

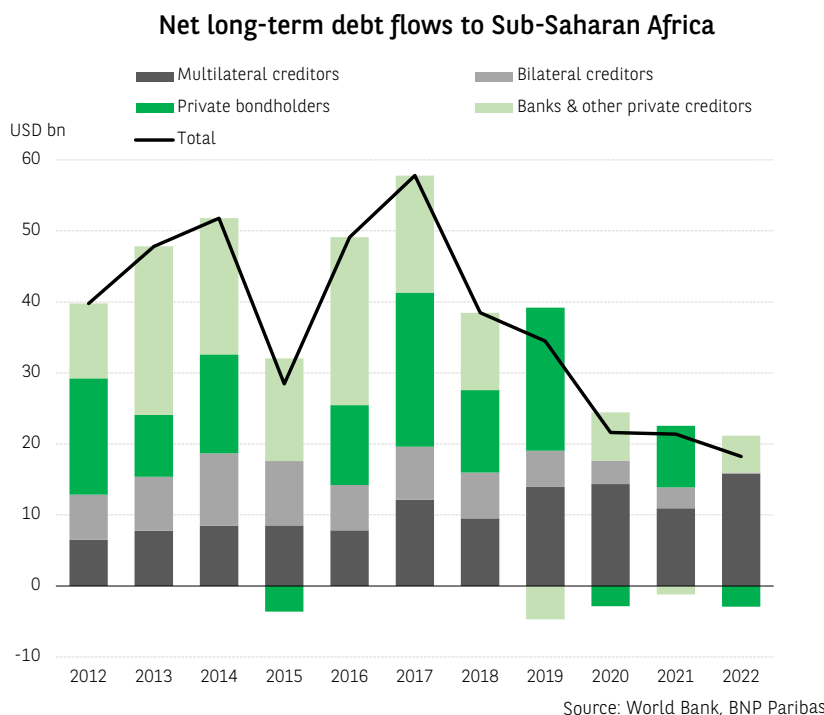
CHART OF THE WEEK



20 December 2023

SUB-SAHARAN AFRICA: MULTILATERAL CREDITORS HAVE REDOUBLED THEIR EFFORTS TO FINANCE THE REGION

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According to the World Bank's report published last week, the external debt stock of all low- and middle-income countries (LMICs) contracted in 2022, for the first time since 2015. However, this observation does not apply to sub-Saharan Africa (consisting exclusively of LMICs with the exception of the Seychelles): the region's external debt continued to rise in 2022, reaching USD 832.8 bn, a figure up 2.1% compared to 2021.

While overall LMICs accumulated net long-term debt outflows in 2022, driven by a massive withdrawal of private external creditors, net long-term debt inflows in sub-Saharan Africa remained positive. Nevertheless, they fell slightly, reaching USD 18.2 bn. In particular, the region has benefited from increased support from multilateral lenders. Indeed, since 2020, multilateral creditors have become the main contributors to net long-term debt inflows in sub-Saharan Africa. On the one hand, their intervention offset a share of the decline in long-term financing from private bondholders in the region, caused by the pandemic and the global monetary tightening cycle. Multilateral creditors also helped offset the gradual decline in net long-term debt flows from bilateral creditors, notably due to China's change in strategy: in 2022, for the first time, net flows of official long-term credit from China to sub-Saharan Africa became negative (by USD 662 million).

Sub-Saharan Africa's external debt service reached a new record of nearly USD 79 bn in 2022. Interest payments on debt, amounting to USD 20 bn, increased by 11% year-on-year, and are expected to continue to rise in 2023-24, taking into account less favourable international financing conditions in the long term. While sub-Saharan Africa has remained excluded from international capital markets since April 2022, concerns relate in particular to countries that will face large principal repayments of Eurobonds in 2024: Kenya, Zambia (already in debt restructuring), and Ethiopia, which announced last week that it had failed to pay a coupon on its Eurobond.

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