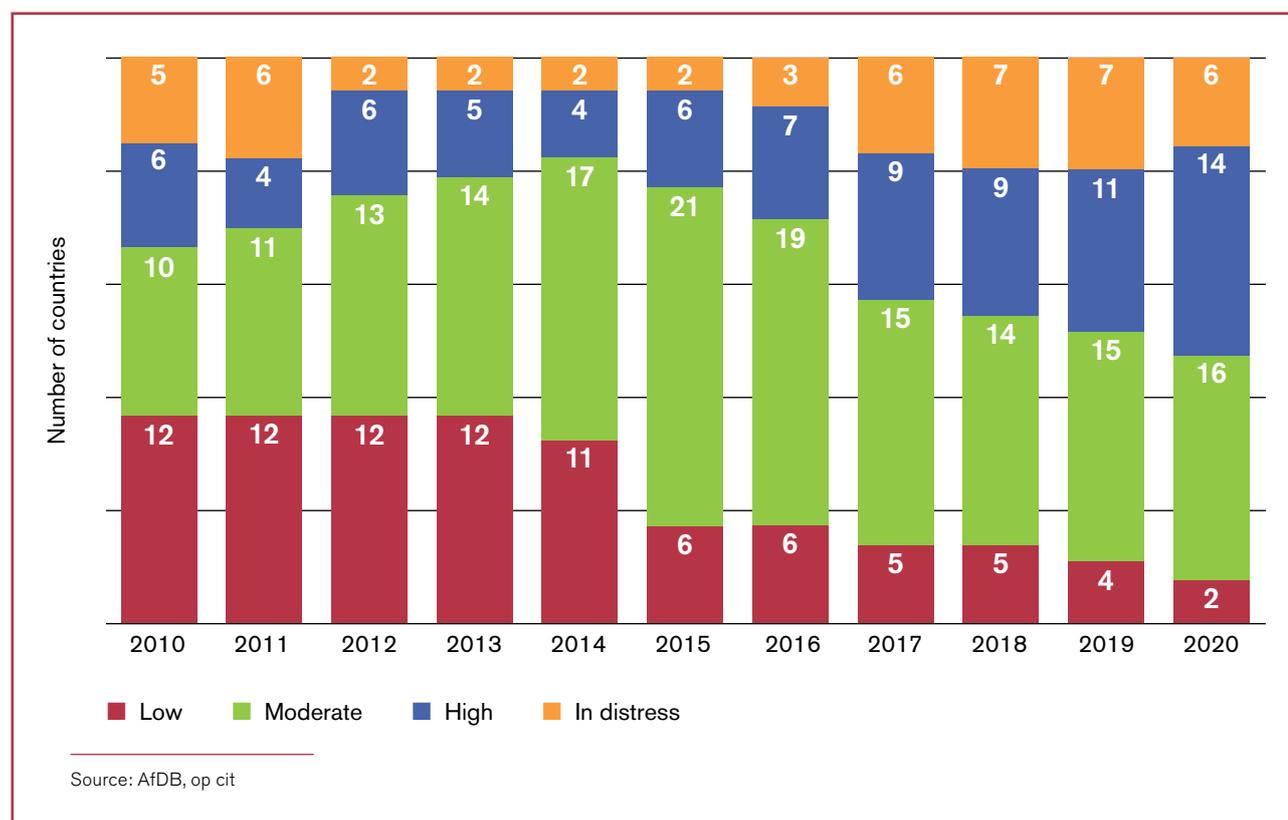
1.2 Overall debt situation of low-income countries in sub-Saharan Africa

Debt sustainability ratings using the Debt Sustainability Analysis (DSA) framework indicate that many sub-Saharan African (SSA) LICs have fallen into debt distress in the past decade; and more are expected to do so as a result of COVID-19. Rising debt levels in the past decade have negatively affected DSA ratings for LICs in Africa. Of 38 countries with available DSA ratings,¹ 14 were rated as in high risk of debt distress at the end of December 2020 and another six were already in debt distress (Figure 3). Sixteen countries

had moderate risk of debt distress, while two were considered at low risk. Safety margins are being eroded by COVID-19 and even countries with comfortable margins could deplete their buffers during the crisis.

Moreover, sovereign credit ratings issued by credit rating agencies have been downgraded for most SSA countries since they entered international capital markets. It is more difficult for countries to move from lower to higher credit ratings – rating improvements are sticky upward while downgrades have been common (Griffith-Jones and Kramer, forthcoming, and below). In 2010, 12 countries were rated as having a low risk of debt distress; ten years later, only three maintained that rating. Since 2017, seven LICs have had their DSA rating downgraded (AfDB, op cit).

Figure 3. Risk of African countries' external debt



Detailed analysis of scale and complexity of LICs' external public debt

2

The in-depth analysis of external debt of LICs presented in this section is based on data from the World Bank International Debt Statistics (IDS: DSSI).⁶ The dataset contains detailed information about the time horizon and the composition of countries' external debt, together with information about the composition of creditors. We extracted data on external public debt for 23 out of 29 LICs for the period 2010–2019 from the World Bank Country and Lending Groups – World Bank Data Help Desk.² We did not find available data for Democratic People's Republic of Korea, Eritrea, Somalia, South Sudan, Sudan and the Syrian Arab Republic. For the list of selected countries (with country codes), please refer to Table A1 in the Appendix. Finally, data have been complemented with additional data from the World Development Indicators (WDI). The analysis covers two periods: 2010–2014 and 2015–2019. Table A4 in the Appendix offers unique detailed information for all creditors (including every bilateral creditor) and by quartile of debtor countries.

Our detailed empirical analysis of LIC debt found the following:

- 1) During the last decade, the share of total debt as a proportion of gross national income (GNI) has grown for both LICs and LMICs (Table 1).
- 2) Private debt is less significant in LICs (less than 12% of total debt in 2015–2019), than in LMICs, where it represents around 25% of total long-term debt (Table 1). Publicly guaranteed private debt is very small for LICs (Table 2).
- 3) Only five of the 23 LICs in the analysis have issued international bonds over the period 2010–2019, namely Ethiopia (2014), Guinea Bissau, Mozambique, Rwanda (2013) and Tajikistan (2017).
- 4) Long-term external debt is the major component of LICs' external debt, accounting on average for more than 80% of the total stock (Figure 5).
- 5) Concessional debt represents the majority of long-term debt, and is relatively stable (Figure 6). It increased significantly, almost doubling over the period 2010–2019 (Figure 7).
- 6) The top creditors to LICs in the periods 2010–2014 and 2015–2019, were the World Bank/IDA, China and 'other multilaterals', particularly the African Development Bank (AfDB). China increased its exposure to LICs by more than 130 % between the first and second half of the decade (Table 3).
- 7) If we examine countries by quartile (according to income levels), China is present in all quartiles and in both periods as an increasingly important creditor. Other bilateral creditors present in the second period in some quartiles are UK, US and Venezuela.

2.1 Public debt by income category

Table 1 below presents the key information on total external public debt by countries' income categories (for countries' averages, please refer to Table A2 in the Appendix).

Table 1 shows that external debt stocks, as a percentage of GNI have grown significantly between 2010–14 and 2015–2019, both for LICs and LMICs. There are interesting differences across countries' income groups. First, LICs report a lower share of external debt stock as share of GNI across the two periods compared to lower-middle income countries (LMICs). Second, long-term external debt accounts for more than 80% of the total amount of external debt, and it is mainly composed of public debt for both country groups. Third, private external debt is less prevalent – almost one-third of LIC countries do not have any private external debt – and of lower quantitative relevance compared to public debt. For LICs, private debt only accounts for a minimal share of the total external long-term debt (less than 12% in 2015–2019 of total debt), while for LMICs private external debt accounts for around 25% of the total external long-term debt in the same period.

2.2 Evolution of LICs' external debt

Table 2 presents the countries' main characteristics by period and quartile relative to the GNI per capita. We performed the analysis over two periods: 2010–2014 and 2015–2019 and created quartiles according to countries' yearly GNI per capita.⁴

From Table 2 we observe that, on average, countries have reported lower GNI per capita in 2015–2019 than in the previous period, but a higher absolute level of total GNI. In the second period, countries reported, on average, higher external short-term debt, higher public external debt and IMF credit. But the share of countries issuing private publicly guaranteed debt decreased, however, with fewer countries issuing, on average, higher amounts. Across the two periods, the average interest rate on new external public debt remained constant but in the second period countries reported much higher interest payments on public debt. This is clearly problematic, with interest payments totalling more than US\$1.5 billion over the period 2015–2019. This is mainly due to the situation of two countries – Ethiopia and the Democratic Republic of Congo, which reported a steep increase in interest payments, as presented in Figure 4 below.

Table 1. Main total (sum) external debt characteristics, by period of analysis and countries' income category

	2010–2014		2015–2019	
	LOW-INCOME	LOWER MIDDLE-INCOME	LOW-INCOME	LOWER MIDDLE-INCOME
Number of countries	23	34	23	34
Average external debt stocks (% of GNI)	27.7	43.0	35.5	54.8
External debt stocks, long-term (current US\$ billion)	60.6	273.2	97.0	440.7
External debt stocks, long-term private (current US\$ billion)	5.6	81.0	12.8	126.9
External debt stocks, long-term public (current US\$ billion)	55.0	192.2	84.2	313.8
External debt stocks, short-term (current US\$ billion)	3.6	32.1	5.5	43.4
External debt stocks, total (current US\$ billion)³	70.8	328.4	109.8	505.9

Source: Authors' own elaboration using IDS: DSSI. Income group classification comes from the World Bank Country and Lending Groups – World Bank Data Help Desk²

Note: all values reported in the table refer to the sum of countries' yearly indicators.

Table 2. LICs' main general and debt characteristics by period of analysis

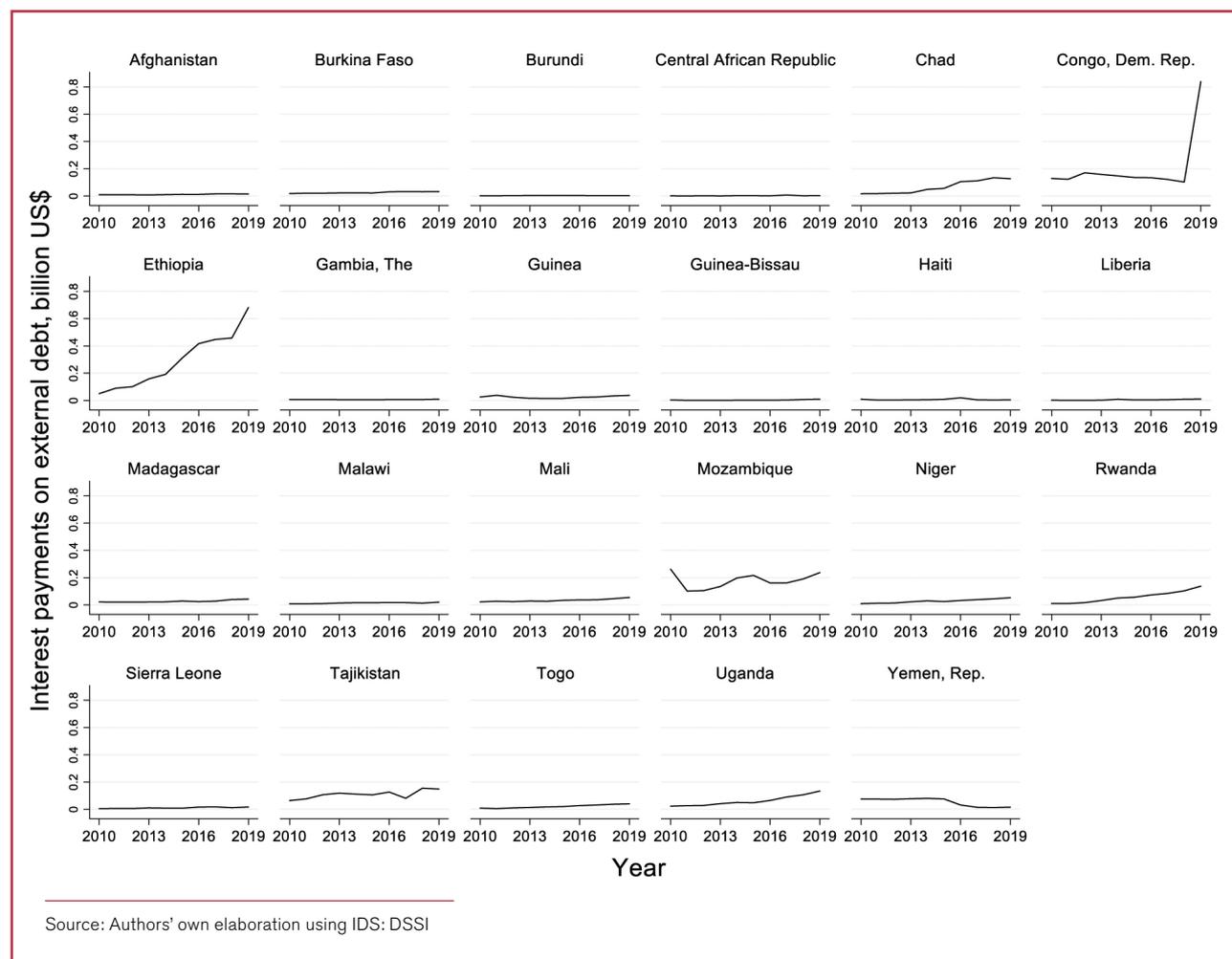
	COUNTRIES' YEARLY AVERAGE		COUNTRIES' YEARLY TOTAL	
	2010–2014	2015–2019	2010–2014	2015–2019
GNI per capita (current US\$)	691.8	673.2	–	–
GNI (current US\$ billion)	12.4	15.0	284.3	345.6
Total population (billion)	19.7	22.7	452.2	522.8
Average external debt stocks (% of GNI)	27.7	35.5	–	–
Total external debt (current US\$ billion)	3.1	4.7	70.8	109.8
External short-term debt (current US\$ billion)	0.156	0.237	3.6	5.5
External long-term public debt (current US\$ billion)	2.4	3.7	55.0	84.2
% countries with long-term private publicly guaranteed debt	7.0%	4.3%	–	–
External long-term private publicly guaranteed debt (current US\$ million) – if > 0	3.0	4.0	5.2	3.6
IMF credit (US\$ billion)	0.286	0.317	6.6	7.3
Interest rate on new external public debt (%) ⁵	1.5%	1.3%	–	–
Interest payments on external public debt (current US\$ million)	37	71	849	1643.2

Source: Authors' own elaboration using IDS: DSSI

Note: all values reported in the table refer to the sum of countries' yearly indicators.

N Countries = 23

Figure 4. Evolution of total interest payments on debt by country – current US\$ billion



2.3 The time horizon of external debt

Information on external debt from the World Bank IDS: DSSI dataset are also categorised by the time horizon of the debt. The categories in which external debt is disaggregated are: short-term debt, long-term debt and IMF credit. Short-term debt indicates external debt with an original maturity of one year or less while long-term debt indicates external debt with more than one year of maturity. Finally, IMF credit indicates “members’ drawings on the IMF other than amounts drawn against the country’s reserve tranche position.”⁶ Figure 5 presents the average countries’ stock of external debt, by time horizon and by GNI per capita quartile.

Although all countries except Burkina Faso have short-term debt,⁷ the amount reported is generally small, as in normal times it is linked mainly to trade credit. Over the two periods, countries across all quartiles have increased the amount of short-term debt, which, interestingly, is the second source of external debt for countries in the ‘top 25%’ quartile. While for the ‘bottom

25%’ quartile in the period 2010–2014, short-term debt was only half the level of IMF credit, in the period 2015–2019 this gap reduced due to both an increase in short-term debt and a decrease of IMF credit.

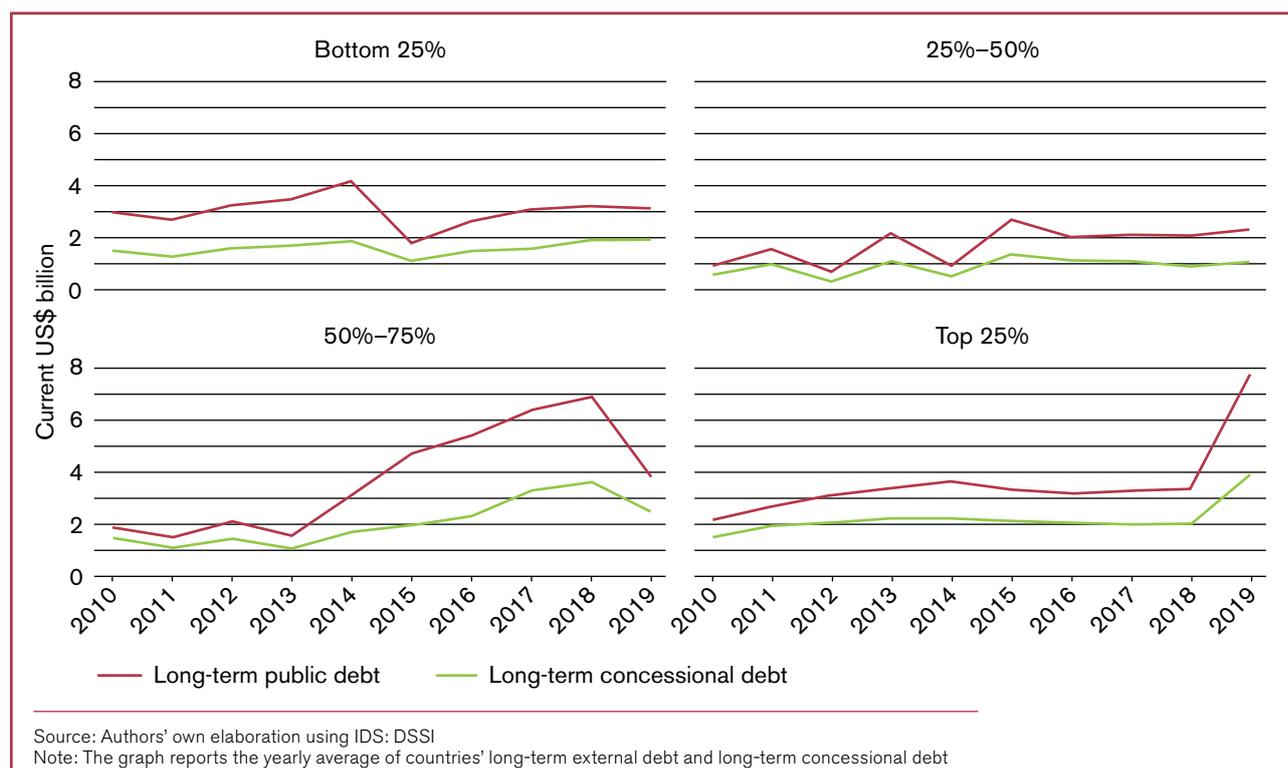
Long-term external debt is instead the major component of LICs’ external debt, accounting on average for more than 85% of the total stock. In 2015–2019, countries in the ‘bottom 25%’ quartile reported a lower average amount of long-term debt, while countries in the ‘25%–50%’ quartile have almost doubled the average stock, countries in the ‘50%–75%’ quartile have almost tripled the average stock and countries in the ‘top 25%’ quartile have increased the average stock by more than one-third.

Within long-term public external debt, concessional debt⁸ – defined as loans with an original grant element of 35% or more – represents a major component of LICs’ long-term external debt, as presented in Figure 6 below. This is of course a positive feature as it implies that servicing of debt is relatively low; also, concessional loans are often accompanied by long maturities.

Figure 5. Time horizon of external public debt by period of analysis and GNI per capita quartile – current US\$ billion



Figure 6. Long-term external public debt and concessional debt over the years by GNI per capita quartile – current US\$ billion



Concessional debt accounts for the majority of long-term external debt for almost all LIC groups, except for countries in the '50–75%' group after 2014. Concessional debt also shows lower volatility compared to overall long-term debt, as is particularly evident for the 'bottom 25%' group in 2015 and for the '25–50%' group in 2015. For the two lowest quartiles of LICs, long-term debt is mainly concessional, which implies the cost of servicing that debt should be significantly lower. Figure 7 shows that the size of concessional debt to LICs increased over recent years, as shown in the following Figure 7, with the total amount almost doubling over the period 2010–2019.

Finally, IMF credit represents the second source of external debt for countries in the two lowest quartiles and the last source for countries in the group reporting the highest GNI per capita. For the period 2010–2014, total exposure of IMF towards LICs was just above US\$1 billion, which slightly increased over the period 2015–2019. It is also interesting to note the shift of IMF total exposure from the poorest countries towards countries in the '25–50%' quartile and towards the relatively richer countries; over the period 2010–2014, the IMF's total exposure with countries in the 'bottom 25%' quartile was US\$450 million, while over the period 2015–2019 it reduced its exposure to US\$350 million, but increased exposure with countries in the '25–50%' quartile and in the 'top 25%' quartile.

2.4 Countries and international institutions that are major creditors of LICs

This section investigates which countries and institutions are major creditors of LICs, reporting the highest stocks of credit over the two periods of analysis. Table 3 reports the top five countries or institutions by average yearly total credit exposure and by period of analysis.

Across the two periods the World Bank has been the largest institution by average credit exposure, with almost US\$18 billion per year over the first period and almost US\$26 billion over the second period. China is the second largest creditor by average credit exposure per year in both periods, with its exposure more than doubling in 2015–2019. Finally, other multilateral institutions and other creditors increased their exposure sharply. Figure 8 below reports the top five countries and institutions in terms of yearly average credit towards all countries included in this analysis.¹⁰

Figure 7. Total LICs' long-term concessional debt by year – current US\$ billion

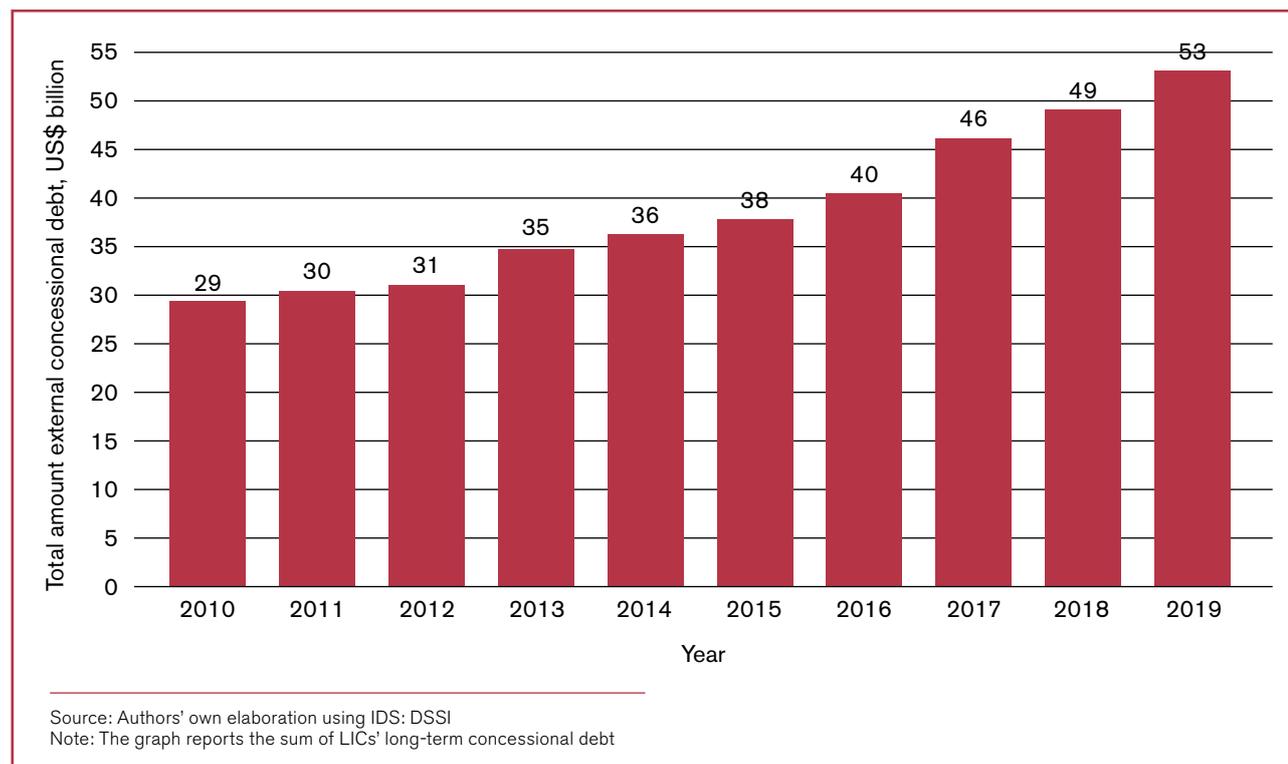


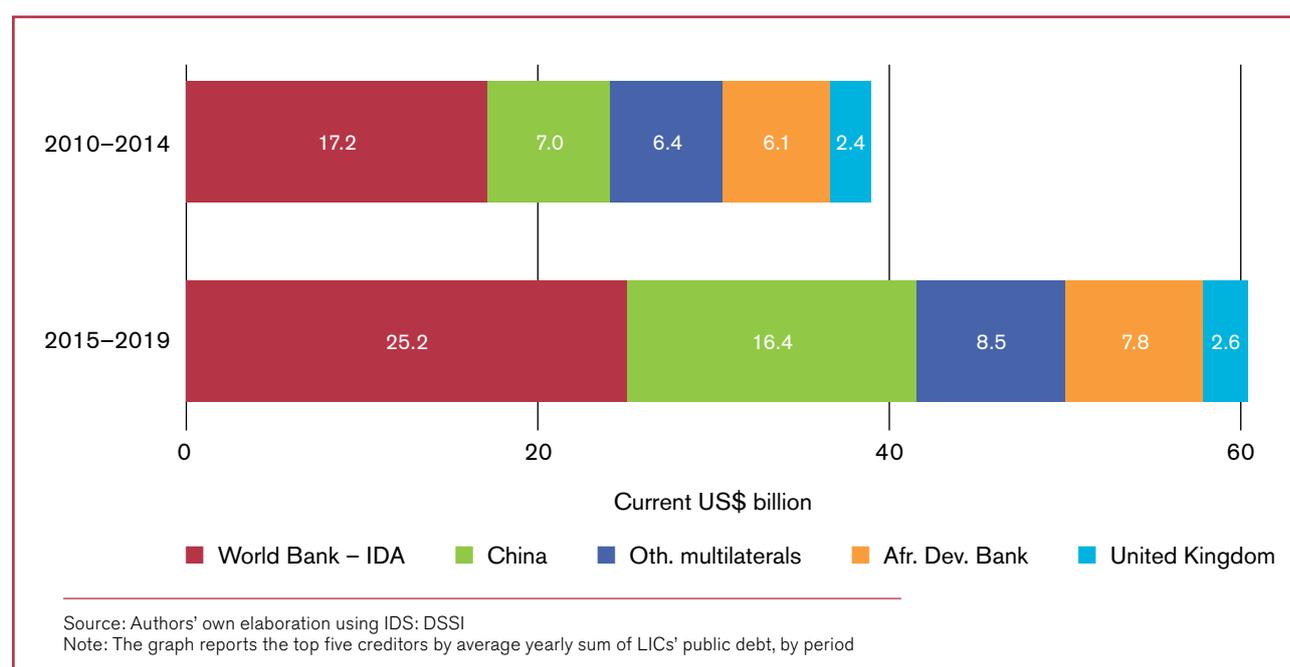
Table 3. Top public and private lenders to LICs by period of analysis – current US\$ billion

	YEARLY TOTAL	AVERAGE INDIVIDUAL COUNTRIES' DEBT	
2010–2014			
1	World Bank–IDA	17.9	0.80
2	China	6.9	0.37
3	Other multilaterals	6.6	0.28
8	Multiple lenders ⁹	1.5	0.3
	Others	25.5	0.1
2015–2019			
1	World Bank–IDA	25.5	1.14
2	China	16.4	0.86
3	Other multilaterals	8.7	0.37
14	Multiple lenders	1.4	0.30
	Others	34.1	0.17

Source: Authors' own elaboration using IDS: DSSI

Note: N Countries = 23

Figure 8. Top five creditors' public credit stock, by period



The World Bank has been the largest creditor for the group of LICs, with an overall average yearly exposure of more than US\$17 billion during the period 2010–2014; this decreased by roughly US\$8 billion in 2015–2019. Among the other important lenders, China is the second largest creditor with its exposure more

than doubling across the two periods, from a yearly average of US\$7 billion over the period 2010–2014 to US\$16.4 billion over the period 2015–2019. Other multilateral organisations are the third largest group of LICs' creditors, with an average yearly exposure of US\$6.4 billion in the period 2010–2014, which

increased to US\$8.5 billion in the period 2015–2019. The African Development Bank is the fourth largest creditor to LICs, with an average yearly exposure similar to that of the other multilateral organisations. Finally, Russia (for the period 2010–2014) and the United Kingdom (for the period 2015–2019) complete the list of top five creditors of LICs.

There is a specific problem with Chinese debt, especially via the infrastructure loan instrument deployed by the Chinese Development Bank (CDB) and China Eximbank known as resource-financed infrastructure (RFI): the form of payment may make it more difficult to restructure debt, and certainly makes unilateral action by the debtor impossible. Under RFI a government pledges future revenues from a resource project to repay an existing construction loan, linking infrastructure building and resource sales. The size of China's overseas RFI is significant. Over half of CDB and China Eximbank's very large infrastructure lending has been in the form of RFI (Griffith-Jones et al.; Xu et al., forthcoming; see also Gelpern et al., 2021 for a very interesting and detailed analysis of these development banks' contracts, and the problems associated with them including the one discussed here, and also the issue of transparency of these debts).

There are two channels through which RFI protects itself against non-payment. First, Chinese development banks directly fund construction companies rather than borrowing governments. Second, the resource revenue goes directly to an independent escrow account established to service the debt of infrastructure loans. This reduces flexibility for debtor governments with debt servicing difficulties (eg due to commodity price shocks, and most recently COVID-19). These shocks are not the fault of the country. Part of borrowers' export revenue goes automatically into an escrow account, for repaying their infrastructure loans. If the country experiences an external shock, it is very difficult for it to defer or reduce payments to creditors to enable it to use its scarce foreign exchange for essential imports. Reducing the use of escrow accounts in future Chinese loans for infrastructure would allow more flexibility to debtor countries for future debt restructuring. But this could reduce Chinese development banks' willingness to make new loans.

2.5 The role of international bondholders in recent years

As discussed above, African countries have borrowed significant amounts on the bond markets in the past decade. However, only five out of the 23 countries in the analysis have issued international bonds over the period 2010–2019, namely Ethiopia, Guinea Bissau, Mozambique, Rwanda and Tajikistan. Ethiopia issued its first sovereign bonds to international lenders in 2014, for a total amount of US\$1 billion, exposure that remained constant up to 2019. Guinea-Bissau has reported the lowest stock of sovereign bonds; these were initially issued in 2013 and totalled only US\$130 million in 2019. Mozambique also issued its first bond in 2013, for an overall amount of US\$800 million. This debt decreased to US\$730 million three years later and remained constant until 2019. Rwanda, issued its first international sovereign bonds in 2013 for US\$400 million; this amount increased marginally in 2018. Finally, Tajikistan issued its international bonds in 2017 for an amount equal to US\$500 million.

In Table A4 in the Appendix, we have detailed all the creditors (including all creditor countries and categories of creditor) for the two periods, (2010–2014 and 2015–2019) and for the four quartiles of LICs by income levels. We believe this table could be useful for the detailed design of debt relief policies

2.6 The role of rating agencies

There are three major international credit rating agencies (CRAs): S&P Global, Moody's and Fitch. Over recent years, these institutions have become more important for developing countries. While, coverage for LICs remains limited, as shown in Table 4, they are increasingly rating other developing countries and emerging economies and have become more important compared to during previous cycles of sovereign debt crises, such as the Latin American debt crisis in the 1980s. Then, only a few countries had a sovereign rating at all. In sub-Saharan Africa, for example, only South Africa had a rating at the beginning of the 21st century (Griffith-Jones and Kraemer, forthcoming, op cit).

One peculiarity of recent developments, following the onset of the COVID-19 crisis is that, as shown in Figure 7, CRAs have almost exclusively (and in the case of S&P exclusively) downgraded emerging markets and developing economies. What explains these differences? It is true that rich, diversified economies are more resilient to shocks than poorer, more vulnerable countries. However, it is also true that the shock delivered by COVID-19 was not evenly felt across economies. In fact, the hit to growth and public debt accumulation have been twice as large for advanced economies as for emerging and developing economies. Given that context, it is not at all clear why rich countries' ratings remained largely untouched even as their poorer counterparts were subject to more extensive downgrades. More analysis is required to solve this puzzle. However, as reported in the press, it would appear that regulators from developed economies have put pressure on CRAs to not downgrade developed economies and that this may have had some effect (personal communication).

The key point is that developing economies, especially in sub-Saharan Africa are concerned that if they enter into debt relief discussions, including in the context of the G20 Common Framework for Debt Treatments beyond DSSI" (CF) discussed below, they will be downgraded by the CRAs. This is illustrated by the recent experience of Ethiopia. Ethiopia's rating was lowered following its request for 'treatment' of its public debt under the G20 CF. Under the Framework, which

was agreed on 13 November 2020, countries that had been eligible for debt suspension under the DSSI can request a more profound restructuring of the debt, implying debt reduction. A condition for participation in the CF is "broad creditor participation including the private sector".¹¹ By applying for CF debt treatment, Ethiopia has thus signalled that it is willing to approach its private creditors for debt restructuring. Although that restructuring has not yet happened, and may never happen, the CRAs consider it has become more likely (personal communication with former senior analyst at a major rating agency).

This apparent link between developing countries entering into CF discussions and being downgraded by CRAs is unfair. However, developing country regulators have relatively weak influence over CRAs. At the same time the concerns that CRA downgrades may undermine the ability of developing countries to access international capital markets in the future could be overblown as low-income countries have fairly limited access to private capital markets (especially bond markets).

Only ten out of the 23 LICs in this analysis have been rated by at least one of the three most important rating agencies (Fitch, S&P and Moody's). Across these countries, Ethiopia and Uganda are reporting relatively higher ratings, while for Madagascar and Mali (and Mozambique for Fitch) country ratings were interrupted, due to a worsening of their situations.

Figure 9. Sovereign downgrades by rating agency and country group – in cumulative notches, 28 Feb 2021 versus 31 Jan 2020

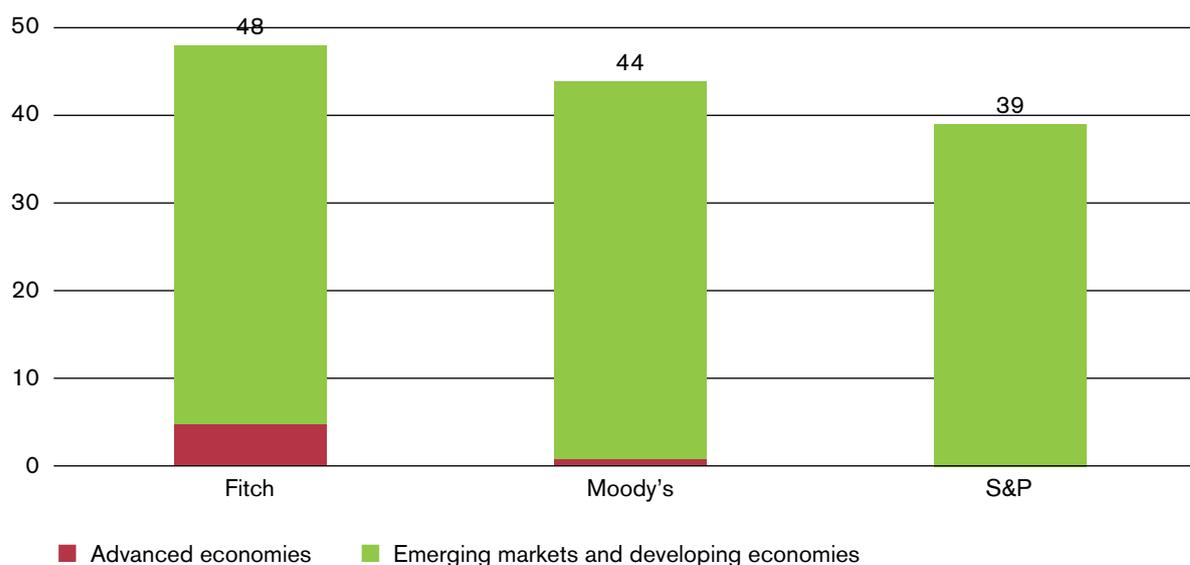


Table 4. Country ratings

COUNTRY		FITCH	S&P	MOODY'S
BFA	Burkina Faso		BBB- (2017)	
TCD	Congo, Dem. Rep.		CCC+ (2019)	
ETH	Ethiopia	B (2018)	B (2014)	B1 (2018)
MDG	Madagascar		NR ¹¹ (2009)	
MLI	Mali		NR (2008)	
MOZ	Mozambique	RD ¹² (2018)	CCC+ (2019)	Caaa3 (2016)
RWA	Rwanda	B+ (2014)	B+ (2019)	B2 (2018)
TJK	Tajikistan		B- (2017)	B3 (2017)
TGO	Togo		BBB- (2019)	
UGA	Uganda	B+ (2018)	B (2014)	B2 (2018)

Source: Authors' own elaboration

Looking forward

3

Debt relief initiatives will be required for all those countries facing unsustainable debts, both because of their increasing debt burdens before COVID-19, and the additional debt burden caused by the pandemic. Based on our analysis of the changes in the levels of debt, and especially in the structure of the debt, we present the following conclusions and policy recommendations.

Need for large-scale and timely debt relief

A key lesson from the history of debt crises is that debt relief should be on a sufficiently large scale to deal with the debt overhang problem, and should be timely to avoid unnecessary damage to development, investment, employment and poverty reduction. Indeed, as we learned from previous debt crises doing ‘too little, too late’ would set back development in debtor countries, for up to a decade, and would severely reverse progress on the SDGs. It would also reduce debtor countries’ ability to pay future debt servicing which, in turn, is harmful for creditors.

Debt relief and inclusive sustainable development

In the light of the climate and nature emergencies facing the planet, with their effects disproportionately impacting low-income countries, a link should be made between debt relief and sustainable and inclusive development (see, for example, Volz et al. 2020, and Steele and Patel 2020). Making this link would enable funds released by debt relief to be channelled towards investment in climate mitigation, adaptation and resilience and biodiversity conservation, as well as into helping make the transition to a green economy a just one. It should also increase the willingness of public and private creditors to provide debt relief, in a more timely manner and at a more significant scale, if some of the freed resources are committed to green and inclusive transformations.

Growth of private creditors

On the structure of debt, our analysis shows, in the case of Africa as a whole, that private creditors have grown significantly in importance during the 2000s; but this presents a challenge in terms of debt relief efforts. Sufficient and fair debt reduction (among creditors) for African countries needing significant debt relief requires equal treatment of public and private creditors. This would prevent relief given by public creditors being used for servicing debt to private creditors, thus allowing the relief to be channelled towards facilitating green and inclusive recovery and long-term development. Securing debt relief from private creditors may require both ‘carrots and sticks’ The ‘carrots’ may include some type of credit enhancement, for example, from

the World Bank-IDA or the African Development Bank, to encourage private creditors to provide some level of debt relief. ‘Sticks’ could involve institutions like the IMF encouraging countries with unsustainable debts to which they will provide loans to seek equivalent debt reduction from both public and private creditors, at the levels needed to make their debt sustainable.

This issue of private debt, particularly debt owed to bondholders is, however, less significant for LICs, both in Africa and globally. Their private debt for LICs has stayed broadly stable as a share of the total, at around 10%, in the last decade. Only five of the 23 LIC countries included in our analysis have issued international bonds over the period 2010–2019. However, for those five countries (which include Ethiopia, clearly now in debt difficulties), there may be a case for also including those bondholders in any debt relief – especially as the interest rate linked to servicing the bonds tends to be much higher than that paid to official creditors, particularly as much of LIC debt to official creditors is concessional. But for most LICs, and specifically those that have not raised bonds, the issue of debt relief from private creditors is less important, and it may be more effective to focus on public creditors.

Rise of China as a major creditor

As regards the issue of public creditors, both for Africa as a whole and for LICs globally, the most important change is the rapid rise of China as a major creditor. For Africa as a whole, China is the top bilateral creditor (with 13% of total credit owed by African countries) and the second largest creditor after bondholders. Furthermore, China more than doubled its already high exposure to LICs between the first and second half of the decade. As for the whole of Africa, China is also the second largest creditor for LICs (see detailed analysis above), but in this case after the World Bank-IDA. Other, more traditional bilateral creditors (like the Paris Club members) have become relatively less important in terms of share of total debt, both for Africa and for LICs.

Consequently, it is essential that any significant debt relief initiative includes Chinese creditors in equivalent ways to other public creditors. However, this could be difficult as China does not formally participate in the Paris Club although it is increasingly coordinating with it. It is also positive that China has been active in the Debt Service Suspension Initiative (DSSI), and has supported the G20 Common Framework.

As discussed, one specific problem with Chinese debt, especially via the resource-financed infrastructure (RFI) loan (whereby a government pledges future revenue from a resource project to repay an existing infrastructure loan), is that the form of payment can make restructuring the loan difficult. Part of the borrower’s export revenue goes automatically into an escrow account, for repaying their infrastructure loans.

If the country experiences an external shock, such as COVID-19, and needs to defer or reduce payments to creditors so it can use scarce foreign exchange for essential imports, it is very difficult for them to do so.

Shortcomings of G20 Debt Service Suspension Initiative and Common Framework

The G20's DSSI and Common Framework for Debt Treatment do not go far enough to address debt problems in countries with unsustainable debt. The Common Framework falls short on three counts (see Volz et al., op cit.):

1. The Framework only applies to low-income countries and some lower middle-income countries. However, many other middle-income countries have been hit hard by the COVID-19 crisis. Of the 124 million people pushed into extreme poverty in 2020 as a result of the pandemic, the World Bank estimates that eight out of ten were in middle-income countries.
2. The framework deals with countries' debt problems on a case-by-case basis and fails to address the problem that participating nations fear, of being denied market access by private creditors if they request debt relief. Since the start of the pandemic, 95% of all downgrades by the three leading global rating agencies were of developing countries, even though developed countries suffered larger declines in their GDP and larger increases in their debt-to-GDP ratios. This explains why developing countries may have reasons to fear exclusion from access to private capital markets. It should be emphasised, though, that given the small scale of private debt, in the total debt of most LICs, it may not be a priority to seek debt relief from private creditors.
3. The new framework does not require creditors and debtor countries to commit to align at least part of the additional fiscal space freed by debt relief with globally shared climate, nature and development goals. Countries failing to invest in much-needed resilience and adaptation, as well as development, will see their future debt sustainability undermined further.

In summary, we recommend the following approach to improve debt sustainability.

- All low-income and middle-income countries are supported to participate in debt restructuring, if their debt is deemed to be unsustainable.
- When assessing debt sustainability, the analysis integrates climate and other sustainability risks, as well as financing needs for climate adaptation and mitigation.
- Governments receiving debt relief commit to reforms and investments that align their policies and budgets with the 2030 Agenda for Sustainable Development and the Paris Agreement.
- Private creditors accept a reduction in their debt holdings as part of restructuring. This could be swapped with 'green recovery bonds' with Brady-type credit enhancement or guarantees – suitably adapted to current circumstances, which could be provided by a multilateral development bank.

Delaying an inevitable debt restructuring will leave over-indebted countries and their populations worse off, making it extremely difficult for them to meet the SDGs. Not only will governments fail to provide the social safeguards for their populations needed during this terrible health and social crisis. It will also prevent them from investing in resilience and in climate-proofing their economies. The international community should step up and provide, where needed, sufficient debt relief to invest in a green, inclusive and resilient recovery.

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Appendix

Table A1. List of countries analysed

LIC COUNTRIES			
AFG	Afghanistan	MDG	Madagascar
BFA	Burkina Faso	MWI	Malawi
BDI	Burundi	MLI	Mali
CAF	Central African Republic	MOZ	Mozambique
COD	Chad	NER	Niger
TCD	Congo, Dem. Rep.	RWA	Rwanda
ETH	Ethiopia	SLE	Sierra Leone
GMB	Gambia, The	SOM	Tajikistan
GIN	Guinea	TJK	Togo
GNB	Guinea-Bissau	TGO	Uganda
HTI	Haiti	UGA	Yemen, Rep.
LBR	Liberia		

Table A2. Main total external debt characteristics, by period of analysis and countries' income category.

	2010–2014		2015–2019	
	LOW-INCOME	LOWER MIDDLE-INCOME	LOW-INCOME	LOWER MIDDLE-INCOME
External debt stocks (% of GNI)	27.7	43.0	35.5	54.8
External debt stocks, long-term (current US\$ billion)	2.6 (2.9)	8.1 (10.8)	4.2 (5.6)	13.0 (15.5)
External debt stocks, long-term private (current US\$ billion)	0.7 (1.2)	3.6 (4.9)	1.3 (1.9)	4.9 (6.2)
External debt stocks, long-term public (current US\$ billion)	2.4 (2.6)	5.7 (8.7)	3.7 (5.0)	9.2 (12.4)
External debt stocks, Short-term (current US\$ billion)	0.2 (0.2)	1.1 (1.7)	0.3 (0.3)	1.4 (2.2)
External debt stocks, total (current US\$ billion)	3.1 (3.1)	9.8 (13.2)	4.8 (5.8)	14.9 (18.3)

Source: Authors' own elaboration using IDS:DSSI. Income group classification come from the World Bank Country and Lending Groups – World Bank Data Help Desk

Note: all values reported in the table refer to averages across countries' yearly indicators. Standard deviation in parenthesis.

Table A3. List of countries by period of analysis and GNI quartile

2010–2014			
BOTTOM 25%	25%–50%	50%–75%	TOP 25%
Burundi	Afghanistan	Burkina Faso	Chad
Congo, Dem. Rep.	CAR ¹³	Gambia, The	Uganda ¹⁴
Ethiopia	Guinea-Bissau ¹⁵	Guinea	Haiti
Madagascar	Liberia	Mali	Tajikistan
Malawi ¹⁶	Mozambique ¹⁷	Rwanda	Yemen, Rep.
	Niger ¹⁸		
	Sierra Leone		
	Togo		
2015–2019			
BOTTOM 25%	25%–50%	50%–75%	TOP 25%
Burundi	Afghanistan ¹⁹	Burkina Faso ²⁰	Guinea ²¹
CAR ²²	Chad ²³	Ethiopia ²⁴	Haiti
Malawi	Congo, Dem. Rep. ²⁵	Guinea-Bissau ²⁶	Mali ²⁷
Madagascar ²⁸	Liberia ²⁹	Gambia, The	Tajikistan
Mozambique ³⁰	Niger	Rwanda ³¹	Yemen, Rep. ³²
Sierra Leone ³³	Togo	Uganda ³⁴	

Table A4. Debt exposure counterpart countries, by period of analysis and GNI quartile – current US\$ billion

	BOTTOM 25%		25%–50%		50%–75%		TOP 25%	
	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019
African Dev. Bank	2.676 (0.133)	1.694 (0.143)	0.494 (0.319)	1.188 (0.198)	1.907 (0.261)	3.618 (0.992)	0.996 (0.306)	1.327 (0.949)
Algeria			0.001					
Angola		0.02 (0.000)		0.02				
Argentina			0.026					
Asian Dev. Bank		0.582 (0.012)	0.647 (0.033)	0.608 (0.010)			0.329 (0.016)	0.282 (0.012)
Austria		0.014 (0.003)	0.005 (0.004)	0.009	0.016 (0.006)	0.007 (0.002)	0.012 (0.002)	0.006 (0.001)
Bahamas	0.001 (0.000)	0.001 (0.000)		0.001				
Belarus							0 (0.000)	
Belgium	0.019 (0.008)	0.004 (0.005)	0.026 (0.014)	0.03 (0.031)	0.026 (0.008)	0.007 (0.004)	0.001	0.005 (0.001)
Bondholders	1	0.727 (0.000)	0.437 (0.589)	0.878	0.825 (0.601)	1.188 (0.405)		0.725 (0.519)
Brazil		0.449 (0.031)	0.04 (0.006)	0.093 (0.160)	0.042 (0.049)			
Canada	0.177 (0.037)	0				0.127 (0.031)	0	0.072
China	3.697 (1.659)	2.194 (0.602)	0.843 (0.526)	1.77 (0.293)	0.892 (0.861)	8.418 (3.451)	1.525 (0.294)	4.056 (3.738)
Cote D'Ivoire, Republic Of				0.022				
Czech Republic	0 (0.000)				0.012 (0.000)	0.003 (0.006)		0.012 (0.000)
Denmark	0.045	0.065 (0.008)	0.082 (0.017)	0.038 (0.052)	0.046 (0.044)	0.002	0.002 (0.000)	0.002 (0.000)

	BOTTOM 25%		25%–50%		50%–75%		TOP 25%	
	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019
Egypt	0.14 (0.020)				0.005 (0.000)	0.05 (0.013)		0.005 (0.000)
France	0.414 (0.132)	0.301 (0.051)	0.127 (0.113)	0.233 (0.055)	0.387 (0.150)	0.387 (0.081)	0.133 (0.029)	0.345 (0.273)
Germany, Fed. Rep. of	0.011 (0.015)	0.062 (0.054)		0.031 (0.043)	0.005 (0.001)	0.033 (0.016)	0.02 (0.007)	0.026 (0.012)
Greece	0.001 (0.002)	0.002		0.004				
Hong Kong	0							
Hungary	0.001		0.001		0.001			
India	0 (0.000)							
Inter- American Dev. Bank	0.725 (0.235)	0.536 (0.096)	0.138 (0.060)	0.311 (0.106)	0.33 (0.100)	0.551 (0.263)	0.051 (0.009)	0.25 (0.177)
IMF							0.486	0.001 (0.000)
Iran, Islamic Republic Of		0.009 (0.000)	0.009 (0.000)	0.009 (0.000)			0.012 (0.005)	0.004 (0.002)
Ireland		0.059 (0.003)		0.057				
Israel	0.008					0.099 (0.039)		0.148
Italy	0.26 (0.049)	0.017 (0.022)		0.001 (0.000)	0.041 (0.033)	0.287 (0.242)	0.048 (0.001)	0.136 (0.214)
Japan	0.065	0.255 (0.124)	0.023 (0.028)	0.097 (0.027)	0.063 (0.024)	0.366 (0.214)	0.296 (0.033)	0.242 (0.044)
Kuwait	0.223 (0.021)	0.2 (0.026)	0.172 (0.027)	0.187 (0.047)	0.321 (0.018)	0.291 (0.077)	0.281 (0.014)	0.302 (0.055)
Libya	0.381 (0.097)	0.292 (0.119)	0.178 (0.215)	0.239 (0.124)	0.214 (0.170)	0.318 (0.215)	0.292 (0.017)	0.084 (0.116)

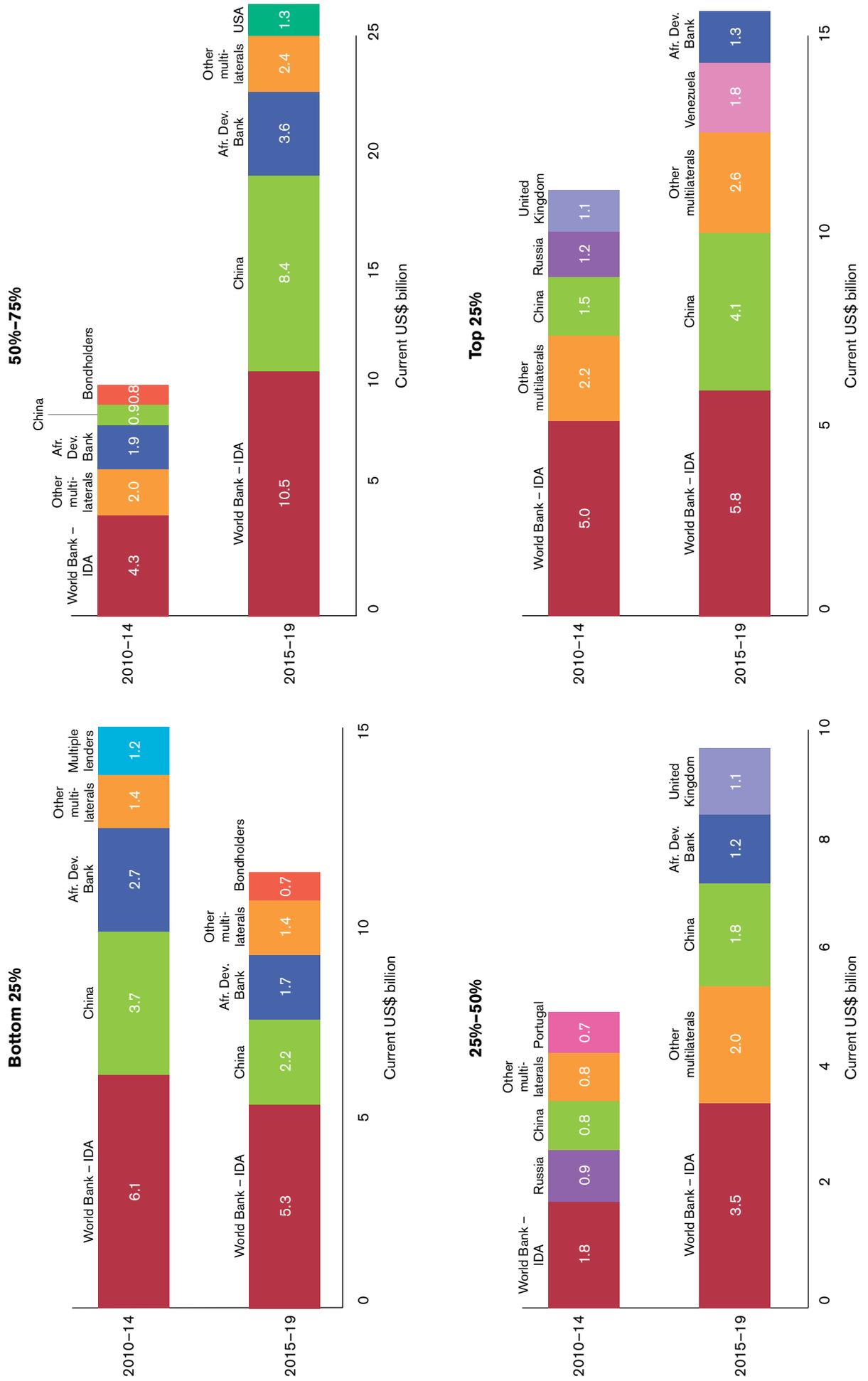
	BOTTOM 25%		25%–50%		50%–75%		TOP 25%	
	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019
Mauritius	0.001 (0.001)							
Multiple Lenders	1.234 (0.162)	0.71 (0.586)	0.078 (0.129)	0.932 (0.492)	0.229 (0.131)	0.044 (0.001)	0.005 (0.000)	0.039 (0.019)
Neth. Antilles			0.001 (0.000)					
Netherlands	0.006 (0.000)	0.006 (0.000)	0.009	0.006	0.008 (0.005)	0.003 (0.002)	0.004 (0.003)	0.001 (0.001)
Niger	0		0 (0.000)					
Nigeria					0.009	0.009 (0.000)	0.009 (0.000)	0.009
Norway					0.012 (0.000)			
Other Bilateral	0.373 (0.050)	0.676 (0.199)	0.428 (0.243)	0.451 (0.151)	0.344 (0.266)	0.479 (0.182)	0.264 (0.037)	0.284 (0.179)
Other Multilaterals	1.387 (0.104)	1.394 (0.120)	0.837 (0.244)	2.014 (0.310)	1.988 (0.228)	2.431 (0.774)	2.214 (0.291)	2.614 (0.222)
Other Multiple Lenders	0 (0.000)							
Portugal	0.072 (0.122)	0.636 (0.048)	0.684 (0.139)	0.223 (0.384)	0.514 (0.374)			
Russian Federation	0.245 (0.001)	0.549 (0.491)	0.902 (0.118)	0.95 (0.118)	0.131 (0.123)	0.349 (0.418)	1.163 (0.030)	0.91 (0.418)
Saudi Arabia	0.1 (0.013)	0.162 (0.051)	0.146 (0.019)	0.188 (0.033)	0.276 (0.011)	0.468 (0.587)	0.985 (0.538)	1.244 (0.532)
Serbia	0.018 (0.013)	0.024 (0.000)	0.027 (0.005)	0.024	0.015 (0.002)	0.008 (0.008)		0.017 (0.002)
South Africa	0.009					0.082 (0.029)		0.134
Spain	0.022 (0.021)	0.024 (0.010)	0.028 (0.006)	0.012 (0.018)	0.027 (0.010)	0.016	0.029 (0.009)	0.016 (0.000)

	BOTTOM 25%		25%–50%		50%–75%		TOP 25%	
	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019	2010–2014	2015–2019
Sweden					0	0.148 (0.024)	0	0.119
Switzerland	0.057 (0.074)	0.002 (0.000)	0.008 (0.008)	0.002	0.012 (0.001)	0.804 (0.193)		0.227 (0.438)
Thailand					0.001 (0.000)	0.001		0.001 (0.000)
Togo					0 (0.000)			
Turkey						0.235 (0.104)	0	0.24
United Arab Emirates	0.132 (0.078)	0.026 (0.043)	0.008 (0.006)	0.024 (0.042)	0.012 (0.003)	0.023 (0.011)	0.007 (0.003)	0.021 (0.017)
United Kingdom	0.006 (0.002)	0.572 (0.356)	0.622	1.136 (0.669)	0.313 (0.483)	0.797 (0.701)	1.068 (0.662)	0.108 (0.176)
United States	1.118 (0.511)	0.002 (0.001)	0.006 (0.002)	0.008 (0.004)	0.038 (0.038)	1.33 (0.705)	0.107 (0.002)	0.36 (0.578)
Venezuela, Rep. Bolivarian							0.84 (0.594)	1.793 (0.044)
World Bank-IDA	6.059 (0.882)	5.274 (1.069)	1.83 (1.003)	3.539 (0.489)	4.315 (1.031)	10.525 (3.137)	5.013 (0.868)	5.821 (3.550)
World	19.7 (3.4)	16.6 (3.4)	7.5 (3.7)	13.5 (1.6)	12.6 (3.9)	33.0 (7.5)	15.2 (2.9)	21.2 (10.0)

Source: Authors' own elaboration using IDS:DSSI.

Note: Table A4 reports the list of creditors and their total average yearly exposure, by GNI quartile and period. Standard deviation in parenthesis.

Figure A1. Top 5 creditors by public credit stock, by period and GNI per capita quartile



Endnotes

- 1 DSA ratings are performed under the Debt Sustainability Analysis (DSA) framework, carried out by the International Monetary Fund.
- 2 World Bank Country and Lending Groups – World Bank Data Help Desk .<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-group>
- 3 The discrepancy between the sum of long term and short-term debt and total external debt stock is due to IMF credit, which is not included in this table.
- 4 For the complete list of countries within each GNI quartile by period, please refer to Table A2 in the Appendix.
- 5 Average interest rate on all new public and publicly guaranteed loans contracted during the year.
- 6 <https://databank.worldbank.org/source/international-debt-statistics:-dssi>. (accessed on 27/01/2021)
- 7 For short-term debt, it is not possible to distinguish between the public and private nature of the debtor.
- 8 Concessional debt indicates the amount of aid received from official lenders at concessional terms defined by OECD or by the major multilateral development banks (IADB, Asian DB, African DB, etc.).
- 9 The category “Multiple lenders” refers to the syndicated commercial bank loans where multiple banks are involved.
- 10 For the top five countries and institutions in terms of yearly average credit towards all countries part of this analysis by quartile of GNI per capita, please refer to Figure A1 in the Appendix
- 11 <https://www.imf.org/-/media/Files/News/news-articles/english-extraordinary-g20-fmcbg-statement-november-13.ashx>
- 12 NR refers to countries for which the rating has been interrupted.
- 13 RD refers to countries for which the rating has been interrupted.
- 14 In 2013 and 2014, Central African Republic was in the “Bottom 25%” GNI quartile.
- 15 In 2010, Uganda was in the “Bottom 25%” GNI quartile.
- 16 In 2010 and 2011, Guinea-Bissau was in the “50%–75%” GNI quartile.
- 17 In 2010, Malawi was in the “25%–50%” GNI quartile.
- 18 In 2010, Mozambique was in the “25%–50%” GNI quartile; in 2012 and 2014 was in the “50%–75%” GNI quartile.
- 19 In 2012, Niger was in the “Bottom 25%” GNI quartile.
- 20 In 2018 and 2019, Afghanistan was in the “Bottom 25%” GNI quartile
- 21 In 2015 and 2017, Burkina Faso was in the “25%–50%” GNI quartile.
- 22 In 2016, Guinea was in the “50%–75%” GNI quartile.
- 23 In 2018, Central African Republic was in the “25%–50%” GNI quartile.
- 24 In 2015 and 2016, Chad was in the “50%–75%” GNI quartile.
- 25 In 2019, Ethiopia was in the “Top 25%” GNI quartile
- 26 In 2015 and 2017, Congo Dem. Rep. was in the “Bottom 25%” GNI quartile
- 27 In 2015, Guinea-Bissau was in the “25%–50%” GNI quartile.
- 28 In 2015, Mali was in the “50%–75%” GNI quartile.
- 29 In 2017, Madagascar was in the “25%–50%” GNI quartile.
- 30 In 2015, Liberia was in the “50%–75%” GNI quartile.
- 31 In 2015, Mozambique was in the “25%–50%” GNI quartile.
- 32 In 2016, Rwanda was in the “Top 25%” GNI quartile.
- 33 In 2015, Yemen, Rep. was in the “50%–75%” GNI quartile.
- 34 In 2015 and 2019, Sierra Leone was in the “25%–50%” GNI quartile.
- 35 In 2015, Uganda was in the “Top 25%” GNI quartile.

Abbreviations and acronyms

CBD	Chinese Development Bank
CF	Common Framework (G20 Common Framework for Debt Treatments beyond the DSSI)
COVID-19	Novel coronavirus 2019
CRA	credit rating agency
DSA	Debt Sustainability Analysis (World Bank Group & IMF)
DSSI	Debt Service Suspension Initiative (G20)
GDP	gross domestic product
GNI	gross national income
IDA	International Development Association (World Bank)
IMF	International Monetary Fund
LIC	low-income country
LMIC	lower middle-income country
MIC	middle-income country
SDGs	Sustainable Development Goals
UMIC	upper middle-income country
WDI	World Development Indicators (World Bank)

The public debt of low-income countries is increasing significantly, with the ratio of public debt service costs to government tax revenue likely to exceed 30% in a third of low-income countries. This could reduce their ability to respond to the COVID-19 pandemic, and to lead an economic recovery that responds to climate change and supports the Sustainable Development Goals. Rapid and sufficient international debt relief for countries that need it is therefore an urgent priority. This needs to take into account the changed structure of debt and the diversity of lenders. An important change in the structure of this debt is that both Chinese and private creditors, especially bondholders, have rapidly increased their share of credit to emerging economies.

This paper analyses the extent of the growing debt crisis in low-income economies – particularly in Africa, its complex and diverse nature, and the implications for international debt relief efforts. It is part of a series of publications from a collaborative research initiative between IIED and IDRC on the triple crisis of debt, climate and nature.

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