Conference on Africa’s rising debt

5–6 November 2018

ODI
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Overview

Day 1	Monday 5 November
10:00 – 11:00	Registration and coffee/tea
11:00 – 13:00	Welcome and keynote address from Dr Antoinette Monsio Sayeh
13:00 – 14:00	Lunch
14:00 – 15:30	**Session 1.** Debt dynamics in Africa’s complex financing landscape
15:30 – 16:00	Coffee
16:00 – 17:30	**Session 2.** Sustainable and transparent lending
17:30 – 18:30	Evening reception with keynote address from Razia Khan
Day 2	**Tuesday 6 November**
08:30 – 09:00	Registration and coffee/tea
09:00 – 10:30	**Session 3.** Challenges and reforms at the country level
10:30 – 11:00	Coffee
11:00 – 12:30	**Session 4.** Restructuring sovereign debt
12:30 – 13:15	Recommendations and closing with keynote address from Dr Donald Kaberuka
13:15 – 14:30	Lunch

Introduction

There are growing fears about a looming debt crisis across the world's poorest countries, particularly in sub-Saharan Africa (SSA). Eight countries are already in debt distress and a further 18 countries are at high risk of joining them, a number that has more than doubled since 2013. Although debt relief programmes have freed up resources for development over the last decade, a poorly managed debt crisis could threaten this progress and hinder the achievement of global commitments to end extreme poverty.

Yet the international architecture for preventing and resolving debt crises has not kept up with the substantial changes in the financing landscape. While new providers and new (debt-creating) sources of development financing offer an opportunity to help finance the huge development needs in SSA, they also bring challenges. The lending practices of official bilateral lenders, commercial creditors and private sector investors often lack transparency, while attempts to develop debt instruments that embed more resilience into the debt structure of the recipient country have had limited success.

Moreover, the changing landscape of creditors will make any future debt restructuring processes more difficult, with previous solutions in low-income countries traditionally focusing on restructuring bilateral and multilateral sovereign lending. Much more of the debt is now on commercial terms and from non-traditional official bilateral creditors, sovereign bond markets, and other foreign commercial lenders. This evolving creditor landscape, together with the absence of an international debt workout mechanism, means that resolution of debt crisis is going to be more difficult going forward.

National authorities tasked with managing public debt are also being confronted with a volatile global economic environment, bringing with it challenges for effective debt management. The recent volatility of interest rates, exchange rates, commodity prices and debt flows have highlighted the need for strong debt management practices. Changes in the financing landscape have not only increased the exposure of the debt portfolio to shocks but they have also undermined accountability and transparency in some instances.

This conference aims to:

- help stakeholders better grasp the drivers of debt dynamics, future trajectories and risks for debt sustainability in SSA countries
- identify actions and responsibilities at the national and international level to build resilience to shocks and to encourage more sustainable and transparent lending and borrowing
- review options for improving existing frameworks to ensure effective, fair and transparent sovereign debt crisis resolutions.

Day 1 – Monday 5 November

11:00 – 13:00 Welcome and keynote address from Dr Antoinette Monsio Sayeh

Welcome remarks

Alex Thier, Executive Director, ODI

Scene setting

Simon Gill, Acting Managing Director, ODI

Opening keynote speaker

Dr Antoinette Monsio Sayeh

Keynote biography

Antoinette Monsio Sayeh was previously director of the African Department at the International Monetary Fund (IMF) from July 2008 to August 2016 and oversaw and enhanced engagement with its sub-Saharan African members. As Minister of Finance in post-conflict Liberia, Sayeh led the country through the clearance of its long-standing multilateral debt arrears, the HIPC Decision Point, the Paris Club, and its first Poverty Reduction Strategy, significantly strengthening its public finances and championing public financial management reform. Before joining President Ellen Johnson Sirleaf's Cabinet, she worked for the World Bank for 17 years, including as country director for Benin, Niger, and Togo; senior country economist on Pakistan and Afghanistan, as well as an advisor in the Bank's Operations Policy Vice Presidency and as assistant to its principal managing director. She is currently a Distinguished Visiting Fellow at CGD.

14:00 – 15:30 Session 1. Debt dynamics in Africa's complex financing landscape

Agenda

Many experts are sounding the alarm on rising public debt in several SSA countries. However, there is considerable disagreement on the gravity of the situation. Such divergence is due to different assumptions behind future debt trajectories and monitoring frameworks. The wider range of financing instruments and mechanisms such as international sovereign bonds and public–private partnerships offers more choice to governments but they can also undermine a recipient country's debt sustainability if poorly managed.

In this session, we will address the following key questions:

- What are the potential debt trajectories in SSA and which countries are most vulnerable of being in debt distress?
- What are the risks for debt sustainability associated with relatively new and less concessional sources of finance?
- How can existing frameworks for monitoring debt vulnerabilities be improved?

Panellists

Fanwell Bokosi, Executive Director, African Forum and Network on Debt and Development
Doerte Doemeland, Practice Manager, Global Macro and Debt Analytics in the Macroeconomics, Trade and Investment (MTI) Global Practice, World Bank Group
Annalisa Prizzon, Senior Research Fellow, ODI
David Robinson, Deputy Director, African Department, IMF
Gregory Smith, Director, Fixed Income Strategist, Emerging Markets, Renaissance Capital

Chair

Jonathan Rosenthal, Africa Editor, The Economist

16:00 – 17:30 Session 2. Sustainable and transparent lending

Agenda

Creditors have a critical role in preventing unsustainable debt situations. However, despite global momentum around responsible investment, the lending practices of relatively new official bilateral lenders, commercial creditors and private sector investors are not always seen as compatible with existing voluntary guidelines for sustainable financing in some of the world's weakest economies. The lack of transparency when issuing debt and the rise of collateralised debt are causes for concern. With no internationally recognised rules on when and what details of a transaction are disclosed, it is almost impossible to monitor lending.

Creditors can also ensure sovereign debt is sustainable by offering financial instruments that embed resilience to shocks into the debt structure of the recipient country, e.g. state-contingent instruments. Yet their uptake has been limited due to several practical costs and constraints that have inhibited their issuance.

In this session, we will address the following key questions:

- How effective have voluntary guidelines for sustainable and transparent lending been so far and what more can be done as part of the responsible investment agenda?
- What metrics and mechanisms can be applied to monitor whether creditors lend in a sustainable and transparent manner?
- What are the advantages and challenges of state-contingent debt instruments as tools to ensure debt sustainability?

Panellists

Ruurd Brouwer, CEO, TCX Fund
Jamie Drummond, Co-Founder and Executive Director, Global Strategy, ONE
Yannis Manuelides, Partner, Allen & Overy LLP
Giulia Pellegrini, Portfolio Manager and Director of Research for Frontier Markets, BlackRock
Judith Tyson, Research Fellow, ODI

Chair

Dirk Willem te Velde, Head of Programme – International Economic Development Group, ODI

17:30 – 18:30 Evening reception

Address

Razia Khan, Chief Economist for Africa and the Middle East, Standard Chartered

Keynote biography

Razia Khan is Chief Economist for Africa and the Middle East at Standard Chartered, with over 20 years of experience covering emerging and frontier markets. She is a well-known commentator on the region, and has provided regular updates to central banks, finance ministries and sovereign wealth funds. She currently serves on the WEF's Global Future Council on Migration and on the Advisory Board of the Royal Africa Society. She was named one of the '100 Most Influential Africans' in 2015 by New African Magazine, and the '100 Africa Economics Leaders' by Institut Choiseul (2017).

Day 2 – Tuesday 6 November

9:00 – 10:30 Session 3. Challenges and reforms at the country level

Agenda

National officials and policy-makers play a critical role in ensuring public debt levels remain on a sustainable path. While some governments have borrowed responsibly, diversifying their economies and improving infrastructure, other governments have been relatively less successful in borrowing for productive investments.

However, even these 'success' countries are finding it increasingly difficult to keep debt costs and risks low and sustainable. Increasing reliance on more expensive domestic and external commercial debt, the rise in contingent liabilities, and more unsolicited financing proposals from the private sector are some of the new challenges that debt managers must confront. Such financing options have not only increased the exposure of the debt portfolio to shocks but have also undermined accountability and transparency in some instances.

This session will address the following key questions:

- What factors have enabled some SSA countries to borrow responsibly following debt relief?
- What challenges does the evolving finance landscape pose to policy-makers in SSA when it comes to ensuring that the level and rate of growth in their public debt is sustainable?
- How can the providers of technical assistance better support national authorities to ensure that borrowing is responsible, and that risks are better managed in a volatile environment?

Panellists

Santigie Charles Conteh, Head of Public Debt Management Division, Ministry of Finance and Economic Development, Sierra Leone
Godfrey A. Dhatemwa, Commissioner Debt Policy and Issuance, Ministry of Finance Planning and Economic Development, Uganda
Matthew Martin, Director, Development Finance International
Shakira Mustapha, Research Fellow, ODI
Carolina Renteria, Division Chief Public Financial Management Division, Fiscal Affairs Department, IMF

Chair

Marcus Manuel, Senior Research Associate, ODI

11:00 – 12:30 Session 4. Restructuring sovereign debt

Agenda

In today's world, the process of sovereign debt restructuring is becoming increasingly unpredictable. Given current geopolitical constraints and the absence of a multilateral legal framework, improving a market-based approach has been the focus of many. Recent controversies surrounding sovereign debt restructurings, however, reveal the weaknesses of this approach in achieving efficient and fair solutions to sovereign debt crises.

At the same time, more traditional approaches to debt restructuring in low-income countries, specifically the Paris Club, are now potentially obsolete because of the growing importance of non-traditional lenders outside this Club. The overall resolution process has also become more complicated with lending by commodity traders being collateralised by assets. In addition, it is unclear whether the claims of a group of new plurilateral lenders have to be serviced before others.

We will address the following key questions:

- How effective has the implementation of collective action clauses been, and what further improvements can be made?
- What challenges does the evolving financing landscape pose to sovereign debt restructuring, particularly the Paris Club and market-based approaches, and what are some possible solutions?
- What incremental steps can be taken to improve the architecture for sovereign debt restructuring to assess legitimacy of debt claims, deal with creditor coordination, address aggressive litigation strategies by 'vulture funds' against sovereign debtors, and link debt restructurings to SDG financing needs and human rights?

Panellists

Isabelle Bui, Secretary General, Paris Club
Penelope Hawkins, Senior Economic Affairs Officer, GDS/United Nations Conference on Trade and Development
Tim Jones, Senior Campaigns and Policy Officer, Jubilee Debt Campaign
Benu Schneider, Adjunct Senior Research Fellow, Research and Information System for Developing Countries, RIS, New Delhi
Deborah Zandstra, Partner, Clifford Chance, London

Chair

Jesse Griffiths, Head of Programme, Development Strategy and Finance, ODI

12:30 – 13:15 Recommendations and closing session

Panellists

Fanwell Bokosi, Executive Director, African Forum and Network on Debt and Development
Shanta Devarajan, Senior Director, Development Economics and Acting Chief Economist of the World Bank Group
Jamie Drummond, Co-Founder and Executive Director, Global Strategy, ONE
Baba Musa, Director of Debt Management Department, West African Institute for Financial and Economic Management
Carolina Renteria, Division Chief Public Financial Management Division, Fiscal Affairs Department, IMF

Chair

Simon Gill, Acting Managing Director, Economics and Finance

Keynote speaker

Dr Donald Kaberuka

Keynote biography

Dr Donald Kaberuka is the current High Representative of the African Union Peace Fund and CGD Distinguished Visiting Fellow, and is former president of the African Development Bank Group (AfDB). During his tenure as president of the AfDB, Kaberuka tripled its capital and doubled the bank's portfolio. He championed an inclusive growth agenda and promoted a strong link between security, development and the environment, establishing a ring-fenced facility for conflict-affected countries.

Kaberuka served as governor for Rwanda for the International Monetary Fund and the World Bank from 1997 to 2005. Prior to this, he worked in the private sector in the commodities business, including a term as chief economist of the Inter-African Coffee Organization. Kaberuka is currently the Hauser Leader-in-Residence at the John F. Kennedy School of Government at Harvard University.

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