



## **Debt Financing for Development in Africa: About former and future debt crises Expert's Roundtable**

*15<sup>th</sup> July 2016 in Nairobi, Sarova Stanley Hotel, Kimathi St, 9 am to 1:30 pm*

2015 was the year, in which an ambitious and transformative post-2015 development agenda, including the Sustainable Development Goals, has been adopted. Debt-creating public and private capital flows will be an important part of financing the 2030-agenda in Sub-Saharan-Africa.

Until recently, international interest rates were low. Due to improved macroeconomic fundamentals and solid growth in the region, capital from the private sector was abundant for African nations to finance infrastructure development and other development needs. This can be a very favourable environment, but it can also imply the risks of future debt sustainability risks. Maintaining debt to sustainable levels remains a major challenge, given high financing requirements in the light of huge development needs. Quite a few African nations have only recently been relieved from debt crises, which had their roots in the availability of cheap capital in the 1970s. The global economic and financial environment already starts to change, with potentially severe consequences for debt sustainability of African countries. Risks to maintaining high growth and debt sustainability in the region include a slowdown or reversal of private capital flows due to less accommodative monetary policies of advanced economies and the world market commodity price crash. Financing conditions on international capital markets already became tougher in the last months of the year 2015 for Sub-Saharan African issuers and dropped commodity prices causes debt payments to soar. There is a risk that bonds and deficits might be harder to refinance in the future. In the past however, debt restructurings have often been too little and too late, with the consequence that debt sustainability has not been re-established in a durable way<sup>1</sup>.

Against this background, the expert's roundtable shall look at recent trends of debt in Eastern and Southern Africa, where they cause concern and how future debt crises can be managed in an orderly and timely way, in order to avoid the repetition of past mistakes.

The roundtable aims at delegates from finance ministries and central banks from Sub-Saharan African countries and can be accessed by invitation only.

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<sup>1</sup> <http://www.imf.org/external/np/pp/eng/2013/042613.pdf>, p. 16.

## **Programme**

Welcoming: Heinz Bongartz, Director Friedrich Ebert Foundation Nairobi

Moderation: Kiama Kaara, Kenya Debt Relief Network

### **Debt in Eastern and Southern Africa: What are recent trends? Where do they cause concern?**

**9:30 h to 10:30 am**

Inputs (led by *Raphael Otieno, MEFMI Director of the Debt Management Programme*)

- Debt flows and indicators 2009 – 2015
- (Future) sources of risks to maintaining debt sustainability

### **Managing future debt crises**

**10:30 h to 11:30 am**

Inputs (led by *Kristina Rehbein, policy officer, Jubilee Germany*), followed by comments from the African Development bank (tbc), followed by plenary discussion

- The build-up of the 1980s debt crisis in Eastern and Southern Africa: What can be learnt from past mistakes?
- Is fiscal adjustment the panacea for solving debt unsustainability situations?

*Coffee break*

### **Elements of an agenda for action and possible safeguards**

**12:00 am to 1 pm**

Inputs, followed by plenary discussion

- How to deal quickly and efficiently with crises, once they occur and the role of UNCTAD (led by *Stephanie Blankenburg, Head of the Debt & Development Finance Branch in the Division on Globalization and Development Strategies UNCTAD*)
- Responsible borrowing (led by *Fanwell Bokosi, Director African Forum and Network on Debt and Development*)

### **Closing statement: How can African countries stir their economies through the next debt crisis?**

*Dr. Kamau Thugge, Principal Secretary, National Treasury Kenya (tbc)*

**1 pm to 1:30 pm**

From 1:30 pm, all participants are invited to have lunch together.

Please send your registration to: Kristina Rehbein, Jubilee Germany, [k.rehbein@erlassjahr.de](mailto:k.rehbein@erlassjahr.de) or Cynthia Muthoni, Friedrich Ebert Foundation Kenya office, [cynthia@fes.or.ke](mailto:cynthia@fes.or.ke)