Africa’s Eurobonds

How large are the Eurobonds held by African countries, how might they impact budgets in future, and what scope for reducing their costs?

A Report by

DEVELOPMENT REIMAGINED

Commissioned by

Polylat

THE AFRICAN CLIMATE FOUNDATION

CONTENTS

INTRODUCTION

Over the last decades, it has been typical for creditors to come together and coordinate around their impact and development work in specific countries. The current international financial system reflects this creditor-centric modality – for example Paris Club negotiations of debt relief are done one-by-one for each borrowing country and take place with only creditors around the table. Stretching as far back as the 1950s, creditors like the Paris Club and London Club have gathered to discuss and resolve debt repayment challenges faced by borrowers. However, borrowers are excluded from these discussions, meaning that debt resolution terms created by the large group of creditors are imposed on borrowers. Additionally, the exclusion of borrowers robs them of their agency and negotiating power on sovereign debt issues.

The London Club

Established in 1976, the London Club closely resembles the Paris Club that came before it. Key differences include London Club's commercial bank creditor membership, and by extension, its focus on private or commercial debt.

Typically, the Club provides short-term liquidity and debt restructuring following a set of debt negotiations. Discussions and outcomes are less transparent than Paris Club, but debt restructure and write-offs for corporate and country-level borrowers may be part London Club's discussions.

This creditor-centric system is demonstrably not in African interests.

However, little to no analysis has been done that supports African countries – as majority borrowers – to examine their creditors collectively, one-by-one. This report seeks to provide this kind of analysis for the first time. It aims to both collate relevant data for the relationships of varied African countries with one type of creditor and draw out commonalities that help to explain and differentiate each creditor's behaviour versus other creditors, as well as identify key milestones, opportunities and challenges for managing debt vis-à-vis the creditor in question.

This report therefore focuses on borrowing by African governments of Eurobonds, specifically.

- Analysis of all active, **US$-denominated Eurobonds** issued by African countries (to date). This spans the period **1997-2023**,
- An overview of amortization table terms for Eurobonds issued,

Based on this information, the scheduled coupon and bond repayment timelines are used to identify trends in debt service costs. Where a country's debt service costs grow significantly in comparison to previously scheduled payments to Eurobond creditors, those years are highlighted as those that may present a fiscal strain on each country's economy. Additionally, the monetary value of the projected fiscal strain that will be faced by countries – all other things kept equal - is noted.

The report concludes with reflections and recommendations for how African countries can collectively engage with Eurobond lenders to improve African prospects for managing such debts and improving their terms in future negotiations.

KEY FINDINGS

19 African countries from each of the continent's Regional Economic Communities (RECs) hold a total of 91 Eurobonds. These countries are listed in Table 1 below, along with their respective amortization schedule data.

Table 1: An Overview of African Eurobonds (alphabetical order)[1]

Country	Bonds Issued	Total Face Value (US$ bn**)	Peak Coupon Rate (%)	Peak YTM (%) *	Final Maturity Date (day-month-year)	Value of Projected Cash outflows (US$ bn)	Total Eurobond Value (US$ bn)
Angola	6	9.75	9.5	12.50	26-11-2049	20.32	
Cameroon	1	0.75	9.50	11.15	19-11-2025	0.93	
Congo Rep.	1	0.47	6.00	10.15	30-06-2029	0.65	
Cote d'Ivoire	5	8.04	6.38	8.37	15-06-2033	11.81	
Egypt	22	29.32	8.88	18.52	16-02-2061	56.17	
Ethiopia	1	1.00	6.63	47.41	11-12-2024	1.10	111.05
Gabon	4	4.00	7.00	13.47	24-11-2031	5.22	
Ghana	10	8.76	8.88	80.84	11-09-2061	17.49	
Kenya	5	5.90	8.25	15.81	28-02-2048	9.30	
Morocco	6	6.25	6.50	7.05	15-12-2050	9.99	
Mozambique	1	0.90	9.00	13.22	15-09-2031	1.55	
Namibia	1	0.75	5.25	7.98	29-10-2025	0.85	
Nigeria	12	15.12	9.25	11.69	28-09-2051	28.37	
Rwanda	1	0.62	5.50	9.50	09-08-2031	0.89	
Senegal	1	1.00	6.75	10.17	13-03-2048	2.65	
Seychelles	1	0.015	5.50	9.40	11-10-2028	0.02	
South Africa	10	16.00	7.30	9.05	20-04-2052	30.04	
Tunisia	2	1.15	8.25	36.80	19-09-2027	1.29	
Zambia	1	1.25	8.97	27.28	30-07-2027	1.70	

* YTM-yield to maturity as of 14-08-23
**bn=billion

[1] Bloomberg L.P., "Fixed Income Securities". 1997-2023. Bloomberg 2023.

65.93% of active Eurobonds have been issued by six countries, namely **Angola, Egypt, Ghana, Morocco, Nigeria, and South Africa.** **Egypt** leads the list with a total of **22** active Eurobonds, followed by Nigeria's 12, Ghana and South Africa's tallies of 10 each, and lastly Angola and Morocco with their sets of six bonds respectively. In monetary terms, Africa's active Eurobonds have a combined face value of US$**111.05 billion**, 76.73% issued by the five countries above.

Looking at the structure of Africa's Eurobonds, in addition to Egypt being the most experienced issuer on the continent, the country also has the shortest and longest maturing bonds of four and 40 years respectively. As identified in 2022 research, 10-year bonds are one of the most common types issued by African countries.[2]

Despite Egypt's demonstrated Eurobond experience, the country has the 5th highest yield-to-maturity (YTM) of 18.52%. This however, pales in comparison to Ghana, Ethiopia, and Tunisia's 80.84%, 47.41% and 36.80% YTMs- the three highest on the continent. In terms of coupon rates, Cameroon's 2.75% is the lowest in Africa, while Angola and Cameroon stand-out, both with 9.50%, the highest rates among Africa's 19 Eurobond holders.

On the opposite end of our analysis are nine countries with a single active Eurobond, countries like Seychelles, Rwanda, and Zambia. The **lowest** face values in our analysis are from **Seychelles** and the **Republic of Congo**, amounting to US$**15 million** and US$**477.79 million** respectively.

Table 2 below sets out the absolute outstanding value of African countries' Eurobond debt, as well as the percentage of debt to GDP that this Eurobond debt represented for each country in 2023. As is clear from Table 2, since African economies vary in size considerably, large volumes of Eurobond debt do not always translate to a high amount of debt relative to the economic size of each country.

Eurobond debt to GDP ratios range from a minimum of 0.87% (Ethiopia) to up to 25% (Gabon).

Table 2: Outstanding Eurobond debt in absolute terms and relative to GDP of Eurobond holding African countries for 2023

Country	Total Eurobond Debt Value (US$ billion)	Eurobond Debt to GDP ratio (%)
Egypt	56.17	11.78
South Africa	30.04	7.40
Nigeria	28.37	5.94
Angola	20.32	19.05
Ghana	17.49	24.02
Côte d'Ivoire	11.81	16.87
Seychelles	0.02	1.20
Morocco	9.99	7.45
Kenya	9.30	8.20
Gabon	5.22	24.75

[2] See: https://www.un.org/osaa/reports-and-publications/eurobonds-debt-sustainability-africa-and-credit-rating-agencies

Senegal	2.65	9.59
Zambia	1.70	5.70
Tunisia	1.29	2.76
Ethiopia	1.10	0.87
Cameroon	0.93	2.09
Rwanda	0.89	6.71
Namibia	0.85	6.73
Congo	0.65	1.12
Mozambique	0.54	3.00

Among Africa's 19 active Eurobond holders, Tunisia was *first to market* with its September 1997, 30-year US$150 million Eurobond. Since then, Eurobond issuance on the continent has grown in value and varied with respect to borrowing costs and payback timelines. As of August 2023, Morocco was the most recent Eurobond issuer on the continent, with its two US$1.25 billion bonds maturing in 2028 and 2033 respectively. Given such variances among Africa's Eurobond issuers, it would be reasonable to expect a similar mix of varying borrowing costs with respect to Eurobond maturity timelines- the underlying connection being credit ratings of countries. This however, is not the case in Africa. Research identifies an unjustifiable bias against African countries, a bias valued at approximately 2.9 percentage points compared to other regions.[3] Consequently, African countries incur net losses of as much as US$2.2 billion on outstanding Eurobond debt.

Table 3: Africa's foreign currency long-term credit ratings[4]

Country	Moody's	S&P	Fitch	Last Rating Update
Angola	B3	B-	B-	04-02-2022
Benin	B1	BB-	B+	19-04-2024
Botswana	A3	BBB+	NR	23-04-2021
Burkina Faso	NR	CCC+	NR	13-05-2022
Cabo Verde	NR	B-	B	21-05-2024
Cameroon	Caa1u	B-	B	22-03-2024
Congo. Rep	Caa2	B-	CCC+	28-07-2023
Côte d'Ivoire	Ba2	BB-	BB-	01-03-2024
DRC	B3	B-	NR	11-11-2022
Egypt	Caa1	B-	B-	03-11-2024
Ethiopia	Caa3	SD	RD	27-12-2023
Gabon	Caa1	NR	B-	26-01-2024
Ghana	Ca	SD	RD	21-02-2023

[3] For further analysis: https://www.un.org/osaa/reports-and-publications/eurobonds-debt-sustainability-africa-and-credit-rating-agencies
[4] Bloomberg L.P., Foreign Currency Long-term credit ratings. Bloomberg 2024

Kenya	B3u	B	B	28-07-2023
Lesotho	NR	NR	B	19-08-2019
Libya	NR	NR	WD	13-04-2011
Madagascar	NR	B-	NR	11-04-2022
Mali	Caa2	NR	WD	03-06-2022
Mauritius	Baa3	BBB-	NR	21-07-2023
Morocco	Ba1	BB+	BB+u	02-04-2021
Mozambique	Caa2u	CCC+	CCC+u	26-08-2022
Namibia	B1	NR	BB-	24-06-2022
Niger	Caa3	NR	NR	09-02-2024
Nigeria	Caa3	NR	NR	27-01-2023
Rwanda	B2	B+	B+	29-07-2021
Senegal	Baa3	B+	NR	07-08-2020
Seychelles	NR	NR	BB-	21-10-2022
South Africa	Ba2	BB-	BB-	27-09-2023
Tanzania	B1u	NR	B+	22-03-2024
Togo	B3	B	NR	05-06-2019
Tunisia	Caa2	NR	CCC-	29-08-2023
Uganda	B3u	B-	B+	17-05-2024
Zambia	Ca	SD	RD	18-11-2020

*Countries in italics had no active Eurobonds as of August 2023

Table 4: Credit Rating Scale of the "Big Three": Highest to Lowest[5]

S& P Global	Moody's	Fitch Ratings
AAA	Aaa	AAA
AA	Aa	AA
A	A	A
BBB	Baa	BBB
BB	Ba	BB
B	B	B
CCC	Caa	CCC

[5] https://www.investopedia.com/terms/c/creditrating.asp

CC	Ca	CC
C	C	C
D		RD
		D

As of September 2023, the top 5 African countries with the highest ratings are Botswana, Mauritius, Morocco, South Africa, and Ivory Coast.[6]

Furthermore, as shown in Figure 1, **14 calendar years** stand out as those anticipated to have the greatest number of African countries facing challenges in making coupon and bond repayments- positions (to a large extent) created by biased credit ratings.

Figure 1: Projected peak Eurobond coupon and bond repayment years for African countries.

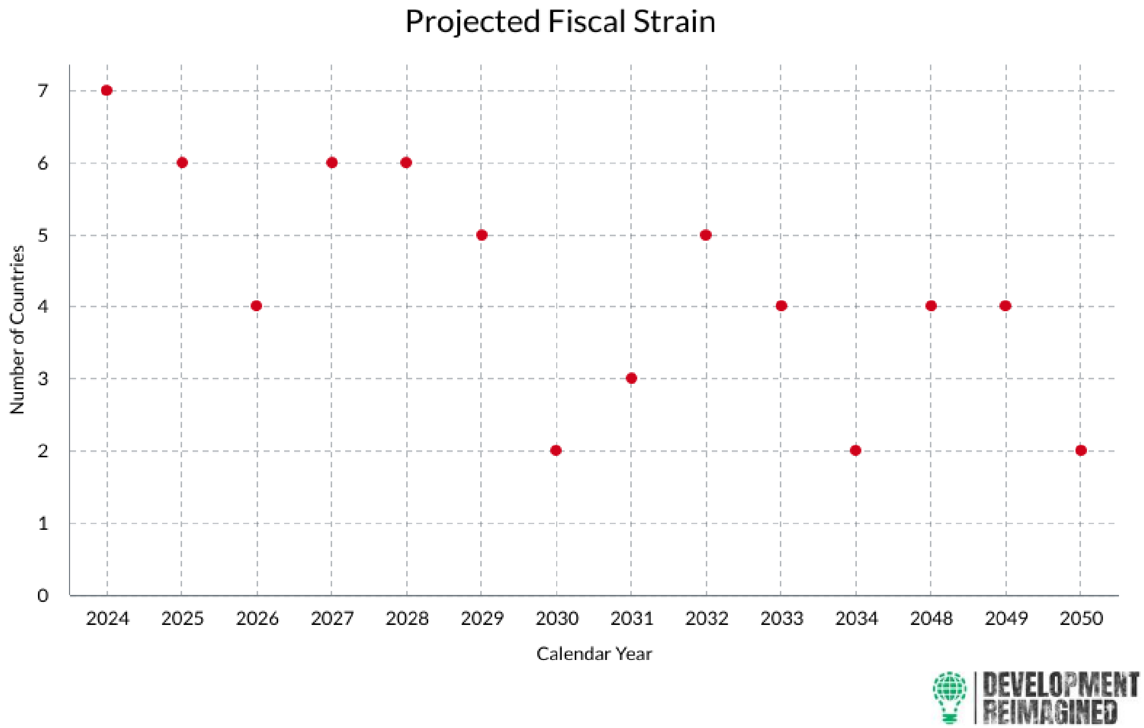

Table 5 below summarises the set of countries represented in Figure 1.

[6] https://africa.businessinsider.com/local/markets/top-10-african-countries-with-the-highest-credit-rating/41w7fej

Table 5: Projected peak Eurobond coupon and bond repayment years for African countries

Year	Countries	Number of peaking countries
2024	Côte d'Ivoire, Egypt, Ethiopia, Gabon, Kenya, Nigeria, South Africa	7
2025	Angola, Egypt, Ghana, Nigeria, South Africa, Tunisia	6
2026	Egypt, Ghana, Nigeria, South Africa	4
2027	Egypt, Kenya, Ghana, Morocco, Nigeria, Zambia	6
2028	Angola, Côte d'Ivoire, Egypt, Kenya, Morocco, Nigeria	6
2029	Angola, Egypt, Ghana, Nigeria, South Africa	5
2030	Egypt, Nigeria	2
2031	Egypt, Gabon, Nigeria	3
2032	Angola, Egypt, Morocco, Nigeria, South Africa	4
2033	Côte d'Ivoire, Egypt, Morocco, Nigeria	4
2034	Ghana, Kenya	2
2048	Angola, Egypt, Kenya, Senegal	4
2049	Angola, Egypt, Ghana, South Africa	4
2050	Egypt, Morocco	2

The next section sets out the country-by-country analysis used to generate these projections, in alphabetical order for the 19 African countries.

COUNTRY BY COUNTRY ANALYSIS

To match projected coupon payments, key economic indicators such as Gross Domestic Product (GDP) and external debt stock (in US$ terms) are forecasted. According to the country amortization schedules, the frequency of coupon payments is biannual.

Additionally, the forward-looking comparison puts each country's Eurobond and external debt position into perspective, revealing when cash outflows may become a fiscal strain on each economy, holding all other things equal, including in relation to external debt servicing costs.

The immediate impact of the debt is analysed based on the percentage of debt to GDP.

Although overall, economy-wide debt-to-GDP ratios are not necessarily a helpful metric when it comes to assessing debt sustainability of a country[7] the analysis for this paper on Eurobonds specifically uses the percentage of debt to GDP as a simple metric of financial health because Eurobond debt tends to be relatively more expensive than other forms of debt (e.g. concessional finance). Eurobond debt tends to comes with high interest rates, short grace periods and short repayment periods - which all impact on debt servicing costs. While this paper does not explore

[7] For an explanation see: https://african.business/2021/09/trade-investment/how-multilaterals-exaggerate-africa-risk

this in depth, part of the reason for the expensive nature of Eurobond debt is the significant evidence of an “African Risk Premium[8]” applied when countries seek to raise new Eurobonds.

Consequently, faced with high debt servicing costs, African countries face trade-offs at the expense of growth-inducing national and regional priorities such as infrastructure development. Not only this, if debt servicing costs are high within a poorly structured international financial system, the burden of debt servicing constrains future generations, as they may have to bear the consequences of increased taxes and reduced capacity to fund public services in order to manage historical debt service obligations.

In this analysis, therefore, due to its relatively “expensive” nature, any Eurobond debt to GDP above 5% is considered “high”.

Angola

In reference to Table 3 above, Eurobond debt in Angola accounts for 19.05% of the country’s total GDP. This is significant and implies that the country’s economy will be strained with significant debt service obligations. Figure 2 and Table 5 below highlight six years Angola may find it difficult to service its debt due to significant coupon and bond repayment spikes. However, the periods between **2028-2029** and **2048-2049** are likely to pose the biggest challenge because of the cumulative impact of back-to-back coupon and bond repayments.

At the end of 2029, Angola will need to have paid US$**4.79 billion** within a two-year timeframe, **and** US$**3.31 billion** at the end of 2049 on account of scheduled Eurobond payments a year earlier as well as in 2049.

[8] See: https://www.project-syndicate.org/commentary/credit-rating-risk-is-damaging-african-economies-by-hippolyte-fofack-2021-05

Figure 2: Angola's Eurobonds and debt repayments in context

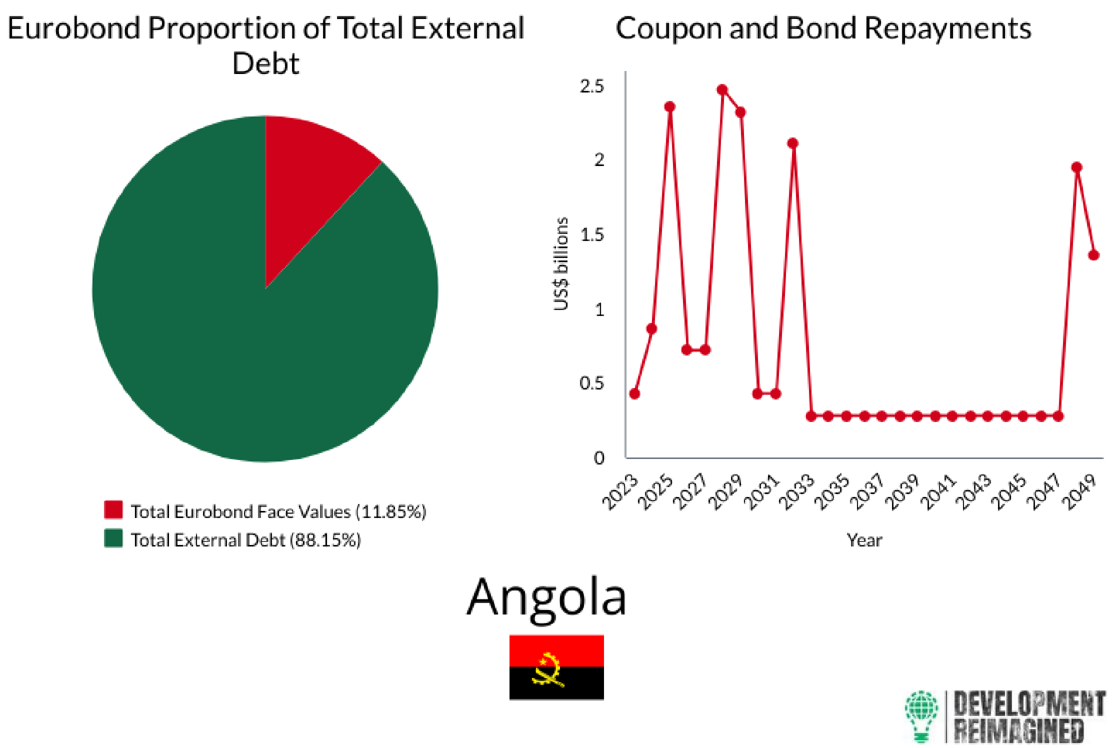

Table 6: Angola's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2025	1	2.36 bn
2028	1	2.47 bn
2029	1	2.32 bn
2032	1	2.12 bn
2048	1	1.95 bn
2049	1	1.36 bn

Cameroon

As of 2023, Cameroon's Eurobond debt accounted for 2.09% of the country's total GDP. Based on our working definition of fiscal strain, the country's Eurobond debt service obligation is therefore likely to be manageable. However, the anticipated debt service spike from 2024's US$**71.45 million** to 2025's scheduled debt service cost of US$**821.25 million** may be a potential fiscal strain for the country as shown in Figure 3 and Table 6. Currently, Cameroon is projected to pay **88.44%** of its outstanding Eurobond debt.

Figure 3: Cameroon’s Eurobonds and debt repayments in context

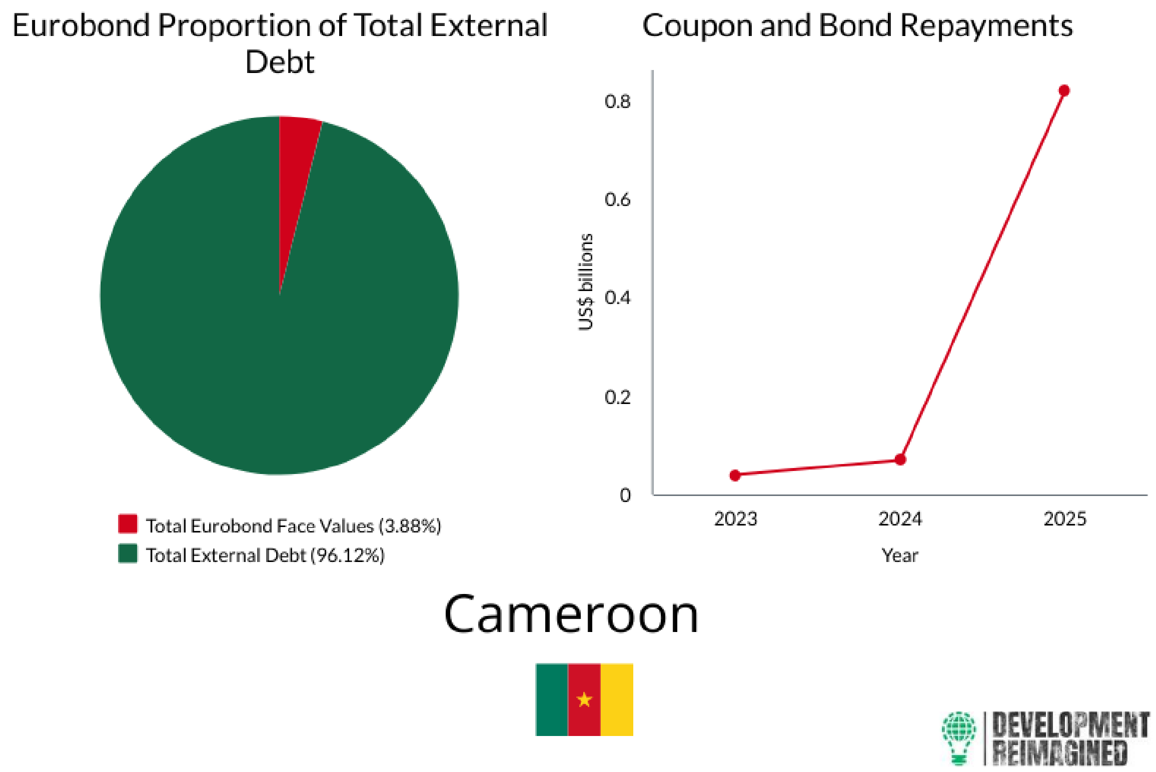

Table 7: Cameroon’s projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2025	1	821.25 m

Republic of Congo

The Republic of Congo has a manageable Eurobond debt amounting to around 1.1% of the country’s GDP. However, the country’s main concern in the context of Eurobond debt may be the sudden increase in annual Eurobond debt service costs from US$**28.75 million** in 2028, up to US$**492.08 million** a year later as indicated in Figure 4. It is also worth noting that between 2024 and 2028, the country is scheduled to make average annual coupon payments of US$**28.69 million,** indicating some possible strains created by high debt service costs.

Figure 4: Republic of Congo's Eurobonds and debt repayments in context

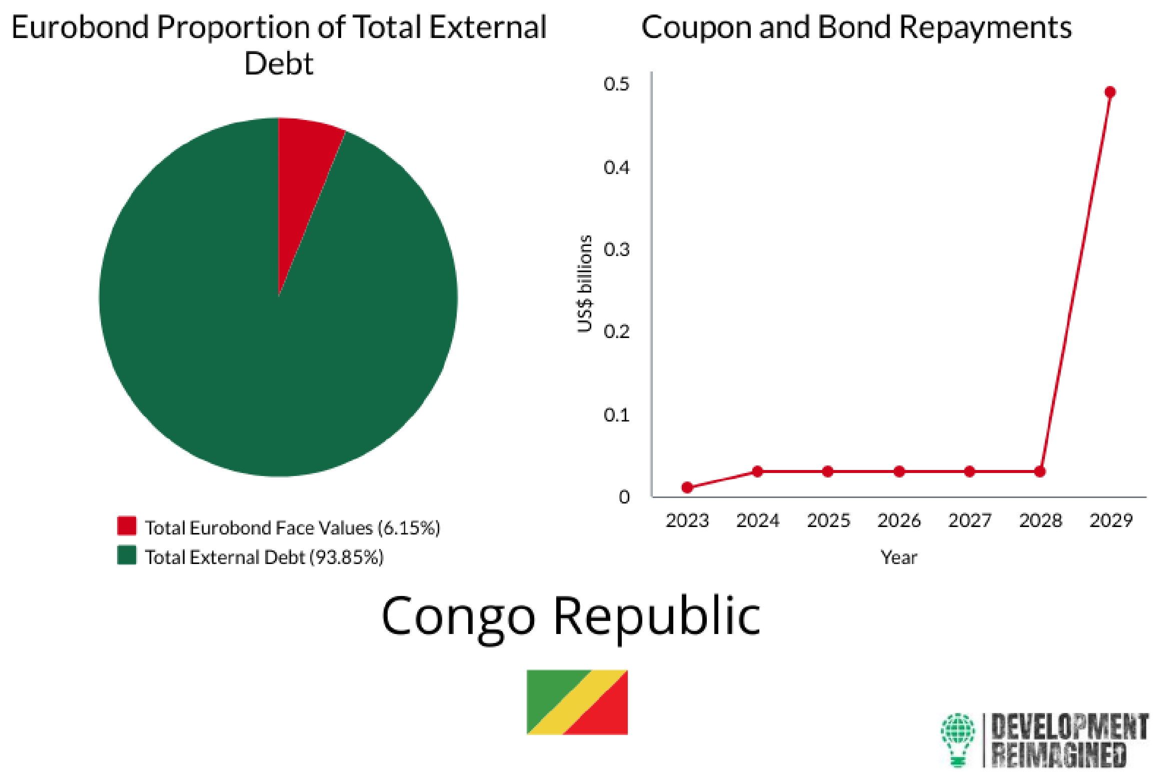

Table 8: Republic of Congo's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2029	1	492.08 m

Côte d'Ivoire

By the end of 2023, the country's Eurobond debt accounted for **16.87%** of the country's total GDP. This implies an external debt service level which may be difficult to manage. Our analysis projects a fiscal strain between the years 2032 and 2033 as shown in Figure 5. Relative to other African countries, Côte d'Ivoire is projected to have the single-highest annual debt service cost of US$**5.33 billion** in the year 2032, and, if viewed from the end of 2033, Côte d'Ivoire will need to have paid a combined total of US$**6.61 billion** – a large undertaking that could come at the expense of other crucial, development-friendly national investments.

Figure 5: Côte d'Ivoire's Eurobonds and debt repayments in context

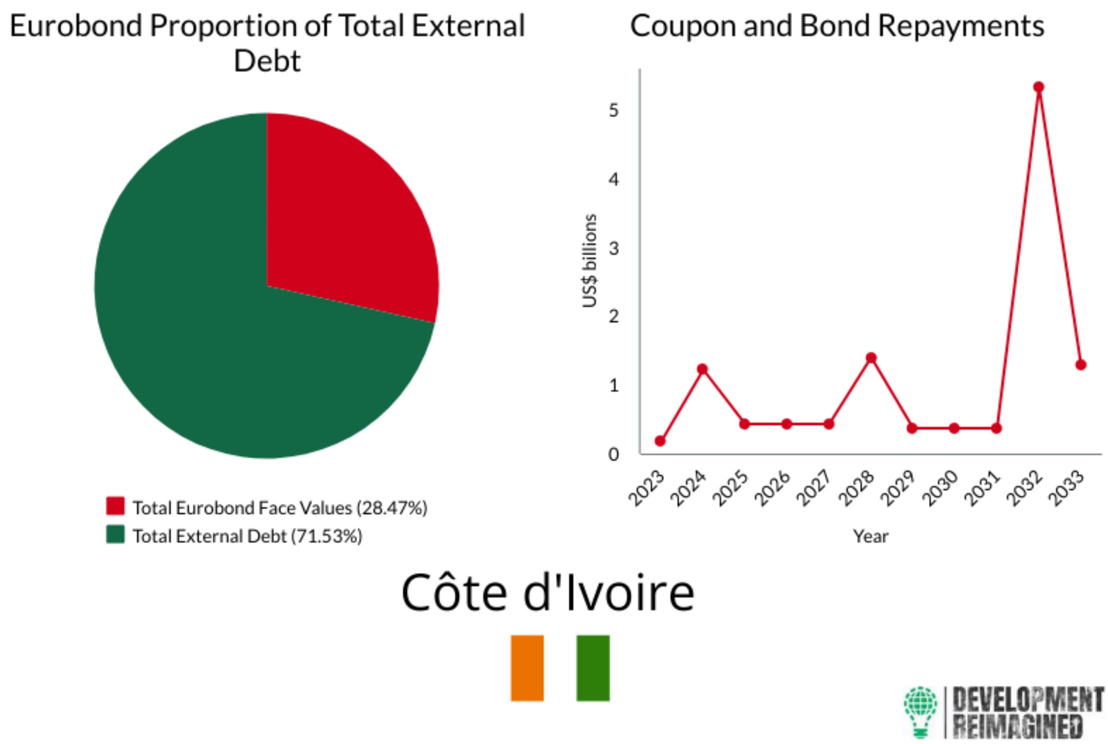

Table 9: Côte d'Ivoire's projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2024	1	1.22 bn
2028	1	1.39 bn
2032	2	5.33 bn
2033	1	1.28 bn

Egypt

Egypt's Eurobond debt accounts for **11.8%** of its total GDP. Based on our working definition, this implies a debt service level that could be challenging to manage. Specifically, our analysis projects that Egypt will experience a long stretch of elevated debt service obligations between 2024 and 2033. Over this nine-year timeframe, Egypt is projected to have US$**32.79 billion** due in coupon and bond repayments. Furthermore, back-to-back periods of coupon and bond repayments such as 2024-2025, 2028-2029, and 2030-2031 may present a major fiscal challenge from the perspective of time proximity and the lack of "breathing room" for Egypt. As summarised in Table 9 below, annual costs of Egypt's Eurobonds do vary, but are among the highest within our 19-country analysis.

Figure 6: Egypt's Eurobonds and debt repayments in context

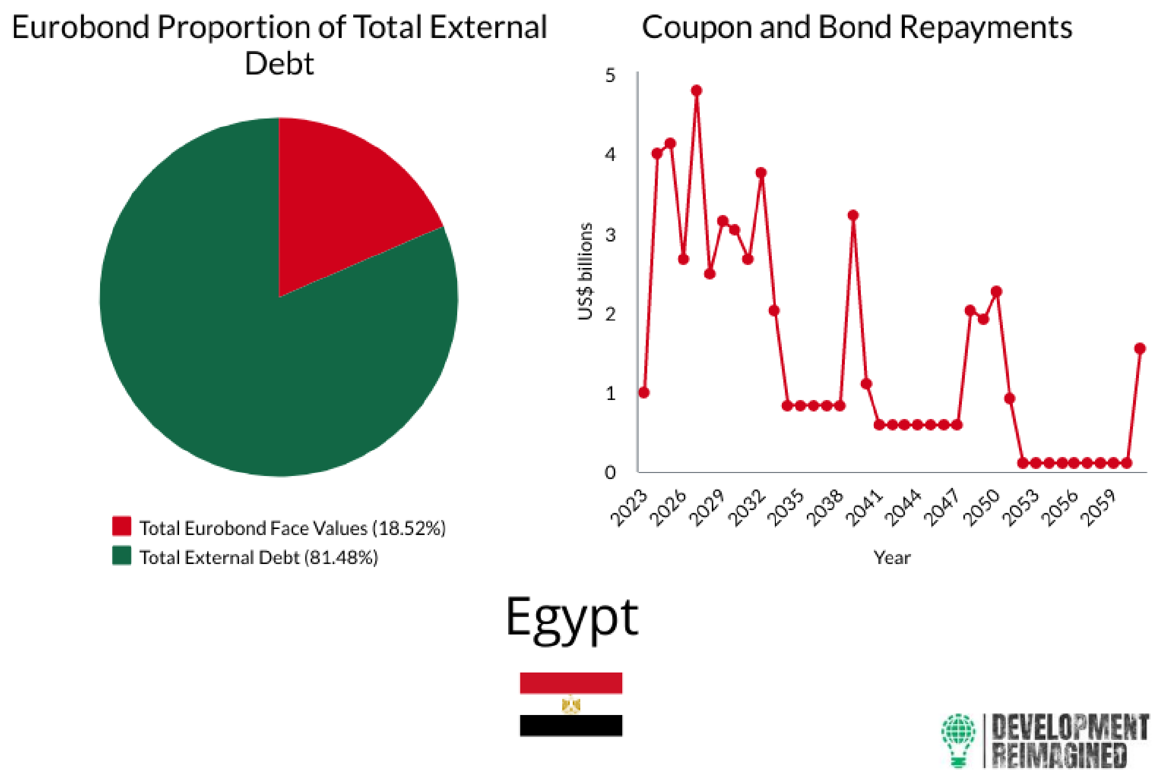

Table 10: Egypt’s projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2024	1	4.00 bn
2025	2	4.14 bn
2027	2	4.79 bn
2028	1	2.50 bn
2029	1	3.15 bn
2030	1	3.04 bn
2031	1	2.67 bn
2032	2	3.77 bn
2033	1	2.04 bn
2039	1	3.23 bn
2040	1	1.11 bn
2048	1	2.04 bn
2049	1	1.92 bn
2050	1	2.27 bn

Ethiopia

At **0.87%,** Ethiopia is a country that has a fairly low level of Eurobond debt. Nonetheless, Figure 7 above highlights our analysis' projected fiscal strain in Ethiopia. The jump from paying US$**33.22 million** in 2023 to US$**1.07 billion** in 2024 is a significant undertaking and may be fiscally strenuous for Ethiopia. As one of the Eurobonds with maturities coming relatively soon, Ethiopia may provide the next opportunity for a practical analysis of debt service impact on an economy settling a large coupon and bond repayment cost in a single calendar year.

Figure 7: Ethiopia's Eurobonds and debt repayments in context

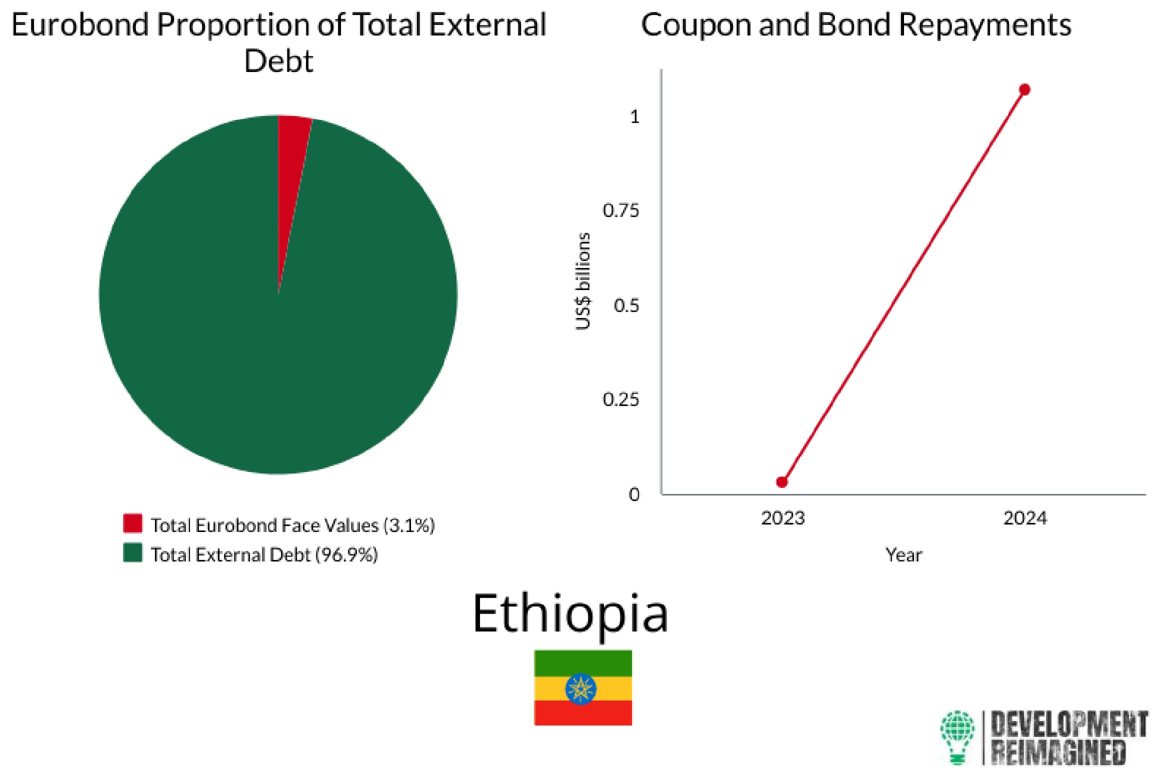

Table 11: Ethiopia's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2024	1	1.07 bn

Gabon

In reference to Table 3, Eurobond debt accounts for **24.75%** of Gabon's total GDP. In absolute terms, the country needs to pay a combined total of US$**2.62 billion** between 2024 and 2025. This may be a significant fiscal challenge to the country's financial position. Table 11 accounts for this debt and the associated outflows.

Figure 8: Gabon's Eurobonds and debt repayments in context

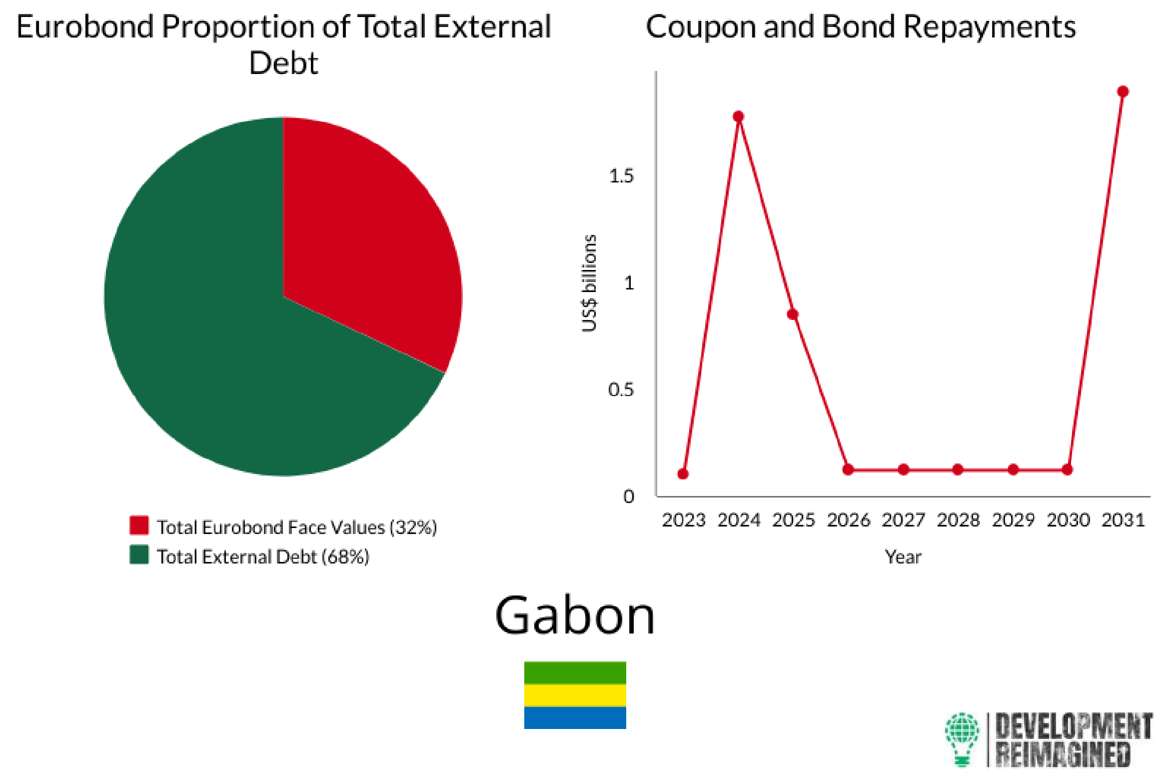

Table 12: Gabon's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2024	1	1.77 bn
2025	1	846.51m
2031	2	1.89 bn

Ghana

Ghana's Eurobond debt to GDP ratio stands at **24.02%.** This implies a level of debt servicing that could be strenuous on the economy, especially due to higher interest rates and shorter maturities compared to other debt Ghana has. Ghana is indeed among the African countries with the highest number of issued Eurobonds. Furthermore, our analysis identifies five upcoming years in which Ghana may have significant fiscal strains because of high Eurobond debt servicing costs. These years are summarised in Table 12 below. In particular, the period between 2026 and 2027 is likely to present the biggest fiscal strain for Ghana, where a combined total of US$**4.13 billion** will be due. This amount is made up of 20 coupon payments, as well as three bond repayments. Similarly, the 2034-2035 period will have a combined total of US$**2.56 billion** due, a potential significant fiscal strain on Ghana's economy.

Figure 9: Ghana's Eurobonds and debt repayments in context

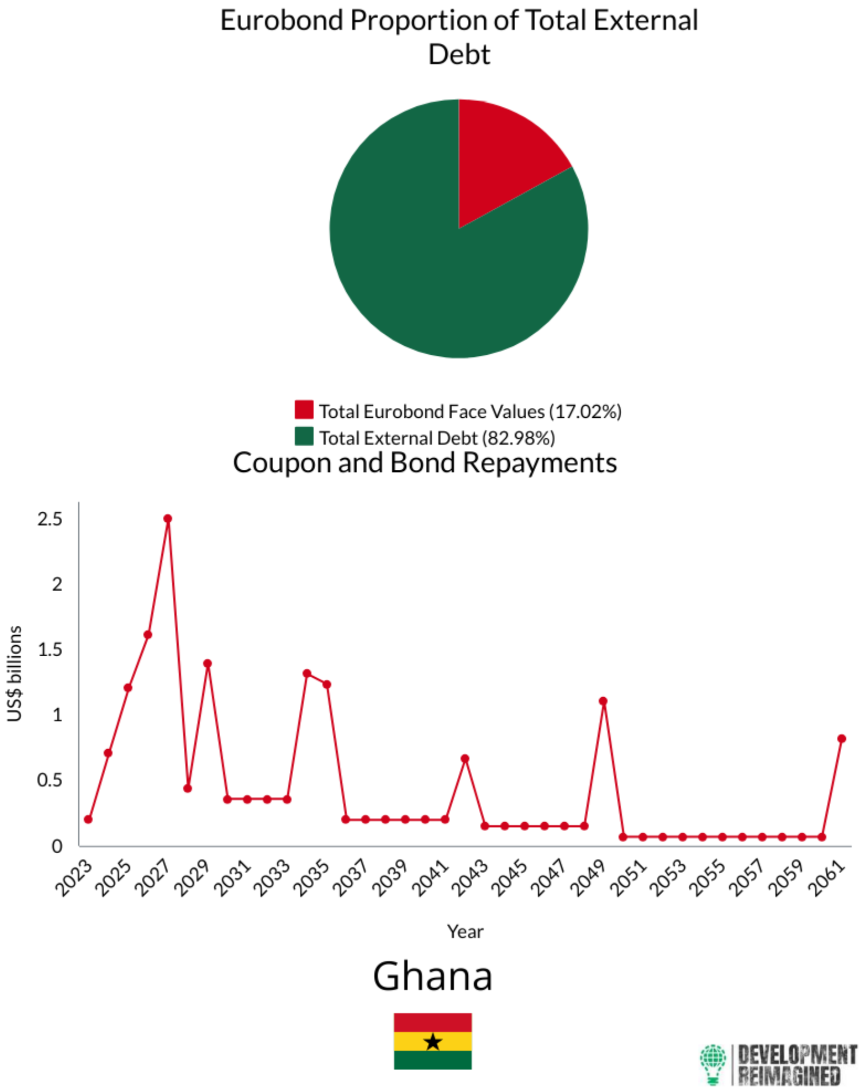

Table 13: Ghana’s projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2026	1	1.62 bn
2027	2	2.51 bn
2029	1	1.39 bn
2034	1	1.32 bn
2035	1	1.24 bn

Kenya

Kenya's Eurobond debt accounts for **8.20%** of the country's total GDP. This level of Eurobond debt to GDP is likely to pose some fiscal challenges due to its expensive nature. Our analysis highlights the five years tabulated below as those most likely to pose a fiscal strain on Kenya, in particular, the period between 2027-2028 where a combined total of US$**2.33 billion** will be due. This projected two-year debt service cost represents 25.05% of Kenya's outstanding Eurobond coupon and bond repayment expenses between the years 2023-2048.

Figure 10: Kenya's Eurobonds and debt repayments in context

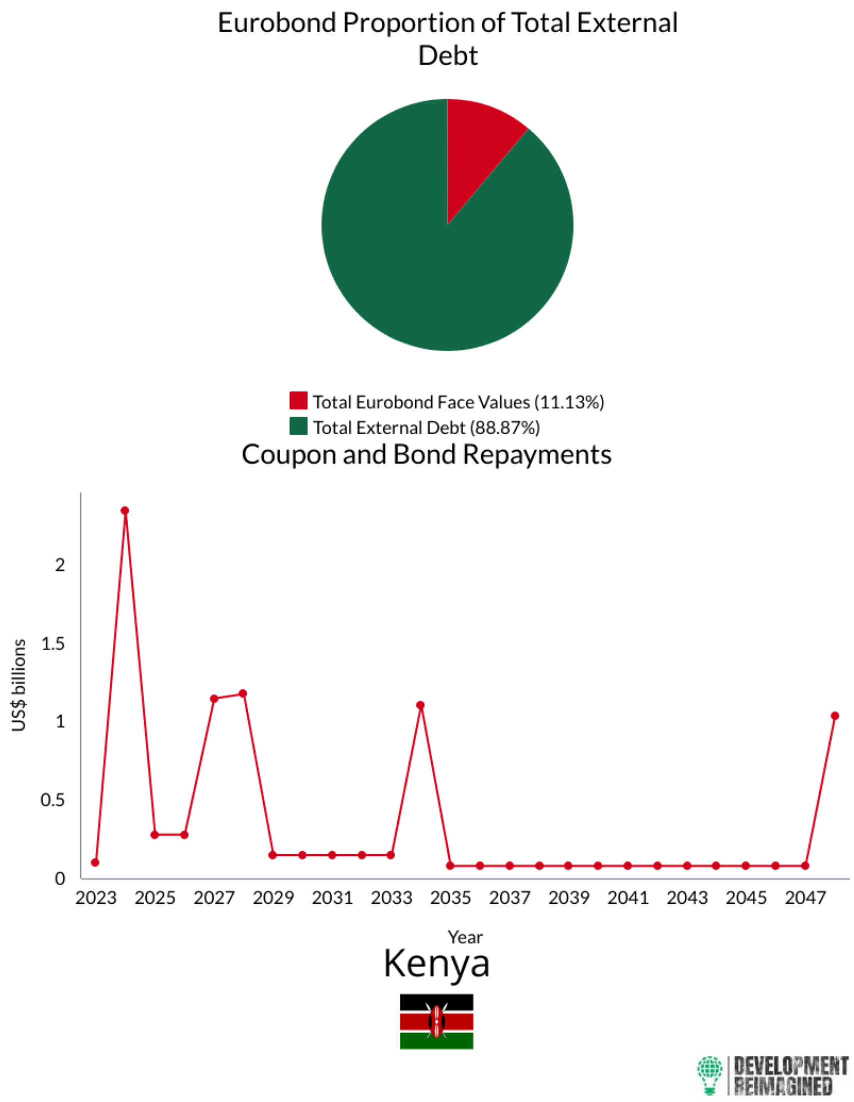

Table 14: Kenya's projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2024	1	2.35 bn
2027	1	1.15 bn
2028	1	1.18 bn
2034	1	1.11 bn
2048	1	1.04 bn

Morocco

By the end of 2023, the projected Eurobond debt to GDP ratio for Morocco stood at **7.45%.** This level signals a somewhat strained fiscus due to the relatively expensive nature of Eurobonds versus other types of debt. Our analysis shows that all four years indicated in Table 14 are projected to pose fiscal strains on Morocco's economy. Furthermore, when viewed from a timing perspective, two pairs of scheduled debt service costs come directly after each other. In the case of 2027-2028, this means a coupon and bond repayment cost of US$**2.58 billion.** Between 2032-2033, the combined cost will increase to **US$2.62 billion.**

Figure 11: Morocco's Eurobonds and debt repayments in context

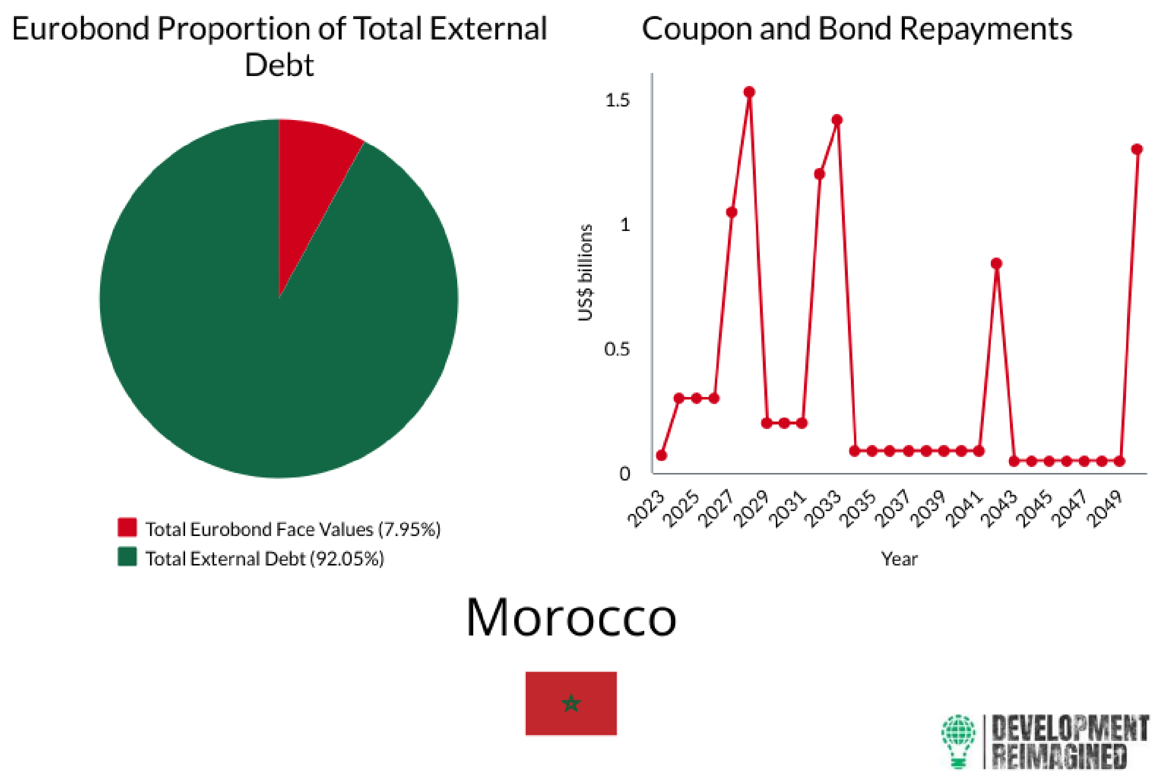

Table 15: Morocco's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2027	1	1.05 bn
2028	1	1.53 bn
2032	1	1.20 bn
2033	1	1.42 bn

Mozambique

Mozambique's percentage of Eurobond debt to GDP stands at **3.0%**, which according to our set threshold will be fairly manageable for the country. Figure 12 presents our analysis of when projected relative fiscal strains might occur: the spike in annual debt service costs from US$**81 million** in 2030, to US$**981 million** a year later. For context, Mozambique is scheduled to have an annual average of US$**81.06 million** in coupon payments between 2024-2030, which is relatively small compared to other African countries.

Figure 12: Mozambique's Eurobonds and debt repayments in context

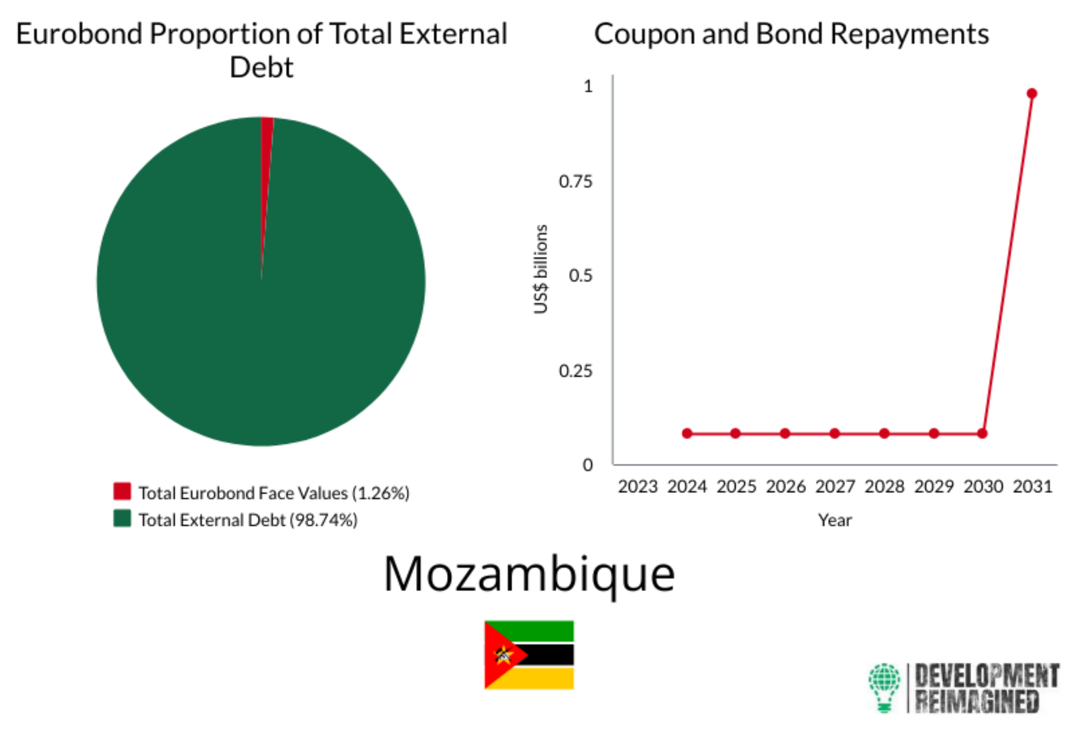

Table 16: Mozambique's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2031	1	981.00 m

Namibia

Namibia’s percentage of Eurobond debt to GDP stands at **6.73%.** This might seem manageable, however, there will be a significant increase in scheduled Eurobond coupon expenses between 2024 and 2025, where they move from US$**19.74 million** and US$**39.48 million** in 2023 and 2024 respectively, to a significantly higher debt service cost of US$**789.38 million** in 2025. This jump could create potential fiscal strains on the Namibian economy.

Figure 13: Namibia's Eurobonds and debt repayments in context

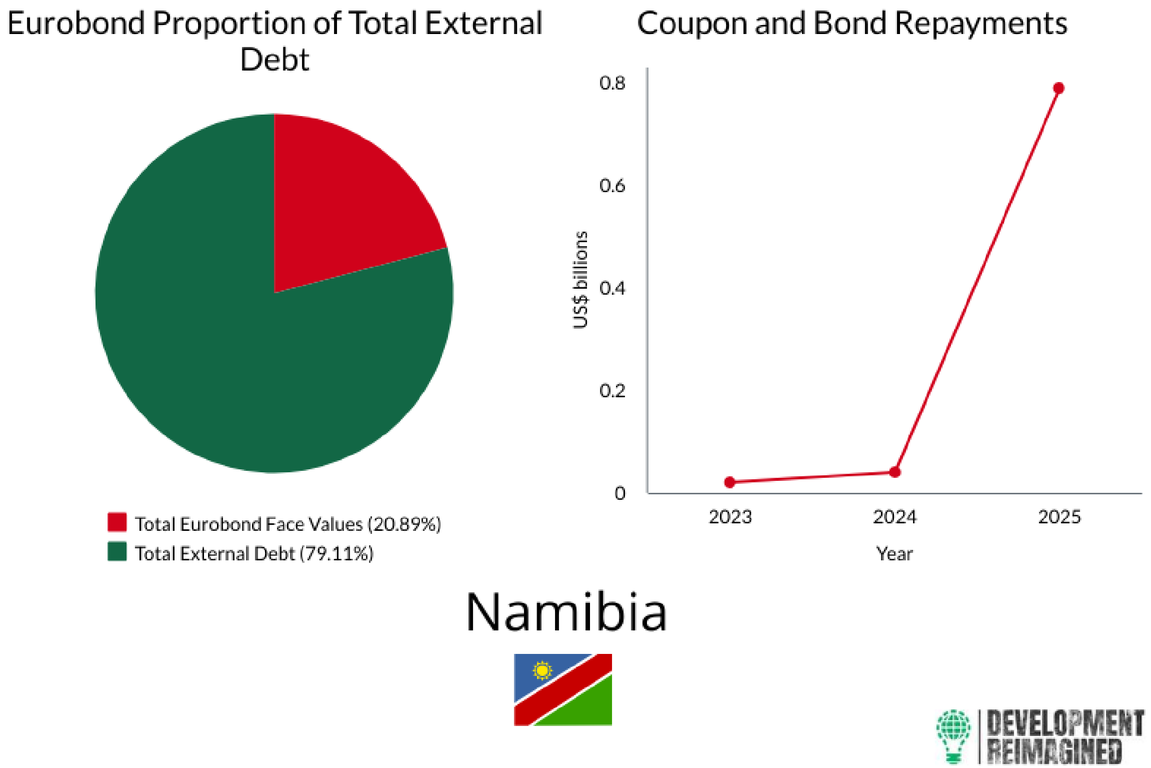

Table 17: Namibia’s projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2025	1	789.38 m

Nigeria

Despite having one of the highest Eurobond debt volumes on the African continent in absolute terms, Nigeria's percentage of Eurobond debt to GDP is **5.94%**, which in principle is fairly manageable. The six years tabulated below show our analysis' projected periods of fiscal strain on Nigeria's economy. Of particular challenge will be the four-year stretch between 2027 and 2031, where a combined total of US$**10.53 billion** will need to be paid. This amount represents **37.12%** of the country's outstanding coupon and bond repayment costs between 2023-2051, emphasising the scale of the four-year fiscal obligation.

Figure 14: Nigeria's projected Eurobond coupon and bond repayment peaks

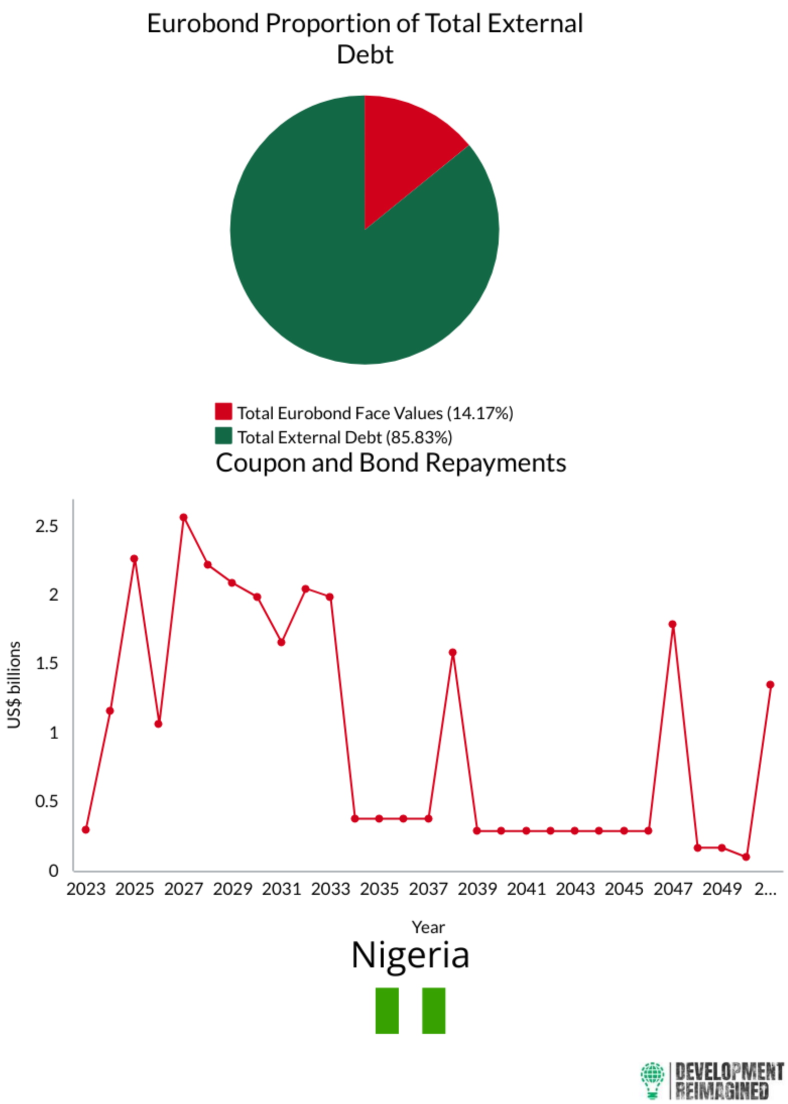

Table 18: Nigeria's Eurobonds and debt repayments in context

Year	Number of bonds with payments due	US$ cash outflow due
2025	1	2.27 bn
2027	1	2.57 bn
2028	1	2.22 bn
2029	1	2.09 bn
2030	1	1.99 bn
2031	1	1.66 bn

Rwanda

As of the end of 2023, Rwanda's Eurobond debt to GDP was **6.71%**, which could present some challenges, especially if payments are inconsistent. Indeed, as illustrated in Figure 15, our analysis projects that Rwanda's primary fiscal strain will be in the year 2031. Between the years 2023-2030, Rwanda is scheduled to have an annual average coupon cost of US$**29.86 million**, highlighting the potential impact of an almost sudden growth in debt service costs to US$**654.10 million** due in 2031.

Figure 15: Rwanda's Eurobond and debt repayments in context

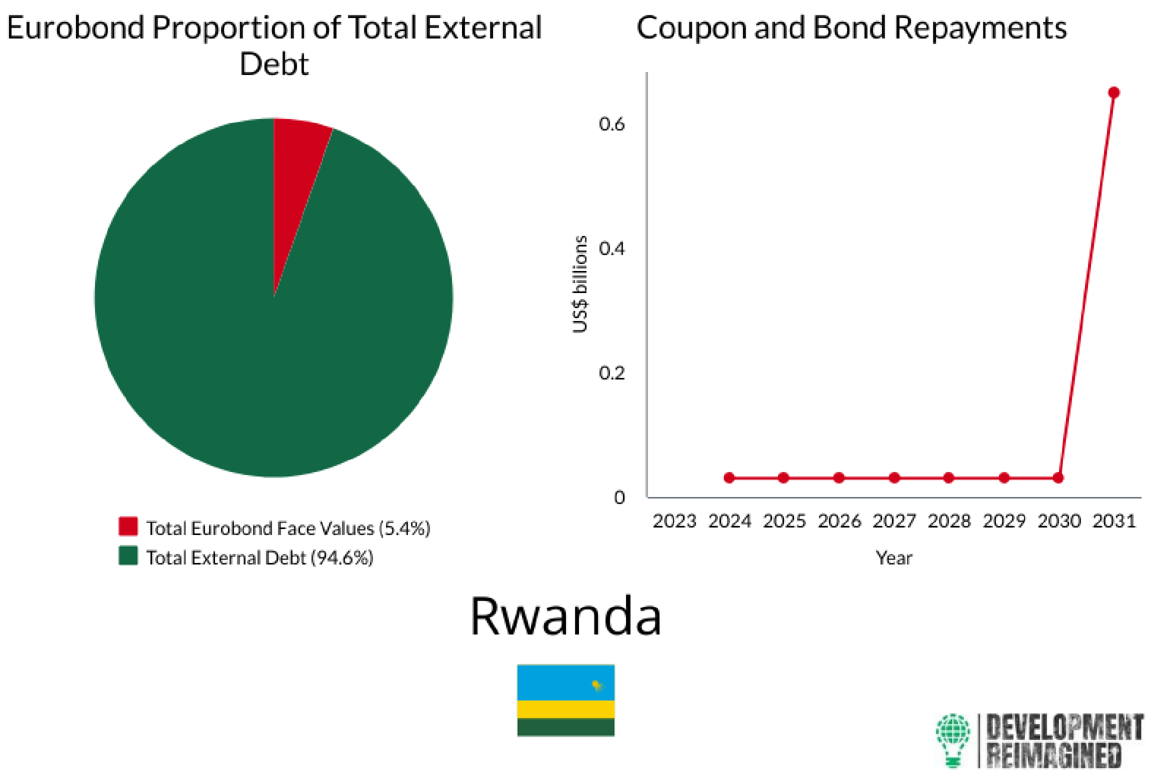

Table 19: Rwanda's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2031	1	654.10 m

Senegal

Based on our analysis, Senegal has a Eurobond debt to GDP ratio of **9.59%,** a level that implies likely challenging Eurobond debt service costs for the country. Our analysis identifies 2048 as a particular year that will stretch the country's fiscus, with scheduled payments that average US$**64.84 million** per year between 2023 and 2047, but jump to US$**1.03 billion** in 2048.

Figure 16: Senegal's Eurobonds and debt repayments in context

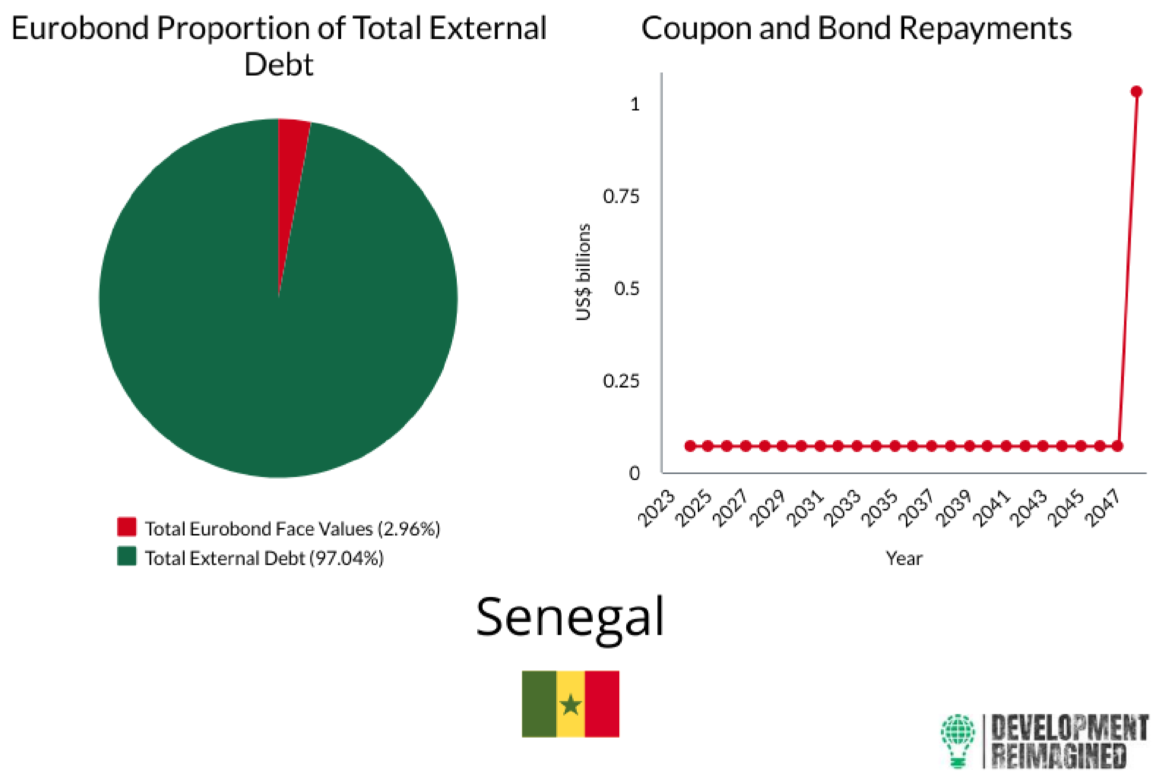

Table 20: Senegal's projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2048	1	1.03 bn

Seychelles

Seychelles has a very interesting and unique Eurobond debt service profile on the continent, in the sense that burdens for its single Eurobond are constant, avoiding the type of spikes in coupon and bond repayments projected for other African countries. Additionally, at the end of 2023 the country's Eurobond debt to GDP was just **1.20%,** which should be quite manageable. Our analysis shows that the coupon and bond repayment costs are relatively low for the country, dampening the fiscal strain concerns in the years ahead. Due to this, our analysis does not project any periods of potential fiscal strain in Seychelles, even if there is a small relative peak in 2028.

Figure 17: Seychelles' Eurobond and debt repayments in context

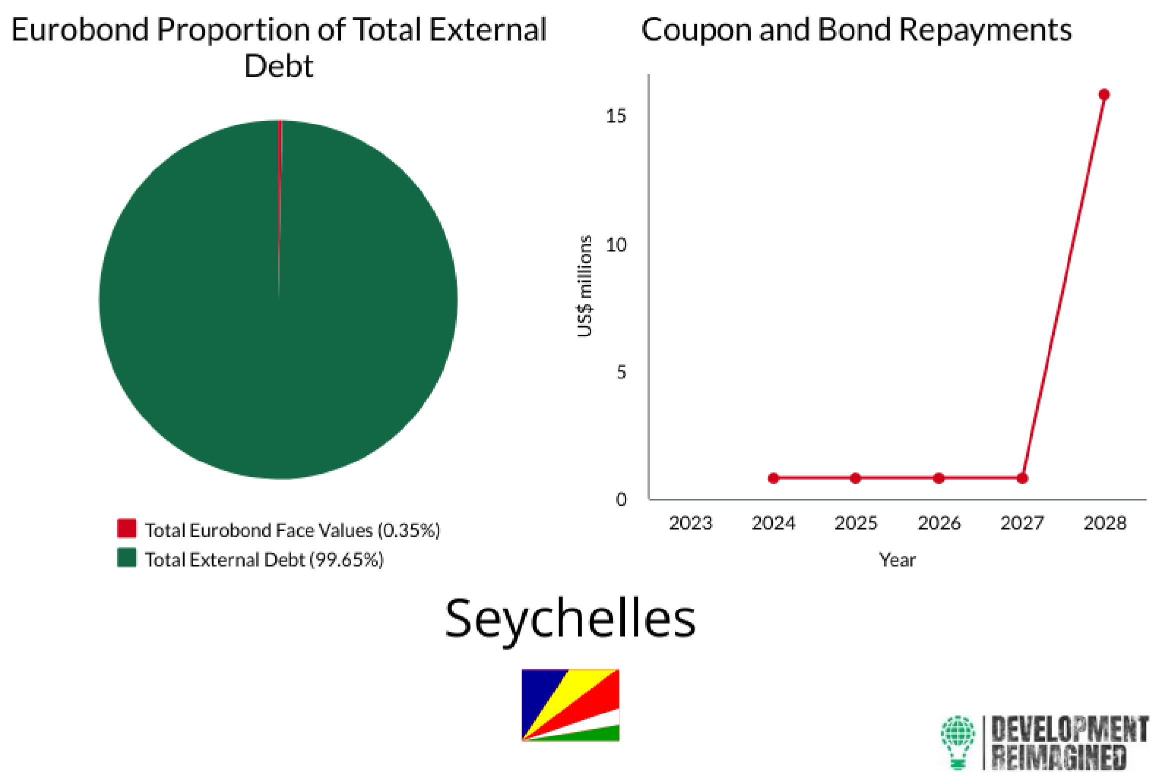

Table 21: Seychelles' projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2028	1	15.83 m

South Africa

South Africa has a Eurobond debt to GDP ratio of **7.40%,** a level that implies fairly high debt service costs for the country. The period that the country is projected to experience the heaviest fiscus pressure is between 2024 and 2026, where a combined total of US$**7.13 billion** in coupon and bond repayments is scheduled to be paid. Notably, this amount represents **23.73%** of the country's projected Eurobond debt service costs between 2023-2052, highlighting the significance of the debt obligation, as well as its potential to be a fiscal strain on South Africa's economy.

Figure 18: South Africa's Eurobonds and debt repayments in context

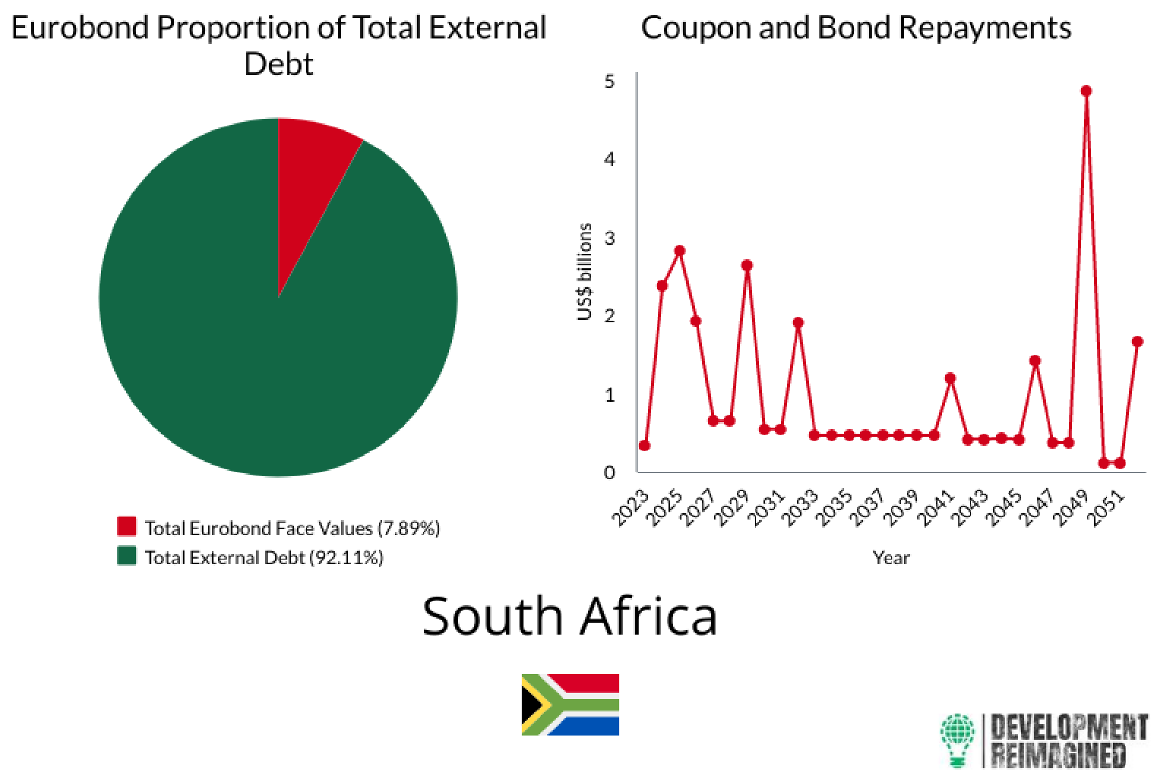

Table 22: South Africa's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2024	1	2.37 bn
2025	1	2.93 bn
2026	1	1.93 bn
2029	1	2.65 bn
2032	1	1.91 bn
2046	1	1.42 bn
2049	2	4.87 bn
2052	1	1.66 bn

Tunisia

As of 2023 and according to our analysis, Tunisia had a quite manageable **2.8%** proportion of Eurobond debt to GDP. Despite this manageable overall figure, however, the country will need to pay **80.62%** of its total projected Eurobond coupon and bond repayment costs in 2025. Accordingly, the US$**1.04 billion** due will be made up of two coupon payments, as well as one bond repayment. Consequently, our analysis concludes that 2025 will be one of the country's top concerns in the context of debt service.

Figure 19: Tunisia's Eurobonds and debt repayments in context

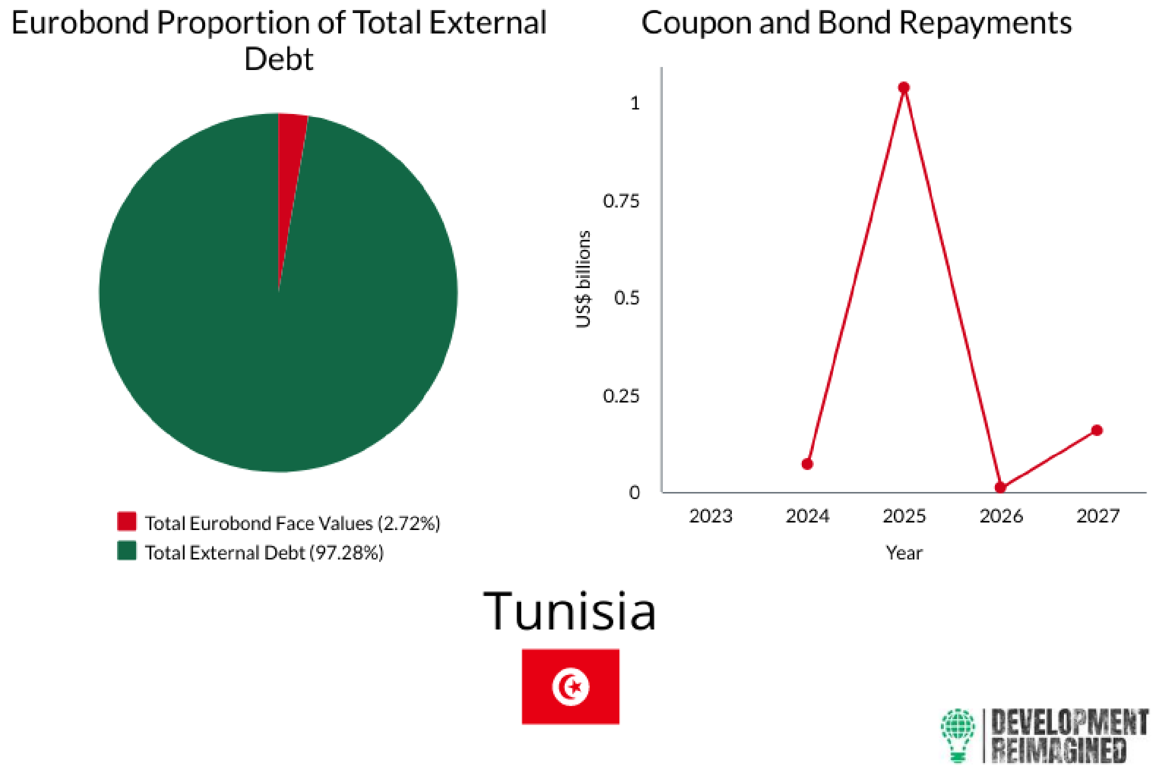

Table 23: Tunisia's projected Eurobond coupon and bond repayment peak

Year	Number of bonds with payments due	US$ cash outflow due
2025	1	1.04 bn

Zambia

Based on Table 2, Zambia's Eurobond debt accounts for **5.70%** of GDP**,** which indicates some challenges in management. In particular, our analysis projects 2027 as the year of primary fiscal strain for the country because of the **1.36 billion** in coupon and bond repayment costs due that year. This amount represents **80%** of the country's outstanding Eurobond debt obligations, highlighting its significance and potential fiscal strain on Zambia's economy.

Figure 20: Zambia's Eurobonds and debt repayments in context

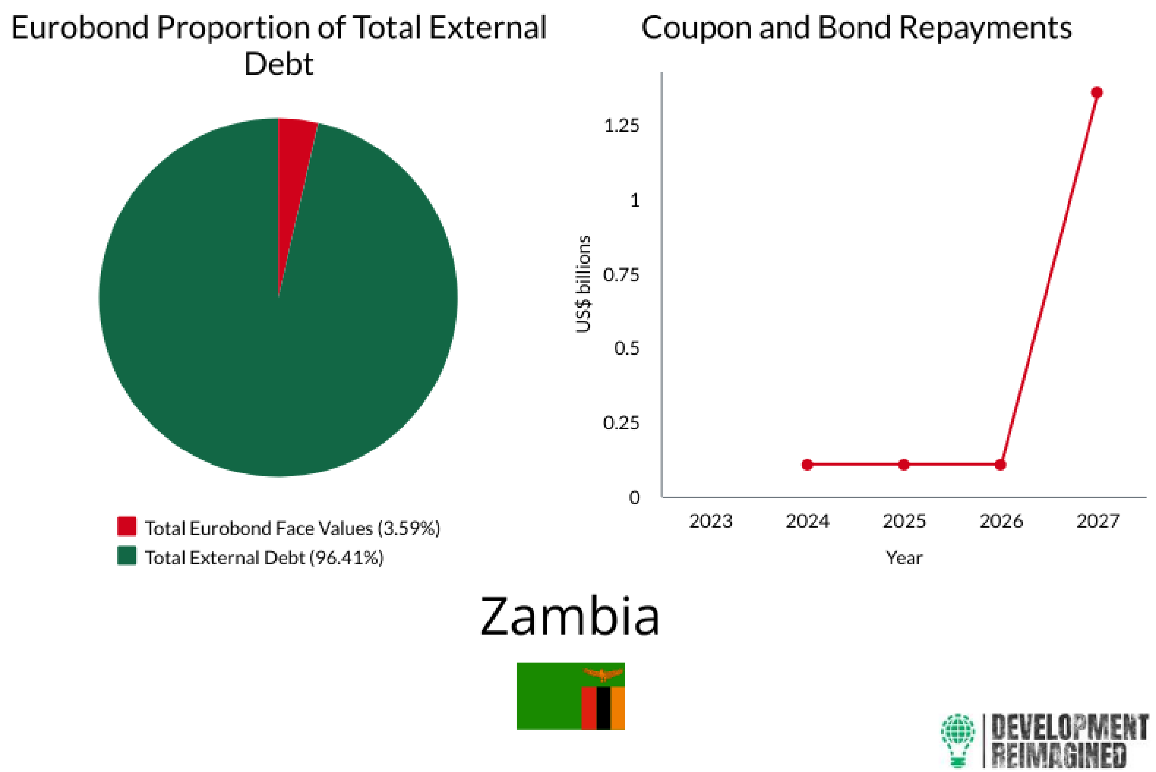

Table 4: Zambia's projected Eurobond coupon and bond repayment peaks

Year	Number of bonds with payments due	US$ cash outflow due
2027	1	1.36 bn

REFLECTIONS AND RECOMMENDATIONS

Over the last few years, African Eurobond holdings have risen significantly in absolute terms. Based on data spanning 26 years from 1997 up to the end of 2023, this first of a kind public report has analysed the 91 outstanding US$-denominated Eurobonds issued by African countries, with a total combined face value of US$ 111 billion.

The report shows that although 66% of these Eurobonds (or, put differently 71% of the face value) have been issued by five countries (Angola, Egypt, Nigeria and South Africa), they as well as several of the other 19 issuing countries could face challenges with managing repayments, especially if the Eurobonds have been issued with high interest and varying and short maturities. The highest interest rate of outstanding African bonds across each issuing country ranges from 5.25% (Namibia) to 9.5% (Angola and Cameroon).

That said, there are some African countries that can be seen as just "experimenting" with Eurobond issuance – single bonds with fairly low face values in absolute terms and relative to their economic size – such as Rwanda, Seychelles, Zambia and the Republic of Congo.

The three countries for which Eurobond issuance is largest relative to GDP are Gabon (25%), Ghana (24%), and Angola (19%).

The five countries that have agreed to the highest returns on their bonds ("yield to maturity") are Ghana (81%), Ethiopia (47%) Tunisia (37%), Zambia (27%) and Egypt (19%). This means that even some countries that have relatively low Eurobond debt to GDP ratios may nevertheless face difficulties, such as Ethiopia in 2024.

2024 is projected to be one of the most difficult years for African countries holding Eurobonds, with seven countries facing financial strain (based on our threshold analysis) followed by 2025, 2027 and 2028. However, the period between 2034 and 2048 will be relatively easier for countries to manage, assuming more bonds are not issued. Overall, Egypt and Angola will face challenges most of the other years.

What does this mean for African countries in both issuing and managing Eurobonds?

Three key reflections are appropriate.

First, the very fact that this report is the first of its kind speaks volumes. Over the last 80 years, creditors have regularly come together to coordinate around their impact and development work in specific countries. Even Eurobond holders themselves have a coordination mechanism – known as the "London Club" which meets and considers debt issues if there is a default in different countries[9]. In order to move to a more "borrower-centric" system, borrowers such as African countries need to examine their creditors and commonalities and differences as well, including at times of financial strain. There is a strong case for African institutions providing annual reports such as these as a public good to African governments and the public.

Second, the data indicates a number of common experiences across African countries when it comes to Eurobond issuance and management, which can give some hints to African countries on how to improve Eurobond issuance terms in future. Learning from Egypt's 2010 shift away

[9] For further analysis: https://www.researchgate.net/publication/286382025_Club_de_Paris_and_London_Club

from 10-year Eurobond issuance, other African countries have since followed suit by issuing Eurobonds with longer-term maturities.[10] By extending these timelines, annual coupon payments are compressed and over a longer period of time, giving borrowers more fiscal space and reducing debt default concerns. Additionally, such efforts need to be combined with an aggressive and unified campaign by African countries to counter decades of an "African risk premium"- the biased perception by credit rating agencies that makes borrowing on international capital markets more expensive for African countries than their global peers.[11]

Third, the report indicates some key milestones and opportunities for managing existing Eurobond debt. For instance, debt "buy-backs", also known as debt repurchase or debt redemption, are a key means for governments to manage their debt service payments or liabilities. They involve a company or government repurchasing its own outstanding debt securities from investors before the debt's maturity date. This process can be advantageous for the issuer and can have various financial and strategic implications, such as reduced interest expenses. If the issuer can repurchase debt at a lower interest rate than what it currently pays on the outstanding bonds, it can lead to interest cost savings. This can therefore reduce the vulnerability of countries to large and unexpected shocks. In many cases, governments actually take out or raise a new – ideally cheaper – loan in order to buy-back the more expensive debt. Therefore, knowing when debt repayments may be difficult for African countries to service, and exploring other risks that might occur – for example exchange rate risks which are relevant to foreign-denominated currencies - can be helpful in planning for or negotiating debt buy-backs, including collectively.

Certainly, this report suggests the next four to five years present significant opportunities for Eurobond buy-backs, especially for countries with the highest yield to maturities, which in turn could provide significant benefits to citizens as their governments avoid financial strain.

[10] See: https://www.un.org/osaa/reports-and-publications/eurobonds-debt-sustainability-africa-and-credit-rating-agencies
[11] Ibid