

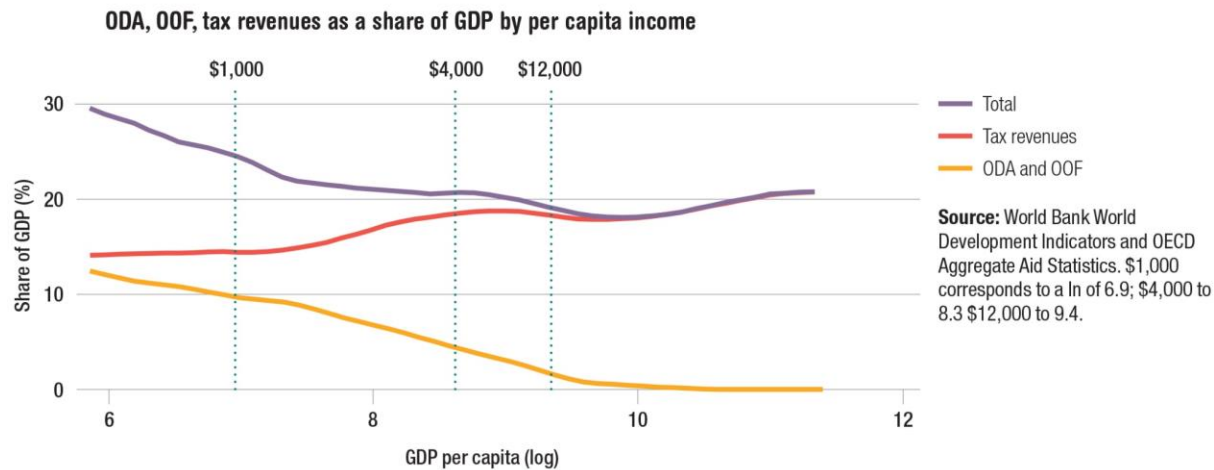


Shaping policy
for development

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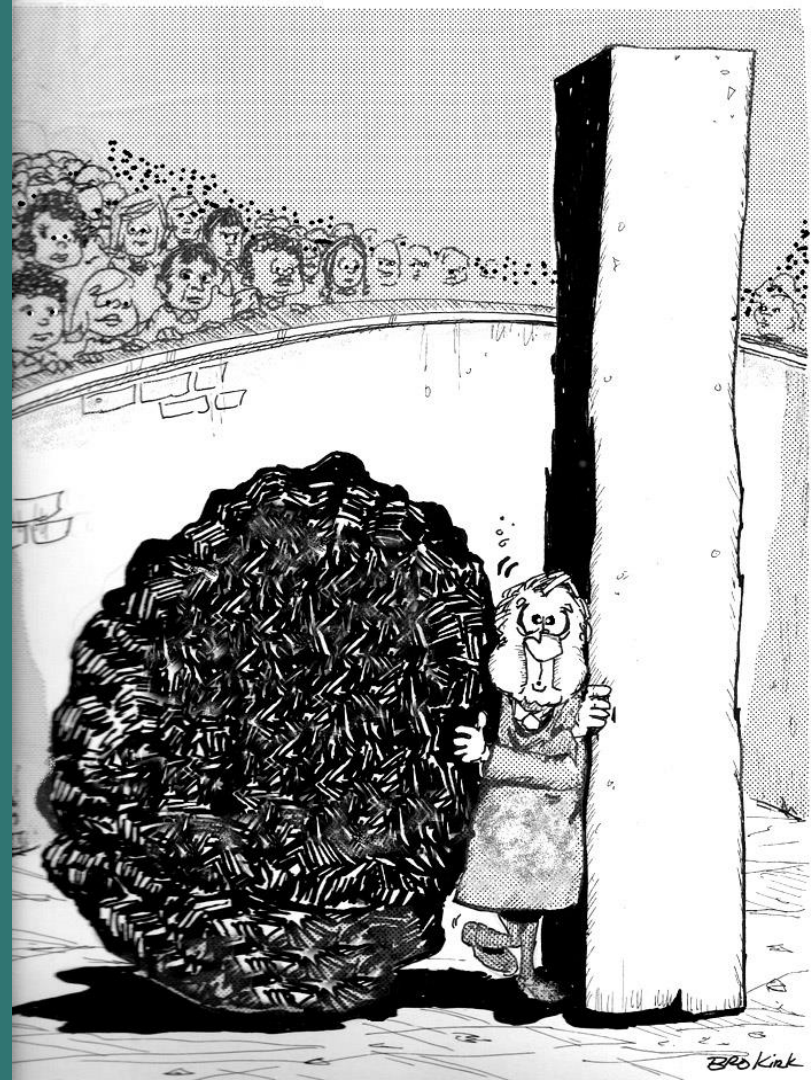


*The 'Missing Middle':
International flows fall
faster than tax revenues
rise*





*Debt
sustainability:
Between a rock
and a hard
place*



*Rising international sovereign
bonds in SSA countries:
International bond issuances
per year*



Source: Tyson (2015); 2014 data up to Q3 only.



*Cost of financing –
Bilateral donors and
multilateral development
banks – Some examples*

Providers	Average maturity (years)	Average interest rate
IDA		
Regular	38	...
Blend	25	1.25%
Hard term lending	25	1.83%
IBRD		
Fixed-spread loans	Up to 20	6-month LIBOR + fixed spread
Variable-spread loans	Up to 20	6-month LIBOR + variable spread
Special Development Policy Loan	5-10	6-month LIBOR + minimum of 2%
China		
Interest free loans	20	0%
Chinese Export-Import Bank: Concessional loans	15-20	2-3%
Arab Bank for Economic Development in Africa (BADEA)		
Concessional terms	18-30	1-4%
OPEC Fund for International Development (OFID)		
Low income borrowers	20	2-2.75% per year
Middle income borrowers	20	4-5%

Sources: Websites for each institution; Grimm et al. (2011) on China

What to do to avoid another debt crisis? A couple of recommendations

- ‘Strategic’ use of medium-term debt financing strategies
- Adequate resources for staff in debt management offices
- Create sinking funds for bullet bonds
- Avoid issuing new bonds for debt refinancing
- Map government guarantees for PPPs