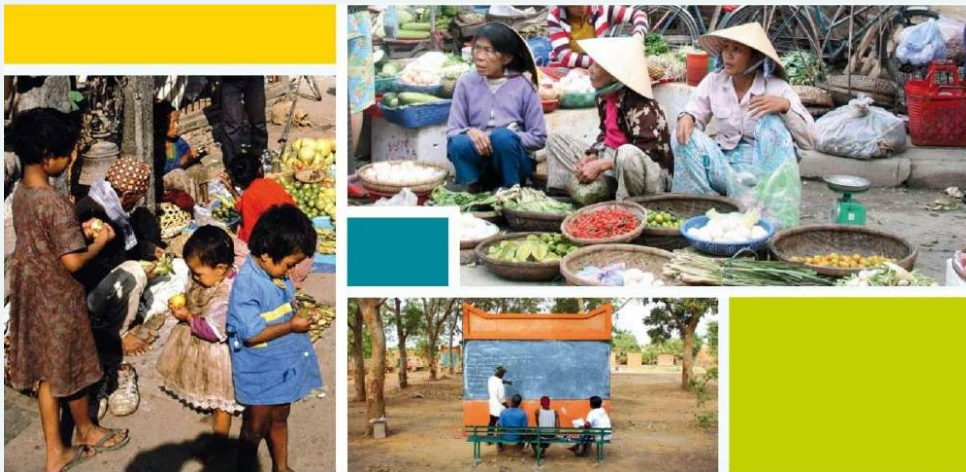


nopoor final conference

6-7 June 2017, Brussels

Finance for Development: Are Sovereign Bond Issues in Sub-Saharan Africa Supporting Sustainable Development?



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nopoor
Enhancing Knowledge for
Renewed Policies against Poverty



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Sovereign Bonds – what are they?

Debt issued by a National Government

- government pays interest and has to repay principal
- maturity rates around 12 years
- Eurobonds (but issued in USD)
- Delay in repayment (debt restructuring)
- Partial reduction of their debt (write off/hair cut)



Sovereign Bonds – why issue?

Previously

- Concessional loans
- WB and MDBs
- Conditions attached

Recently

- Low yields in HICs
- Sovereign choices in development

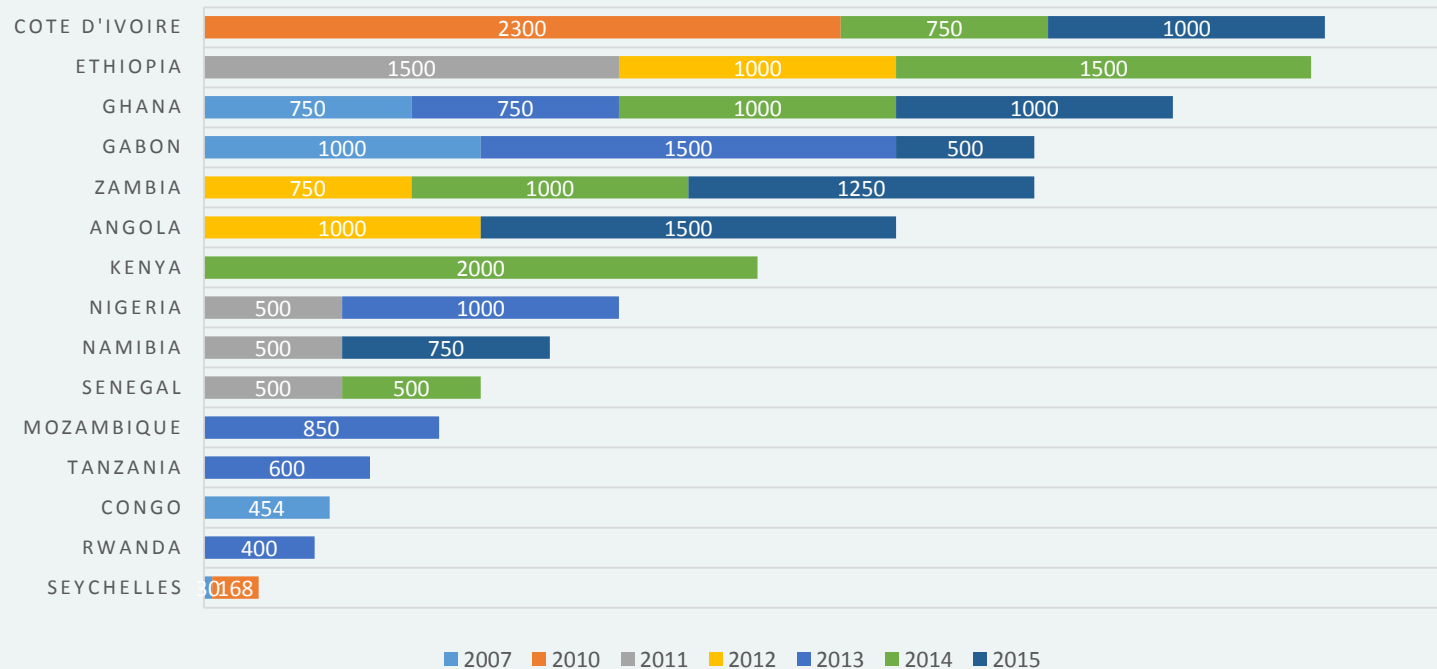


Recent Bond Issuances- Examples

Country	Year	Value (in millions)	Stated Purpose
Ghana	2015	\$1,000	Debt refinancing
Côte d'Ivoire	2015	\$1,000	Infrastructure investment (education and healthcare facilities)
Namibia	2015	\$750	Increase reserves, industrialization, infrastructure investment (power, water, logistics and transport sector), educational initiatives



SSA-Bond Issuances – USD millions



Challenges

International macroeconomic risks (ex rate & com prices)

National macro risks (ex rate management, volatility)

Project overruns&delays

Diversion of funds



Policy Recommendations

15 SSA countries bonds = opportunities&challenges

- Diverse countries and experiences
- Reconsider IDBs infrastructure lending
- Better planning and oversight necessary
- Learn from existing best practice
- TA
- Regulation of financial services in the European Union

