



**AFRICA CENTER  
FOR STRATEGIC STUDIES**

## **Concurrent Session: Domestic and External Debt**

**Luka Kuol, PhD**

# Managing Security Resources in Africa (MSRA) Symposium

External and Domestic Debt Trends in Africa

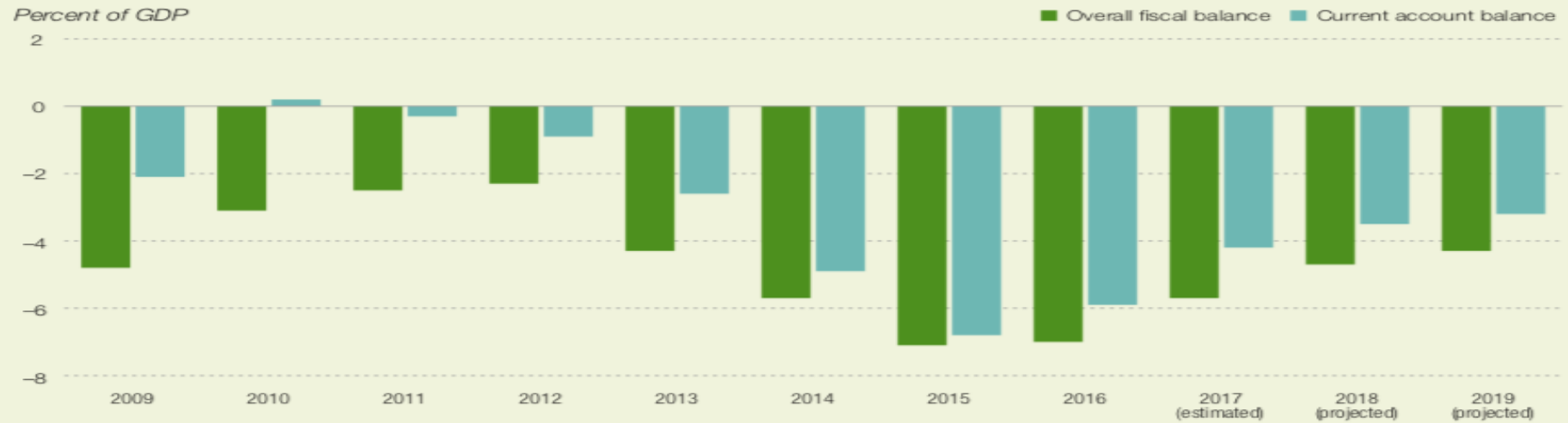
Luka Kuol, PhD

Africa Center for Strategic Studies

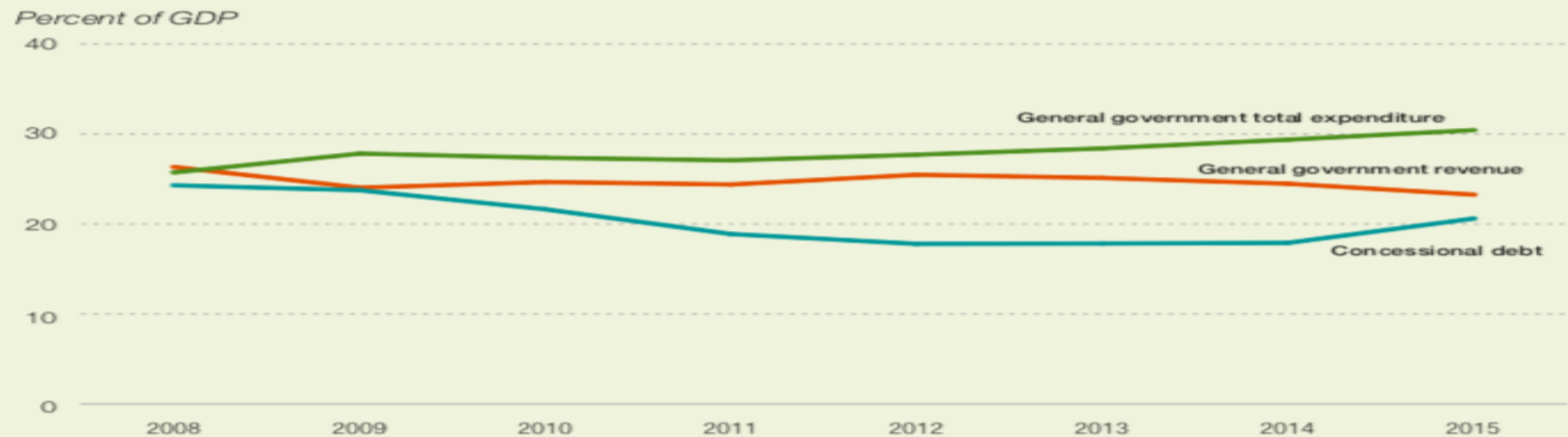
Abidjan, Côte d'Ivoire , 11 December 2019



# The Overall Fiscal and Current Account Balance in Africa



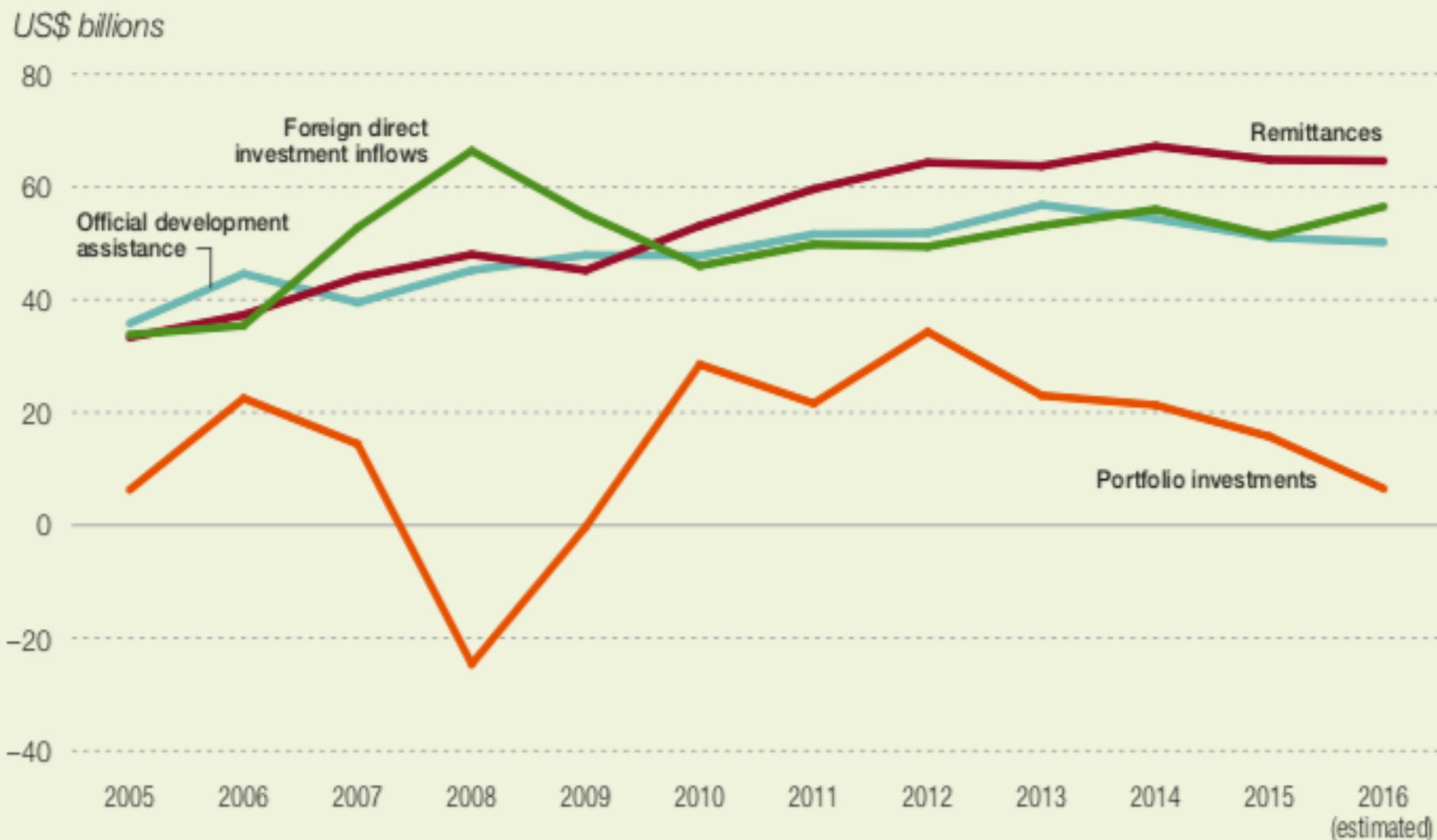
Source: AfDB statistics.



Source: AfDB statistics.

Source: Africa Development Bank, 2018. "African Development Outlook 2018".

# Financing of Current Account Balance in Africa



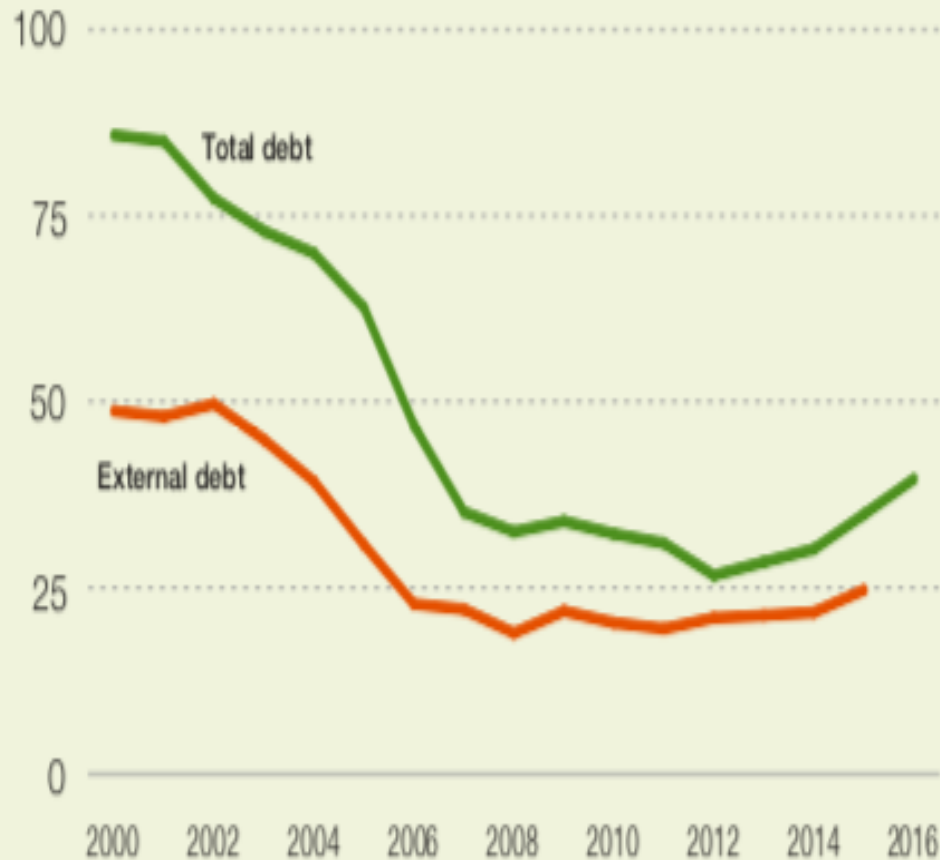
Source: AfDB computations.

Source: Africa Development Bank, 2018. "African Development Outlook 2018".

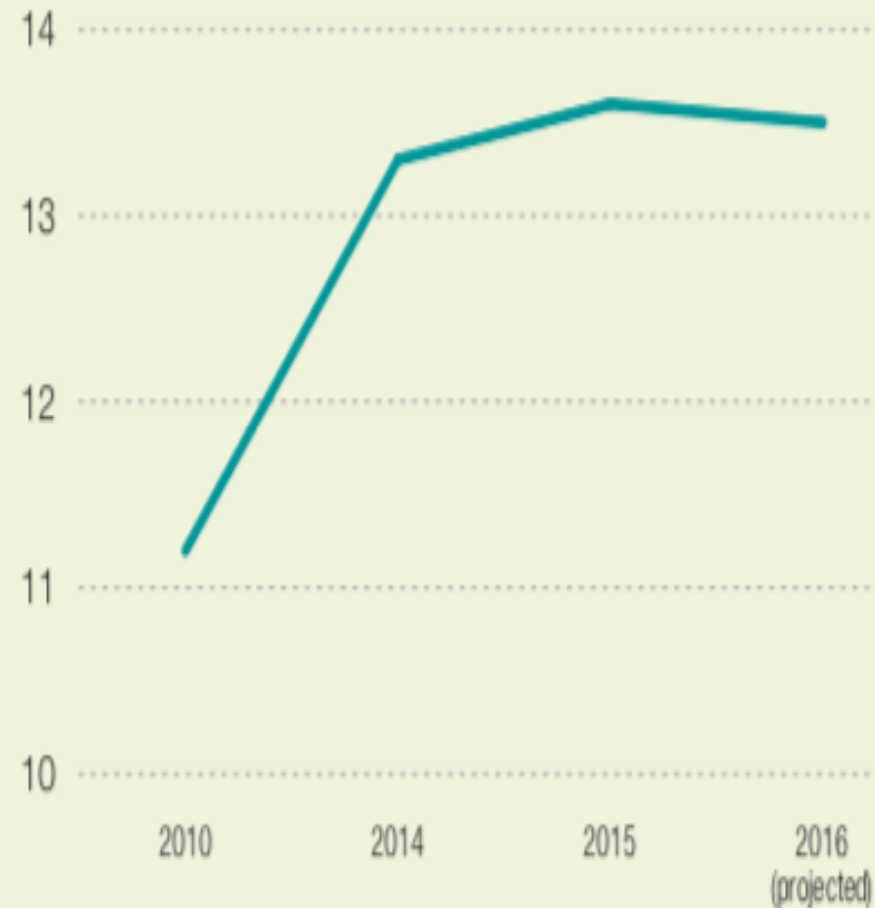
# Domestic and External Debt Trend in Africa

Percent of GDP

a. Total and external debt



b. Domestic debt, Africa



Source: Africa Development Bank, 2018. "African Development Outlook 2018".

# Debt Payment and Risk of Debt Distress in Africa

Low risk (10)	Moderate risk (20)	High risk (7)	In debt distress (2)
Benin Ethiopia Kenya Liberia Madagascar Nigeria Rwanda Senegal United Republic of Tanzania Uganda	Angola Burkina Faso Cabo Verde Cameroon Comoros Congo Côte d'Ivoire Democratic Rep. of the Congo Gambia Guinea Guinea-Bissau Lesotho Malawi Mali Mozambique Niger Sierra Leone South Sudan Togo Zambia	Burundi Central African Republic Chad Djibouti Ghana Mauritania Sao Tome and Principe	Sudan Zimbabwe

Source: IMF, 2015a, updated November 2015 with available IMF country reports and debt sustainability analyses.

Source: UNCTAD, 2016, “Debt Dynamics and Development Financing in Africa”

# Kenya: Debt Payment and Risk of Debt Distress



Government Income and Expenditure Statement, July 2018		KSh Billion
<b>Receipts</b>		
Opening balance		102.8
Revenue		99.0
Domestic Borrowing		30.0
<b>Expenditure</b>		
Consolidated Fund Services,		
Debt service		68.2
Pensions & other		3.3
Exchequer Issues		
Recurrent		49.5
Development		0.0
Counties		0.0
<b>Closing balance</b>		<b>110.7</b>

Kenya Public Debt Service, KShBillion			
	FY 2013/14	FY 2018/19	Increase, %
Principal	123	470	282
Domestic	92	220	139
External	31	250	706
interest	141	400	184
Domestic	119	286	140
Foreign	14	114	714
Total	264	870	230

Kenya Public Debt 2013 - 2018 KShBillion				
	2013	2018	Increase, KShb	Increase, %
Foreign, of which	900	2,648	1,748	194
China	63	553	490	778
Bilateral (excl. China)	212	258	46	22
Multilateral	566	878	312	55
Commercial	59	959	900	1,525
Domestic	889	2,478	1,589	179
Total	1,789	5,126	3,337	187

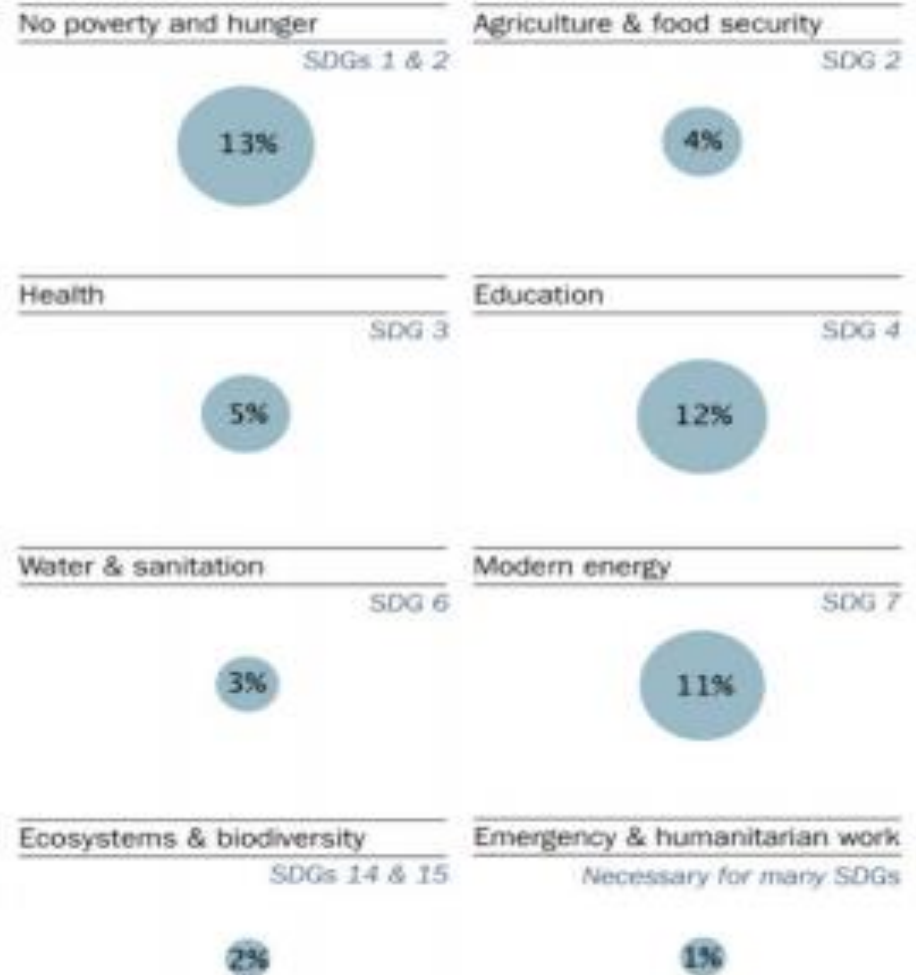
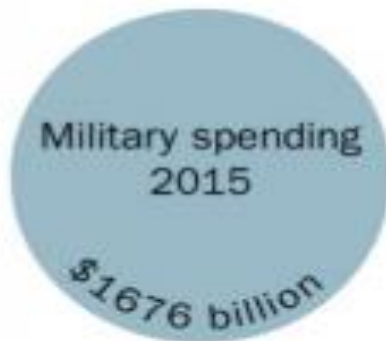
Source: Ndi, 2018. "Mr Kenyatta, in Debt Stress"



# Opportunity Cost: Military Expenditure and SDGs

## What could the reallocation of global military spending achieve?

The annual cost of the UN's Sustainable Development Goals (SDGs) as a share of total global military expenditure in 2015.



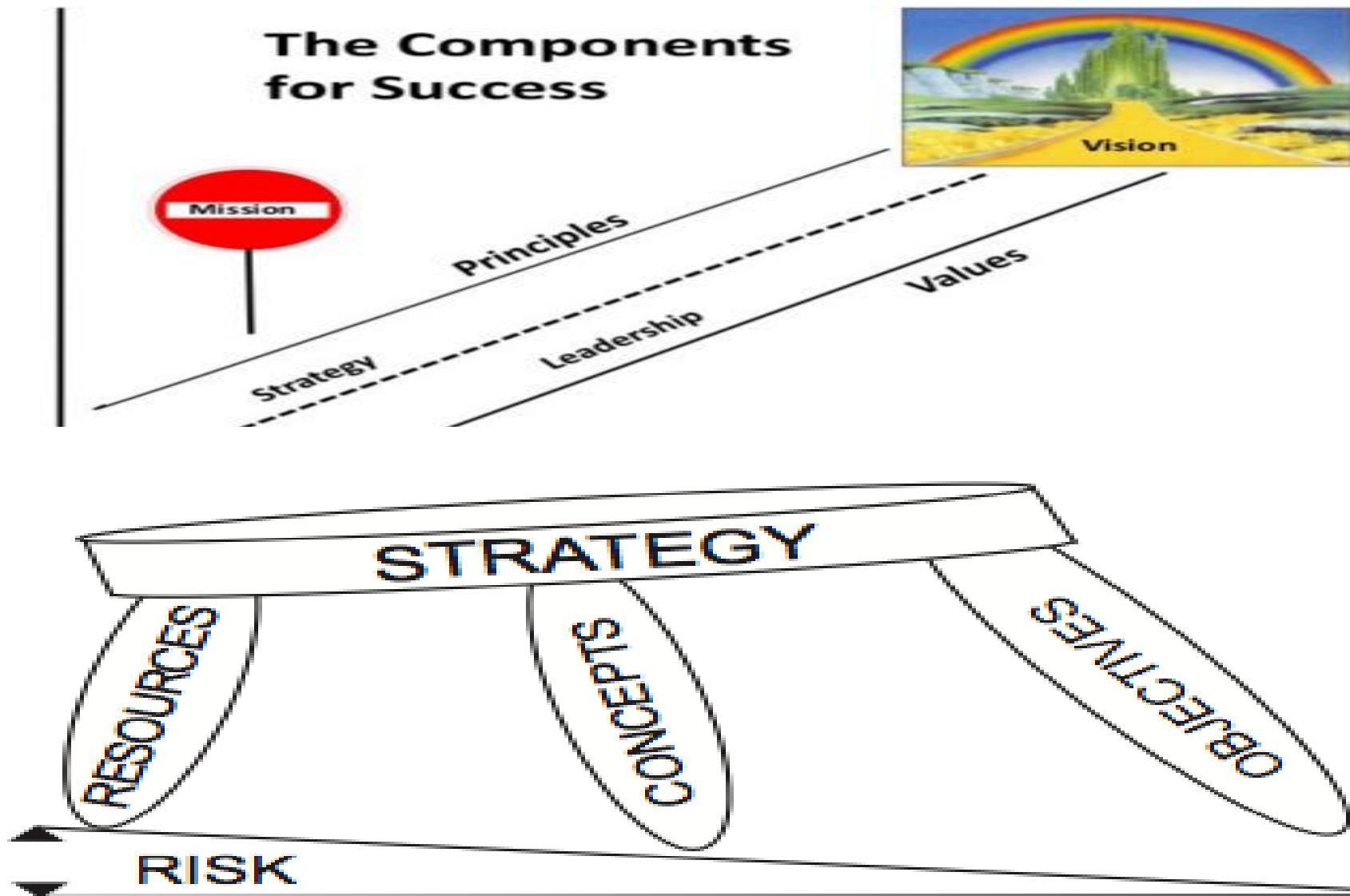
Sources: SIPRI, Sustainable Development Solutions Network and UN Food and Agriculture Organization

[www.sipri.org](http://www.sipri.org)  
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# National Security Strategy and Management of Public Debt



# Best Practices and Tools for Managing External Debt

## 💧 Addressing Accumulation of Debt:

- The Joint World Bank-IMF Debt Sustainability Framework (*ex ante response*).
- Debt Relief and Workout Mechanisms (*ex post response*)

## 💧 Domestic Financing Mechanisms:

- Private-Public Partnerships
- Climate-related Funds
- Remittances and Diaspora Bonds
- Stemming Illicit Financial Flows
- Domestic Debt Markets

## 💧 Regional Integration:

Source: UNCTAD, 2016. “Debt Dynamics and Development Finance in Africa”



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