

OECD Statistical Yearbook on African Central Government Debt: Summary and Overview

by

Hans J. Blommestein and Perla Ibarlucea Flores*

The borrowing requirements of African governments in financing their budget deficits are increasingly met by selling marketable instruments but also by the issuance of non-marketable debt in the form of bi-lateral, multi-lateral and concessional loans.

The second edition of the OECD Statistical Yearbook on African Central Government Debt provides comprehensive quantitative information on African central government debt instruments, including both marketable and non-marketable debt. Individual country data are presented in a comprehensive standard framework to facilitate cross-country comparison.

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* Hans Blommestein is Head of the Public Debt Management and Bond Market Unit at the OECD and Perla Ibarlucea Flores is a Statistician in the Public Debt Management and Bond Market Unit. The authors are indebted to Hafsteinn Hafsteinsson (OECD Consultant) and Thor Saari (senior External Advisor for the OECD project on African Public Debt Management and Bond Markets) for suggestions and comments on an earlier version, and to the Icelandic government for its financial support. The opinions expressed and arguments employed in this article do not necessarily reflect the official views of the OECD or of the governments of its member countries.

The *Statistical Yearbook on African Central Government Debt* is an OECD publication that provides unique and comprehensive information on African central government debt instruments, debt stocks, maturity structure, and interest rates. The objective of this part of the *OECD Project on African Public Debt Management and Bond Market* is to disseminate annually revisions and updates in the form of paper and electronic editions.

I. Key responsibilities of government debt managers

Meeting borrowing needs at lowest cost

The key responsibilities of government debt managers are the issuing of debt instruments to meet the borrowing needs of governments at the lowest possible cost,¹ the management of the outstanding stock of debt, and the contribution to the development of an efficient market infrastructure in order to maintain good access to the markets for government bills and bonds. The type of debt instruments to be issued, and the amounts to be raised, depend not only on the volume of borrowing requirements but also on the liquidity of the various outstanding instruments, preferences of investors and, more generally, the financial and macroeconomic environment. Successfully raising funds through marketable instruments will depend on factors such as access to well-functioning primary and secondary markets (in particular the degree of market liquidity), and the presence of a well-developed institutional and retail investor base.

II. The *Statistical Yearbook* as analytical and policy tool

Debt managers from a growing number of African markets are facing challenges similar to those of their counterparts in advanced markets due to competitive pressures from global finance and the related need to implement OECD leading practices in this policy area.²

The Statistical Yearbook provides reliable and consistent information on sovereign debt in African markets

The *Statistical Yearbook* provides greatly improved statistics on African central government debt instruments and debt stocks, that are both reliable and consistent. The statistics provide detailed data on both marketable and non-marketable debt instruments in African countries, with a view to providing an analytical tool to not only government debt managers, but also financial analysts from commercial financial institutions, research institutions, central banks, international financial institutions, and government agencies.

III. Statistics presented within a standard framework to facilitate pan-African analysis

Facilitating pan-African comparative analysis

Statistics in the *Statistical Yearbook on African Central Government Debt* refer to both resident and non-resident holdings and are presented within a standard framework to facilitate Pan-African (cross-country) analysis. The publication includes Pan-African comparative statistics as well as information about individual African countries on: i) outstanding amounts of marketable and non-marketable debt (Table 1), ii) accumulations and decumulations of marketable and non-marketable debt, iii) term to maturity and refixing of

marketable and non-marketable debt, iv) ownership of local currency marketable debt, v) interest rates (YTM in secondary markets), and vi) macroeconomic indicators such as GDP (Table 2) and exchange rates.

Table 1. Central Government Debt

As a percentage of GDP

	2003	2004	2005	2006	2007	2008	2009
Angola	70.3	55.9	39.0	23.1	24.6	33.1	38.8
Cameroon	61.0	61.7	55.9	21.2	16.5	13.2	14.1
Gabon	61.0	52.9	41.0	33.3	37.3	19.6	26.8
Kenya	61.0	58.8	53.0	48.6	44.1	40.1	44.6
Madagascar	93.1	90.3	85.0	36.6	31.6		
Malawi	160.7	141.2	130.5	31.4	35.0		
Mauritius	58.7	55.1	53.4	47.3	46.4	41.8	49.9
Morocco	60.8	58.2	62.1	57.3	53.5	47.4	47.1
Mozambique	87.5	80.0	74.3	48.1	41.9	39.3	39.2
Namibia	30.0	33.7	32.2	28.6	22.5		
Nigeria	68.8	53.9	28.6	11.9	11.4	11.5	15.4
Sierra Leone	251.1	189.5	162.5	138.5	46.9	48.0	58.2
South Africa	35.5	34.9	34.6	32.7	30.2	27.8	27.1
Tanzania	10.7	10.7	15.1	14.3	15.0	10.8	8.3
Tunisia	60.4	59.7	58.1	53.7	50.7	47.5	47.2
Uganda	67.7	59.7	54.6	48.9	22.8	21.9	
Zambia	137.6	132.3	61.1	23.5	23.7	23.1	24.5

Source: OECD (2011), *African Central Government Debt*, Statistical Yearbook 2003-2009

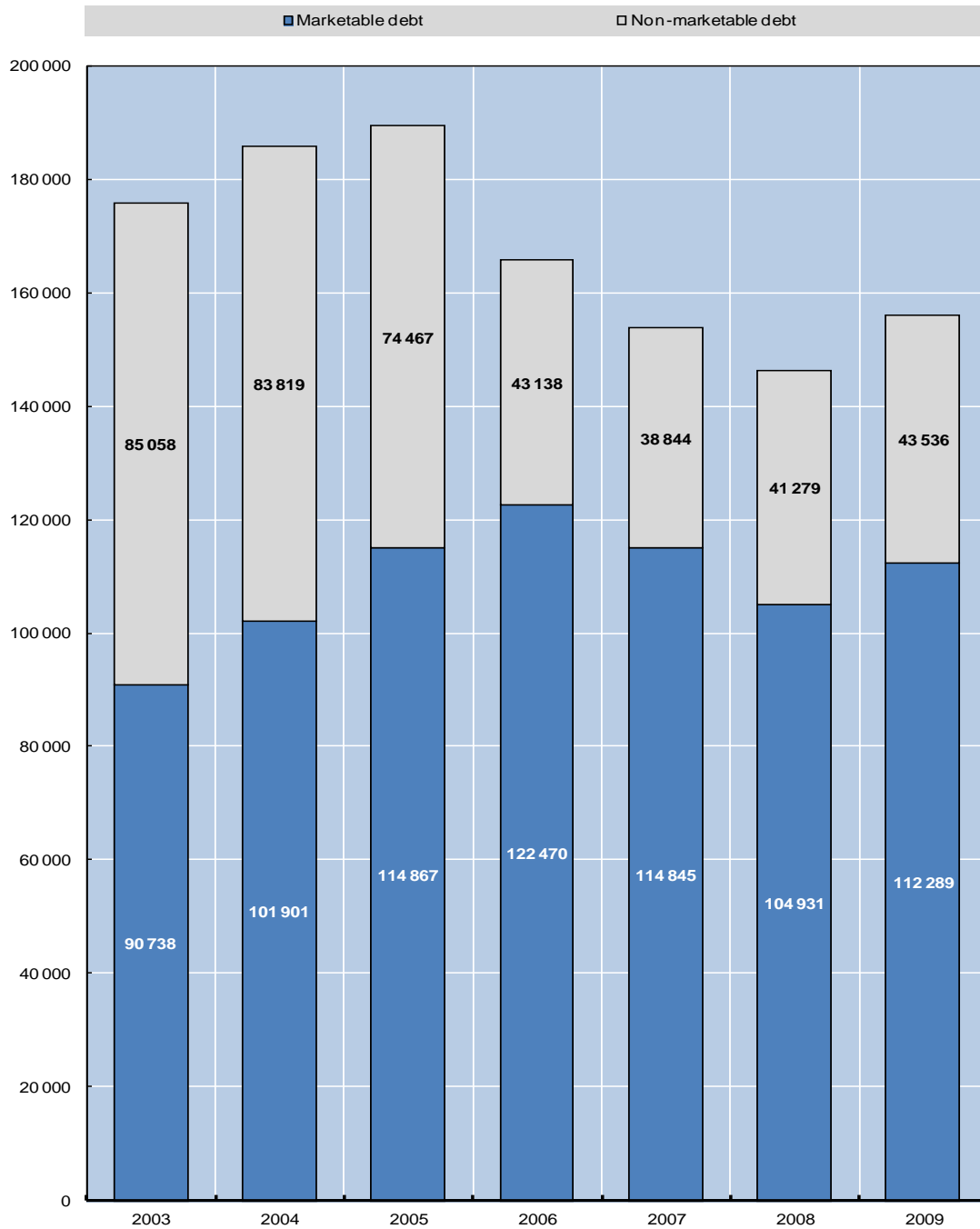
Table 2. Gross domestic product

*Fiscal year
Million Euros*

	2003	2004	2005	2006	2007	2008	2009
Angola	14 255	20 815	25 199	34 119	41 887	59 613	46 749
Cameroon	12 069	12 705	13 339	14 311	14 928	16 204	15 968
Gabon	5 365	5 781	6 968	7 609	8 431	9 161	7 778
Kenya	11 878	12 017	16 419	17 570	19 410	18 953	20 843
Madagascar	4 670	3 293	4 069	4 670	5 548	6 044	5 534
Malawi	1 748	1 981	2 265	2 268	2 369		
Mauritius	4 672	4 524	5 057	4 565	5 510	5 783	6 311
Morocco	43 021	44 910	48 374	51 824	54 253	61 251	64 711
Mozambique	3 807	4 214	5 546	5 617	5 705	6 901	7 254
Namibia	4 116	4 738	5 260	5 126	5 254		
Nigeria	49 123	62 885	95 448	110 884	132 924	133 342	116 201
Sierra Leone	567	732	999	1 074	1 142	1 354	1 168
South Africa	139 286	167 453	179 294	214 767	189 496	162 402	183 011
Tanzania	8 895	9 659	11 550	10 422	12 363	12 858	13 973
Tunisia	21 016	21 405	23 263	24 074	24 924	27 032	28 114
Uganda	5 802	6 608	8 304	8 596	9 359	10 258	12 796
Zambia	3 646	4 005	7 819	6 750	8 147	8 028	10 161

Source: OECD (2011), *African Central Government Debt*, Statistical Yearbook 2003-2009

Figure 1. African central government debt
Million Euros



Note: Countries included are Angola, Cameroon, Gabon, Kenya, Madagascar, Mauritius, Malawi, Morocco, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Tanzania, Tunisia, Uganda and Zambia.

Source: OECD (2011), *African Central Government Debt*, Statistical Yearbook 2003-2009

Data are provided in national currency for the relevant fiscal year. Aggregate data are converted into Euros (Figure 1). Financial derivatives are excluded, unless otherwise indicated.

The second edition of the Statistical Yearbook provides greatly improved statistics on African central government debt instruments and debt stocks:

- Statistics in the first section includes Pan-African comparative tables within a new standard framework to facilitate cross-country analysis.
- Revised supplementary macroeconomic indicators such as GDP and exchange rates.
- Country data on outstanding amounts of marketable and non-marketable debt show historically revised figures and more accurate time series.
- Historically revised data on accumulations and decumulations of marketable and non-marketable debt and ownership of local currency marketable debt.

IV. Countries included in the *Yearbook* differ significantly in terms of development and public debt situation

Yearbook benefited from active contributions from African governments

The Statistical *Yearbook* could not have been accomplished without the active contributions by African debt managers and the generous financial contribution by the Icelandic government. Countries included in this second edition are: Angola, Cameroon, Gabon, Kenya, Madagascar, Malawi, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Tanzania, Tunisia, Uganda, and Zambia. These countries differ significantly in terms of development (Table 2) and government debt as a percentage of GDP (Table 1).

However, all African governments, regardless of development level, can potentially benefit from implementing OECD leading practices in this policy area. A sound framework for public debt management and market development will enable governments to use local savings to finance the budget deficit and, at the same time, encourage the development of domestic currency bond markets.³

V. Publication based on the methodology of the OECD Statistical Yearbook on Central Government Debt

Publication based on the methodology of the OECD Statistical Yearbook

The publication is based on the methodology of the *Statistical Yearbook on Central Government Debt* for OECD countries. Accordingly, the African Yearbook covers detailed data on central government debt as well as bilateral, multilateral, and concessional loans provided to the central government. Both marketable debt and non-marketable debt are included. Statistics are derived from national sources based on a questionnaire prepared under the auspices of

*on Central
Government Debt*

the OECD. Concepts and definitions are based, where possible, on the System of National Accounts (SNA). It is important to emphasise that statistics do not yet provide data on the overall government debt in African countries given that the institutional coverage is confined to central government only. However, it is envisaged to include in future editions information on general government debt. In the SNA, the general government sector is composed of three parts: central government, state and local governments and social security funds.

VI. Third edition of the *Yearbook* will include additional countries

Efforts are under way to expand the publication. The third edition of the *Yearbook* the database is expected to include a further 14 countries, bringing the total number of participating countries to 31.

VII. New OECD publication on African debt management and capital market policies

*A parallel OECD
publication will
focus on the policies
supporting public
debt management*

A parallel OECD publication on African debt management and capital market policies (in preparation) will focus on the policies supporting sovereign issuance, public debt management, and the trading of government securities. This future publication will describe and analyse on a country-by-country basis detailed information on the institutional and regulatory framework, as well as the policies underlying primary and secondary markets for debt instruments. Information on secondary market activities (volume, type of instruments, liquidity, prices) will also be included. It is envisaged that this new publication will be part of the work programme of the new *Centre for African Public Debt Management and Bond Markets*, a joint venture of the OECD and the National Treasury of South Africa.⁴

These new annual publications constitute an important pillar of the OECD Project on African Public Debt Management and Bond Markets, sponsored by the Icelandic Government. It complements other pillars, the OECD Forum on African Public Debt Management (focused on strategic debt management policy issues), and Bond Markets (focused on developing bond markets). These meetings constitute a forum for a structured policy dialogue with debt managers, bankers, exchanges, central bankers and other financial officials involved in public debt management and government securities markets. Through the policy dialogue and OECD-led African network, debt managers and policy makers from both sub-Saharan and North Africa are getting efficient and well-structured access to the global knowledge network of OECD debt managers.

Notes

1. While keeping market risk at an acceptable level (Blommestein, 2010).
2. Blommestein and Horman (2007).
3. Interest payments on local-currency debt often consume a larger share of revenues than those on foreign-currency debt, even though foreign-currency debt predominates in nominal terms. This is because local-currency debt is more costly than foreign-currency debt, reflecting the availability of externally-sourced funding on concessional terms and high real interest rates in the domestic market. The policy question arises concerning the appropriate balance between minimising cost and minimising risk, in particular taking account of the major risks related to foreign-currency debt (interest rate, exchange rate and refinancing) and possibility of other budgetary shocks, such as from a sudden drop-off in aid inflows (Blommestein and Horman, 2007).
4. The Centre was launched on 30 June 2011 in Midrand, South Africa.

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