



# Twenty-Eighth Sovereign Debt News Update: Incurring and Servicing of African Loans

**By:**

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Ghana seeks to [explore more debt to purchase assets to enable the country to leverage on possible returns on its oil and gas exploration](#). The Ghanaian government has presented before its parliamentary the proposal to borrow roughly \$1.65 billion for this purpose. This move comes despite [apparent skepticism recently displayed by Exxon Mobil Corporation which pulled out of the offshore prospect activities](#) in the country in May 2021. Also, this comes at a time when concerns are being raised on possibility that Ghana's hydrocarbon resources may be affected [the government's tilt towards reducing carbon energy](#).

As the South African government grapples with stabilizing its fiscal profile in the light of the economic shock resulting from the Covid-19 pandemic, the country's finances were further threatened by a recent strain of riots. In response, the [South African Finance Minister, Tito Mboweni, has noted the](#)

[government's commitment to curb borrowing in order to manage its portended fiscal crisis.](#)

Following recent news on [China's restricting funding for infrastructure projects in Kenya](#) as a show of its displeasure towards Kenya's participation in the bid for an extension of the Debt Service Suspension Initiative, which apparently affects Kenya's debt to China, [Kenya resumed the servicing of its loan to China with an initial payment of \\$761 million.](#)

On Thursday, July 28, 2021, the [Executive Board of the International Monetary Fund \(IMF\) approved an Extended Fund Facility for Gabon in the tune of \\$553.2 Million.](#) The facility, which is set to be for 36 months, is aimed as a short-term support for Gabon's response to the Covid-19 crisis, while reducing fiscal and public debt vulnerabilities and fostering sustainable, green and inclusive private sector driven economic growth.

[The IMF also approved a similar arrangement with Cameroon under the Extended Fund Facility program in the sum of \\$689.5 Million for budget as well as emergency support.](#) The IMF expressed its expectations that contingent on the authority's implementing policy commitments under the program, a gradual recovery of the economy and potential GDP growth of 3.6% and 4.6% in 2021 and 2022 respectively is imminent.

In a bid to further foster economic integration and boost trade and services in the west African region, [fifteen member nations of the Economic Community of West African States \(ECOWAS\) are working on a unified cross-border debt market to be launched in 2023.](#) The rationale is that this would lead to more access to lending pools which would in turn reduce the cost of borrowing.

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