



Editor's Note, September 25, 2020

Zambia's government this week announced that it is asking investors in Eurobonds totalling \$3bn for a six month delay in repayments, raising the prospect of becoming the first default of Africa's new debt crisis.

The news should come as no surprise.

The continent's second-biggest copper producer has been struggling to keep up with debt repayments for years, and is already looking at options for restructuring the \$11.7bn it owes. The requested delay, until April 2021, is to implement this and avoid a default.

Neither option bodes well for Zambia's already struggling economy, and how the country fares could offer clues about how this debt crisis will unfold.

Even before the pandemic 16 African economies were either at high risk of, or already experiencing debt distress according to the International Monetary Fund. Only 5 were ranked low. According to Moody's, 21 African sovereigns owe a combined \$115bn in Eurobond debt - most of it belonging to countries rated as medium to high risk of debt distress - of which \$35bn will mature by 2025.

It was doubtful that many would be able to repay this before the pandemic, which has led to further borrowing, while wiping out what little fiscal space African governments had to keep up with service payments.

In short, Zambia is not the only African candidate for a sovereign default - far from it.

This week's Picks

From The Continent

Angola's government has instructed banks to offer clients the option to convert foreign-currency mortgages into its local currency, aimed at reducing the risk of defaults amid a sharp drop in the kwanza. It has lost 22% against the dollar this year, with the oil-dependent economy feeling the pain from low crude prices. More: [Bloomberg](#)

The Economic Community of West African States (ECOWAS) will today decide whether to lift sanctions imposed on Mali following a military coup on August 18. This comes amid progress in negotiations about a transition to civilian rule, including the appointment of an interim leadership. More: [CGTN](#)

THE WEEKLY STAT

\$1,960,000,000

The cost of a planned railway project linking Nigeria and neighbouring Niger, announced this week. More: [Bloomberg](#)

The Global Perspective

The International Finance Corporation (IFC), the World Bank's private-sector arm, has published new climate change guidelines aimed at discouraging banks from financing coal

power projects in Africa and Asia. This includes the IFC no longer making equity investments in lenders without a plan to phase out funding for the fossil fuel. **More:** [Reuters](#)

Mozambique has requested help from the European Union to tackle escalating militant attacks in the country's north, seen as a potential threat to the development of massive untapped gas reserves. This includes a \$25bn liquefied natural gas project currently under development. **More:** [Reuters](#)

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