



The Changing Landscape of Sovereign Debt

A Post HIPC World

with

New Sources of Credit for Development



Financing for Development

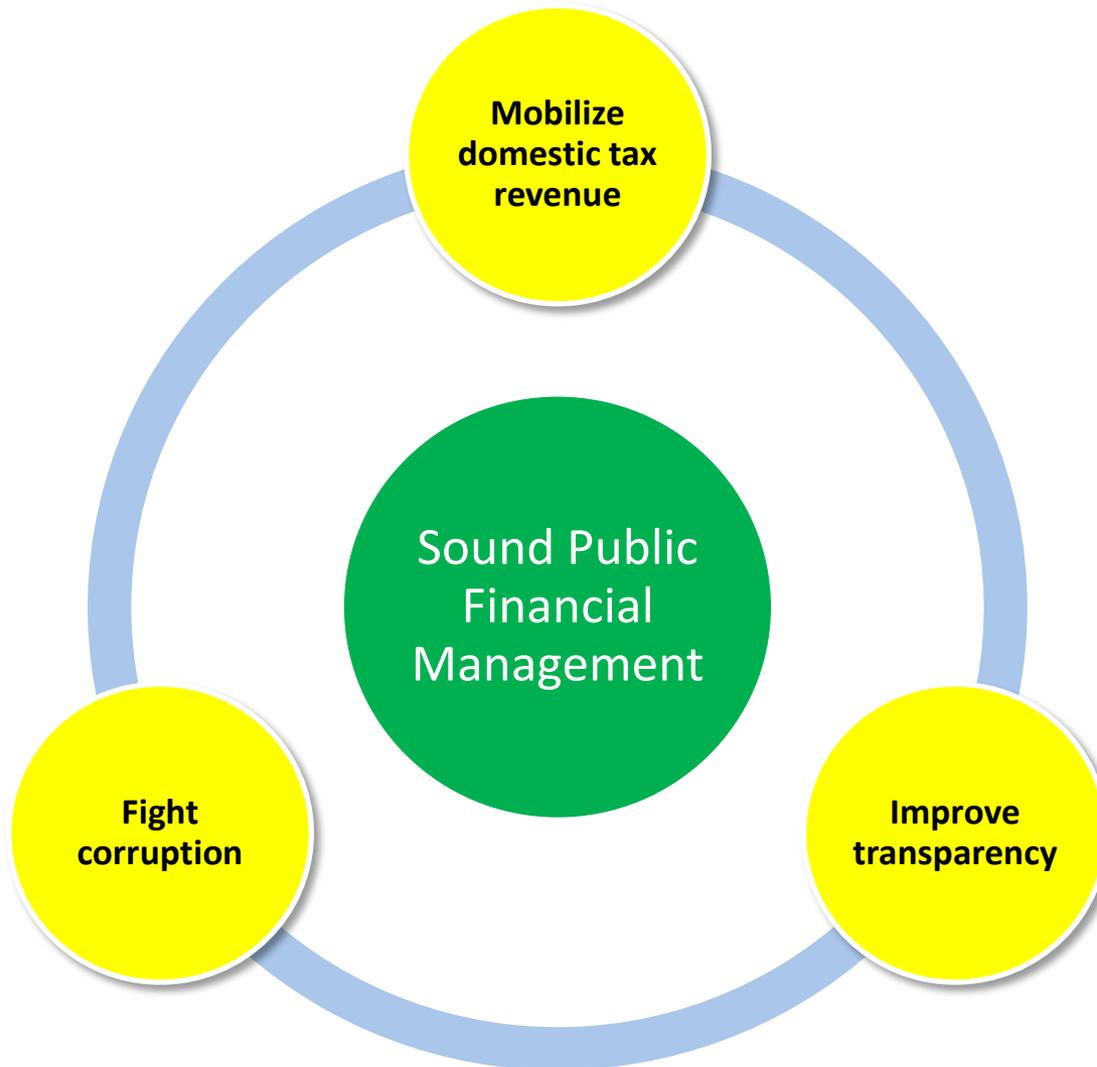
The ability to raise significant domestic revenue...



...results in greater control over policy decisions and the development agenda.



Domestic Financing for Development (DF4D)

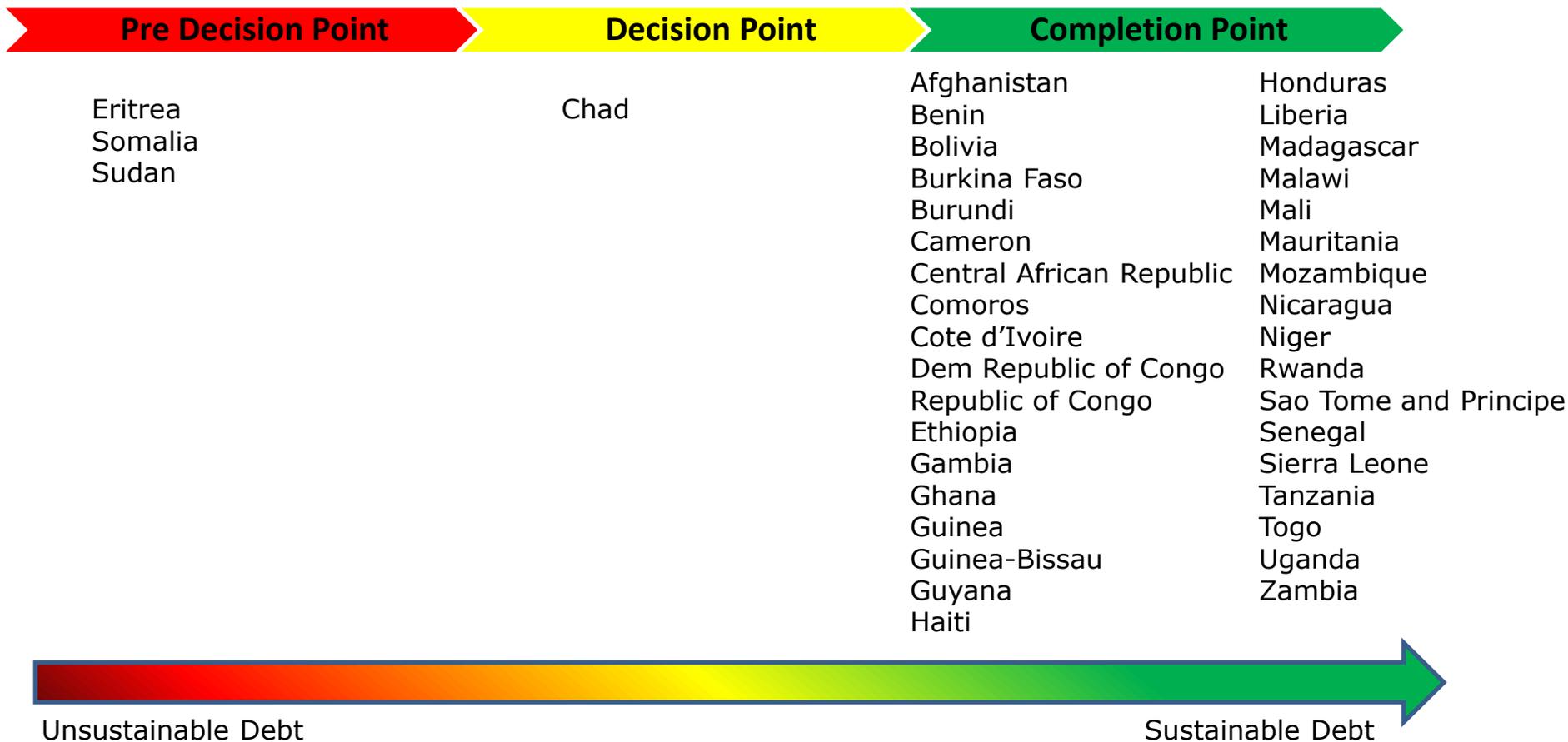




HIPC Nearing Completion – Debt Burden Removed

To date 36 countries have qualified for debt stock reduction of \$127 billion.

Status of Highly Indebted Poor Countries as of March 31, 2013

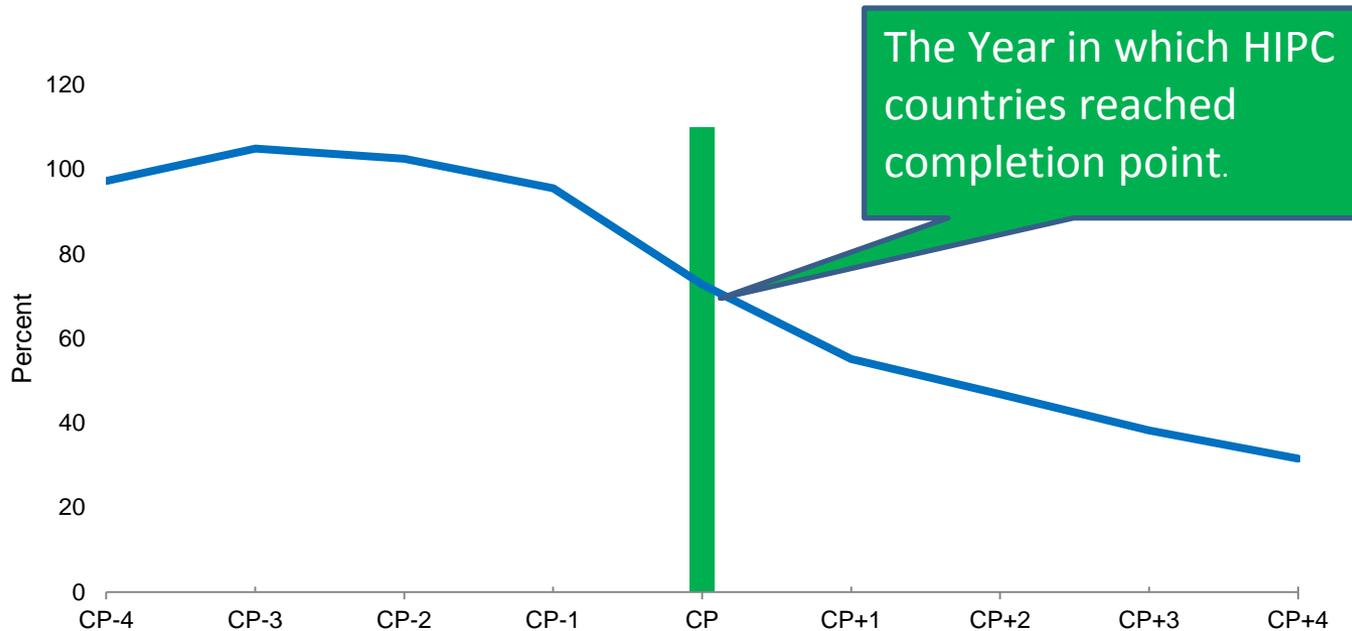




Debt Sustainability Restored

The debt burden of HIPC countries declined rapidly after completion point.

External Public Debt for HIPC Post-Completion Countries
Percentage of Debt to GDP



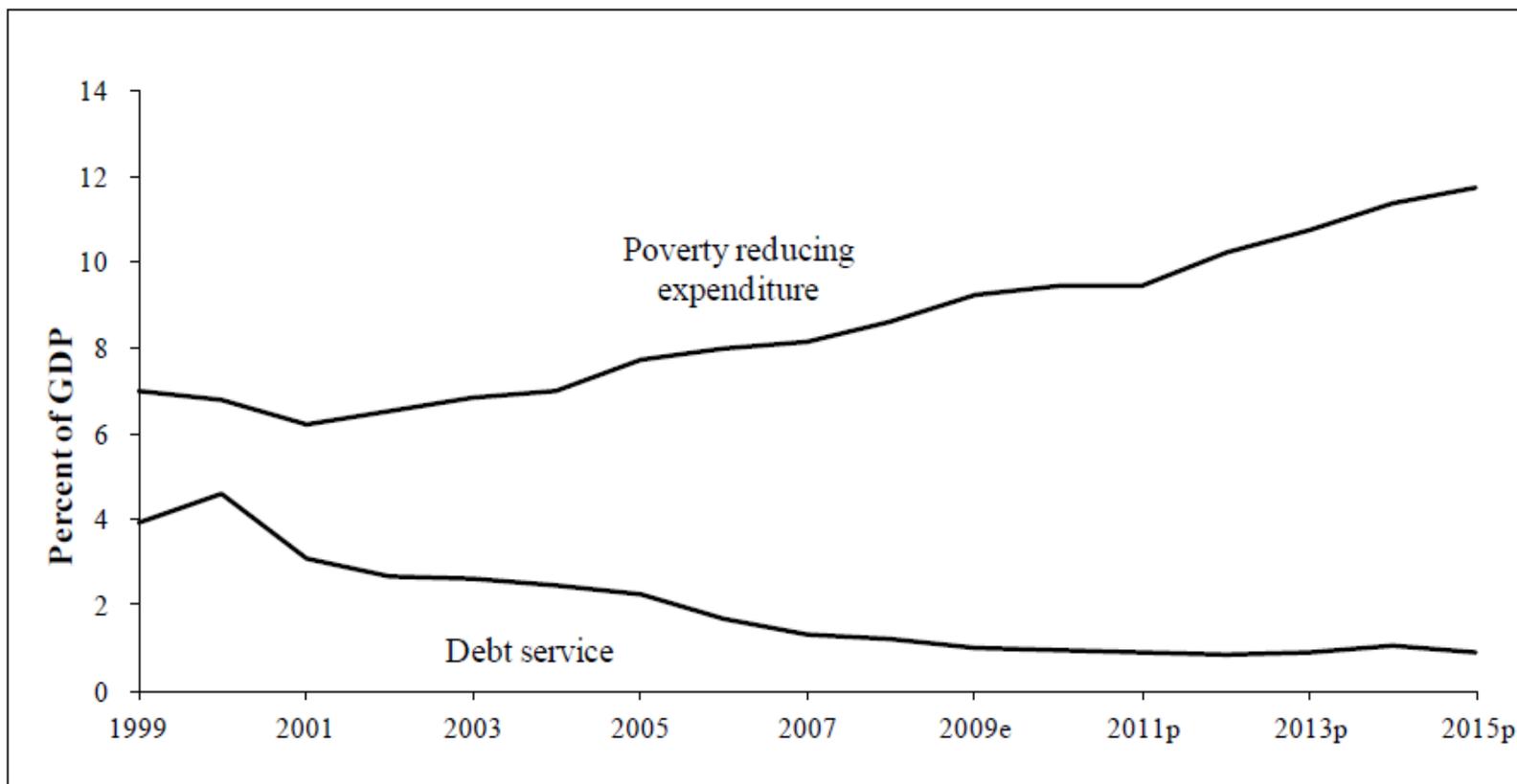
Source: IMF staff calculations

*Countries that reached HIPC completion point in 2006 or earlier. The post-completion point period includes debt relief from MDRI.



Poverty Spending Up – Debt Service Down

Figure 2. Average Poverty Reducing Expenditure and Debt Service in HIPC¹



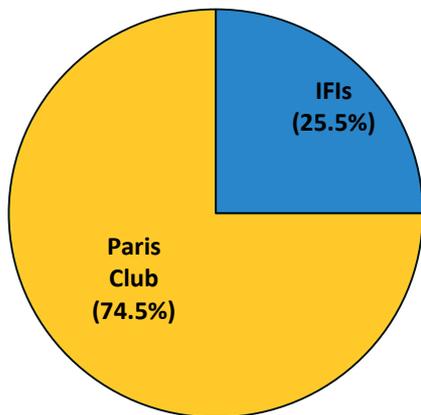
Sources: HIPC documents and IMF staff estimates



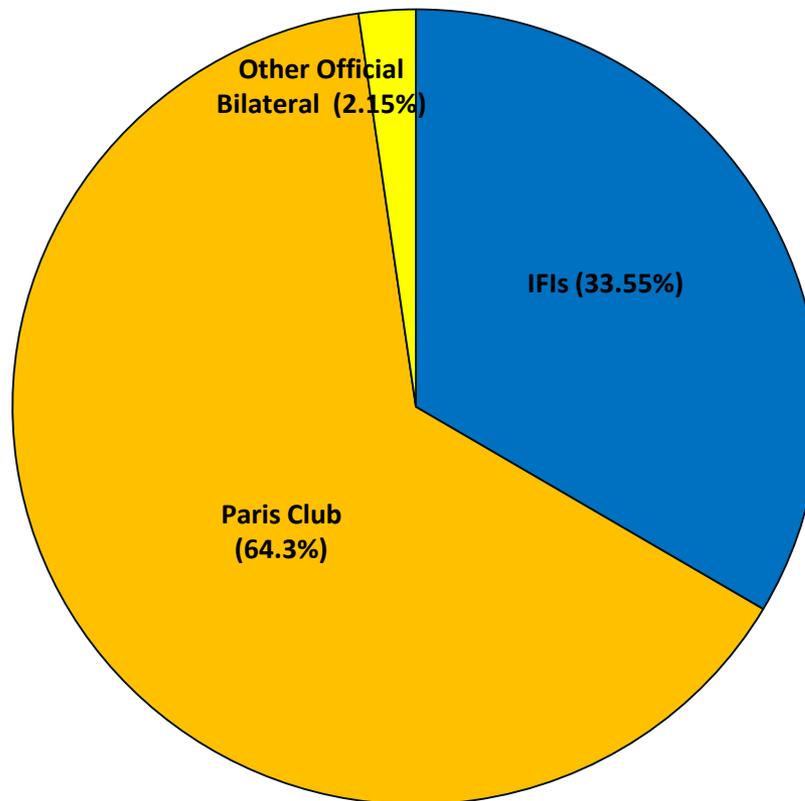
Changes in Emerging Market External Debt

Official Creditors Expand Beyond the Paris Club...

1978: US\$ 96.6B



1994: US\$ 600B

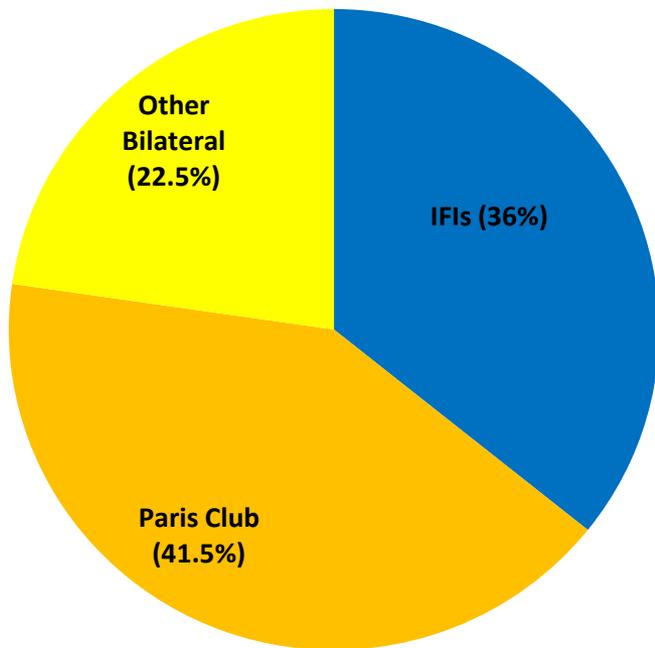




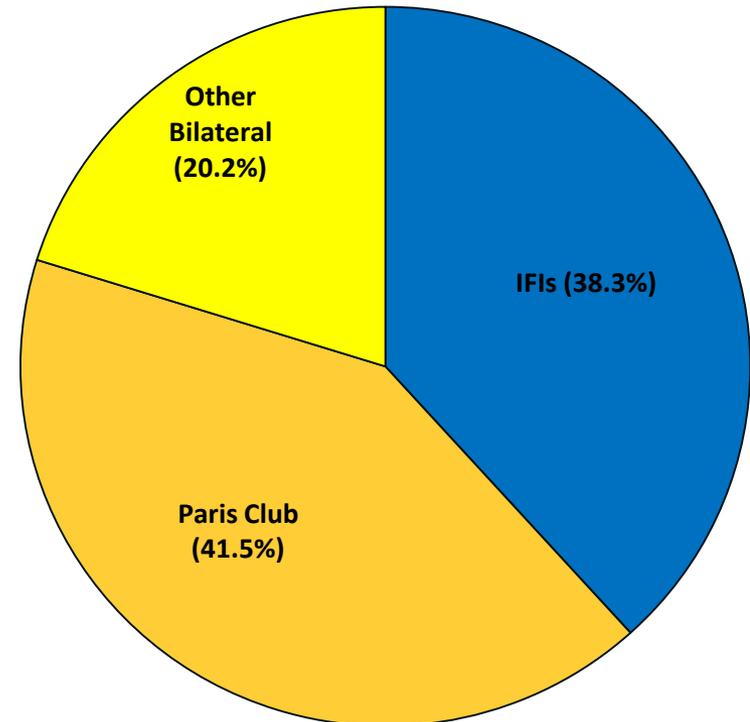
Changes in Emerging Market External Debt

To a new normal which requires expanding cooperation....

2008: US\$ 795B



2011: US\$ 1,020

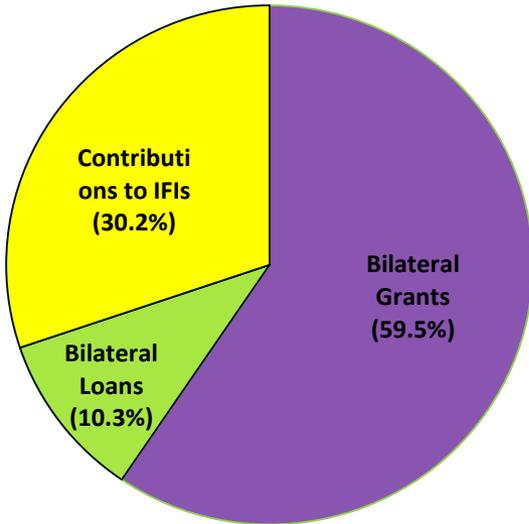




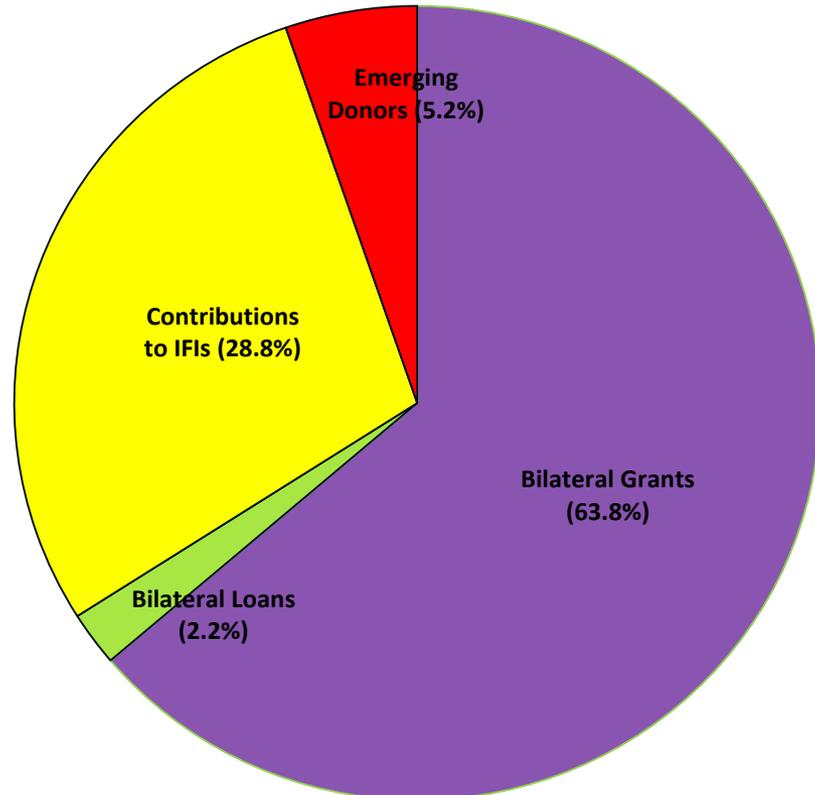
Changing Structure of Official Development Assistance (ODA)

Fewer loans, more grants, & emerging donors...

**Net ODA
1994
US \$ 59.2 Billion**



**Net ODA
2009
US\$ 126.7 Billion**

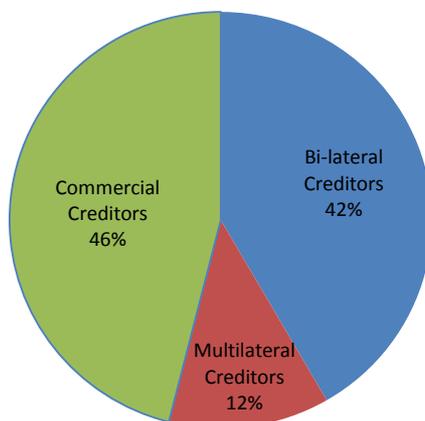




Changing Structure of Developing Country Debt

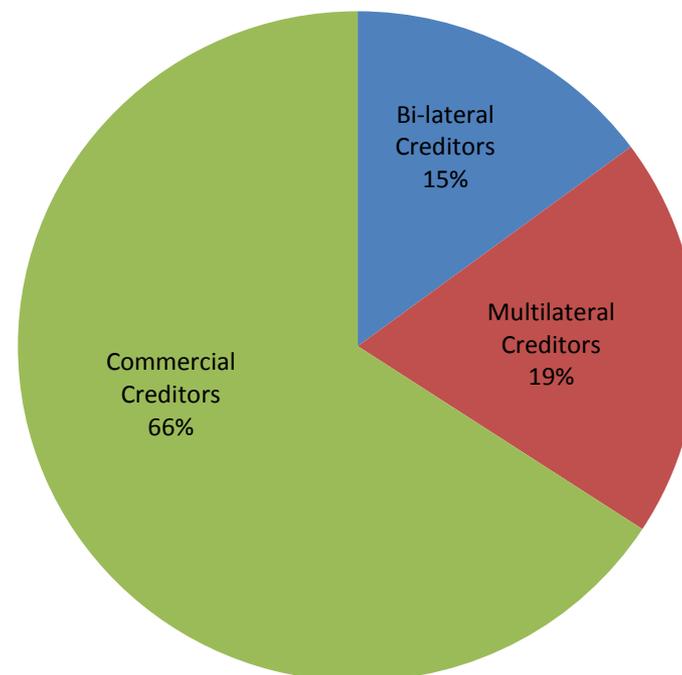
Private credit now dominates...

1970



Debt Stock = \$57 billion

2009



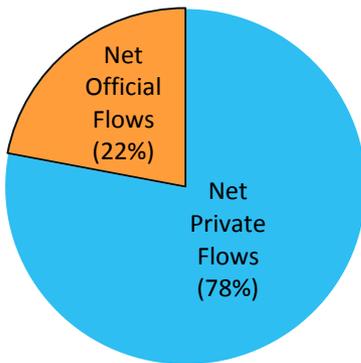
Debt Stock = \$2 trillion



The new era of private capital flows

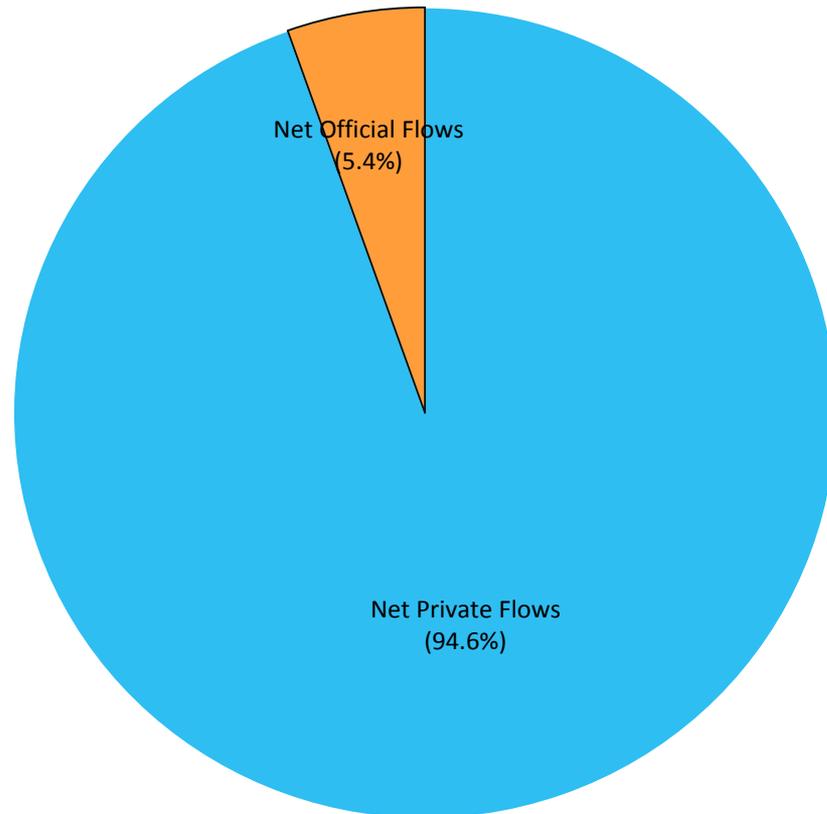
global capital flows to emerging market economies

1980
US\$ 60.2 B



*of which Paris Club 12%

2011
US\$ 1,145B

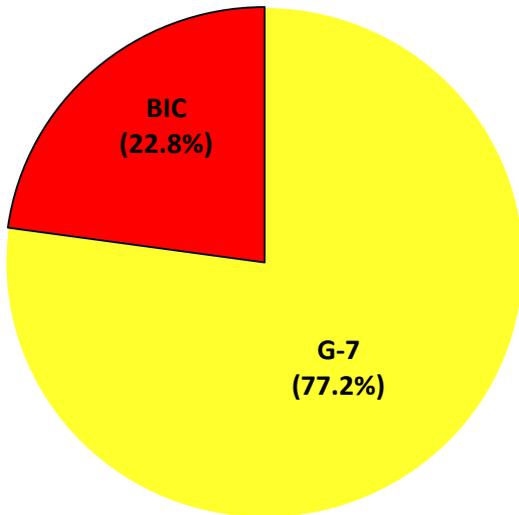


*of which official Bilateral creditors 3.9%



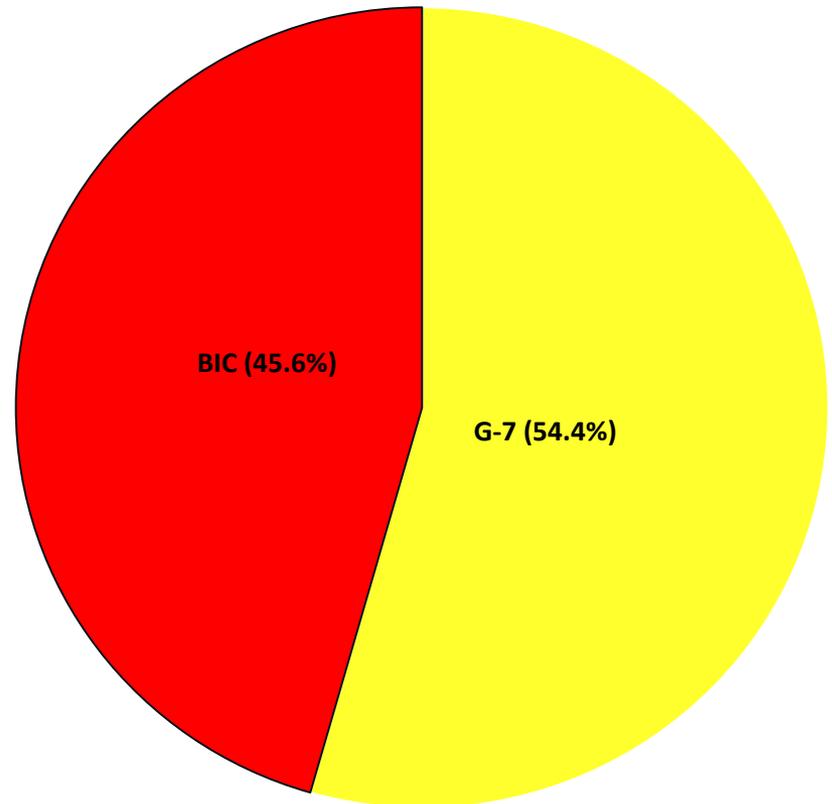
Shift in Principal Official Trade Creditors

2002: US\$ 46B



*of which China 20%

2011: US\$ 142B

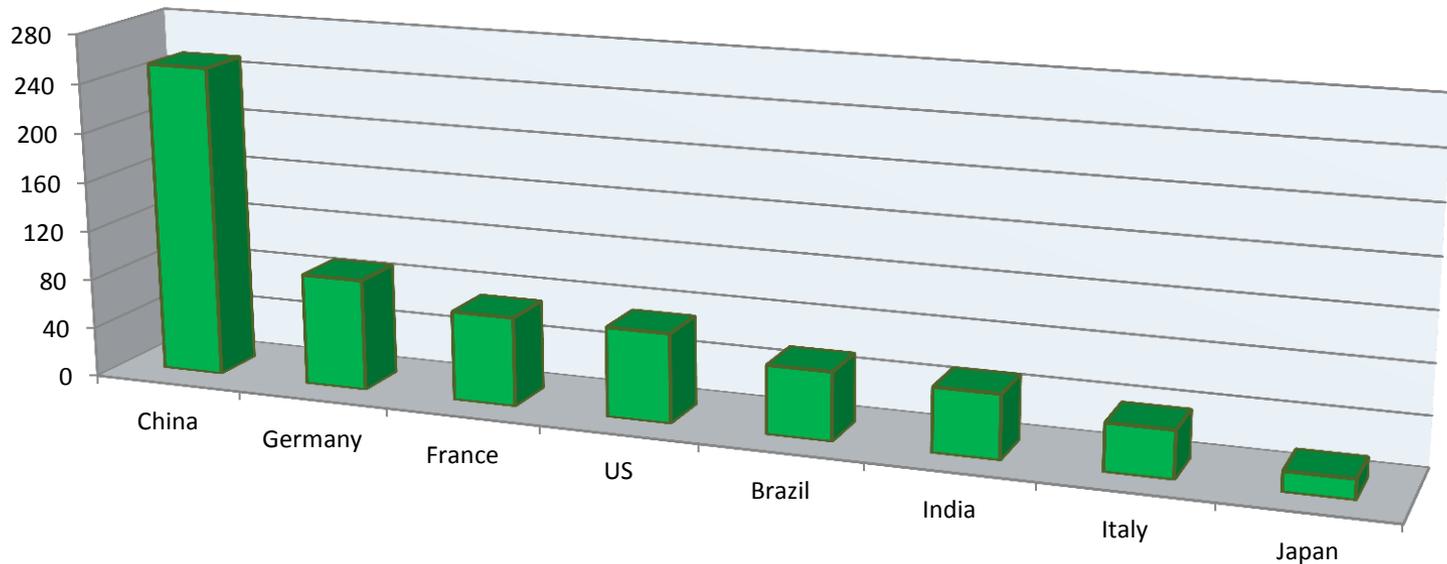


*of which China 35%



Today's Major Sovereign Creditors

Cumulative New Medium and Long Term Official Export Credit Volumes: 2006-2011

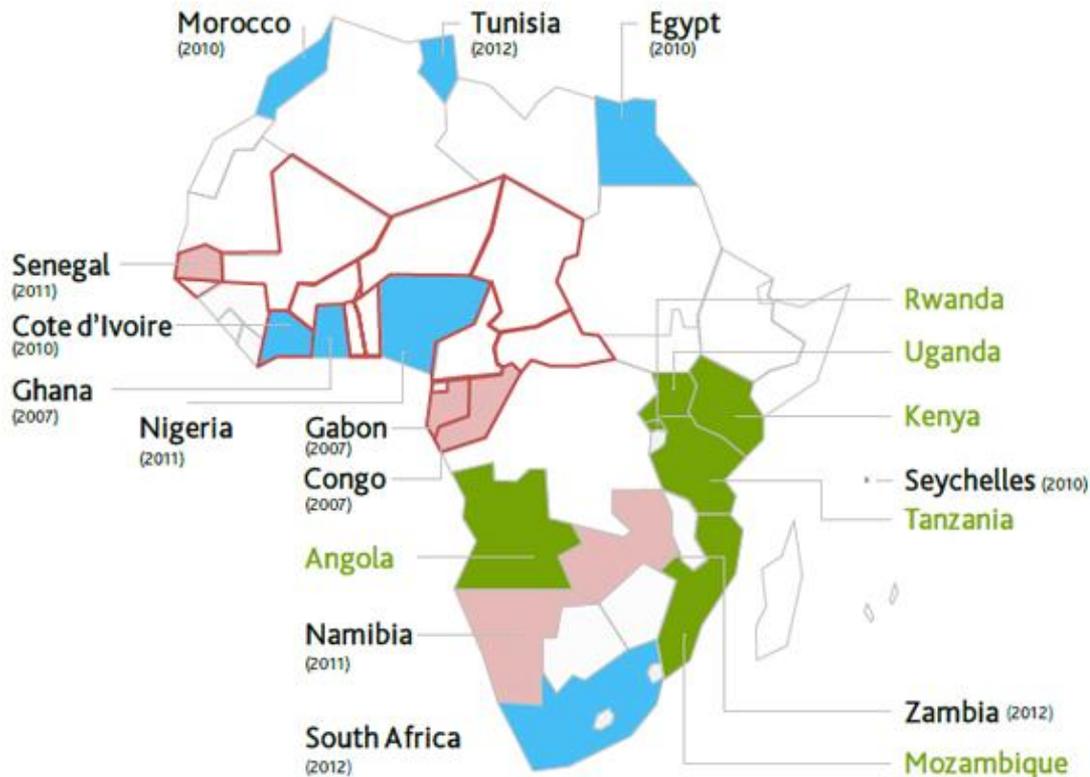




Post-HIPCs also tap international capital markets

Existing and Potential International Issuers in Africa

Existing Eurobond Issuers (2011) Year of latest issuance Potential Returning Eurobond Issuers Potential First-time Eurobond Issuers CFA Franc Zones

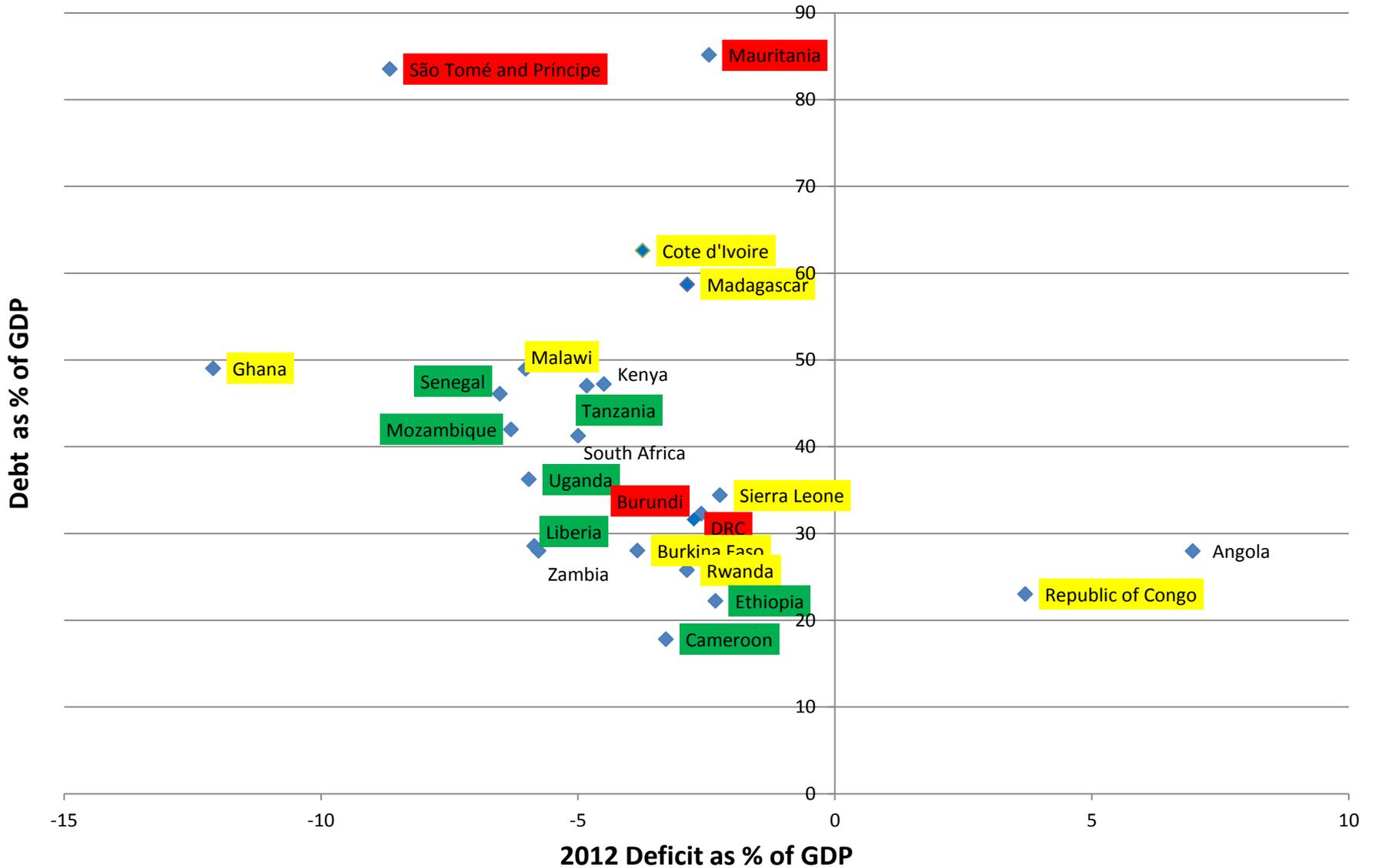


- **Eurobonds:** Ghana, Cote d'Ivoire, Republic of Congo, Senegal, Namibia, Zambia.
- **Potential Eurobond issuers:** Rwanda, Uganda, Tanzania, Mozambique.
- Highlights importance of **fiscal sustainability** and the **declining importance of sovereign lending**.
- **Grants** still a large part of investment by African governments.



2012 Fiscal Balance (% of GDP) vs 2012 Public Debt (% of GDP)

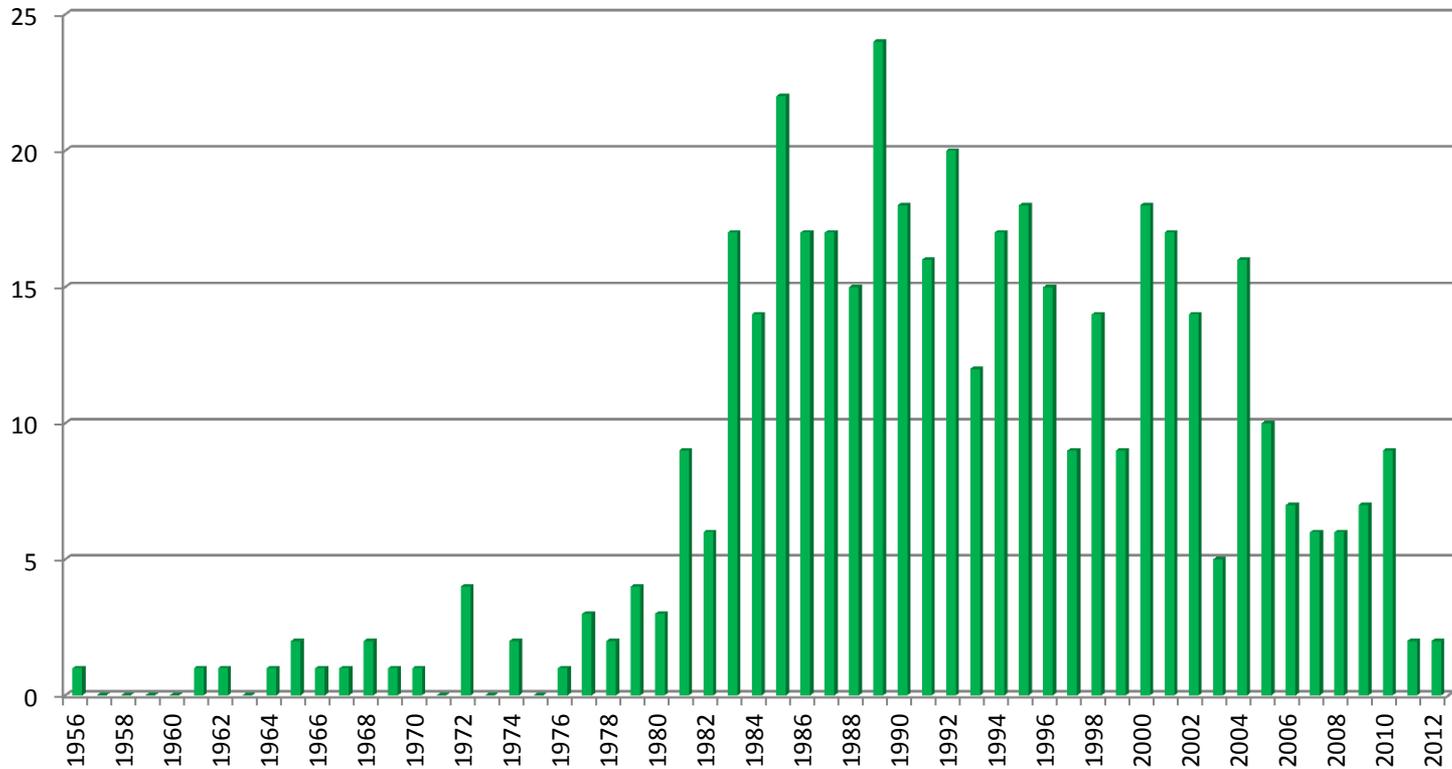
(source: IMF WEO, except Ghana)





Paris Club then and now

Paris Club Agreements



Source: Paris Club