

# When Push Came to Shove: COVID-19 and Debt Crises in Low- and Middle-Income Countries

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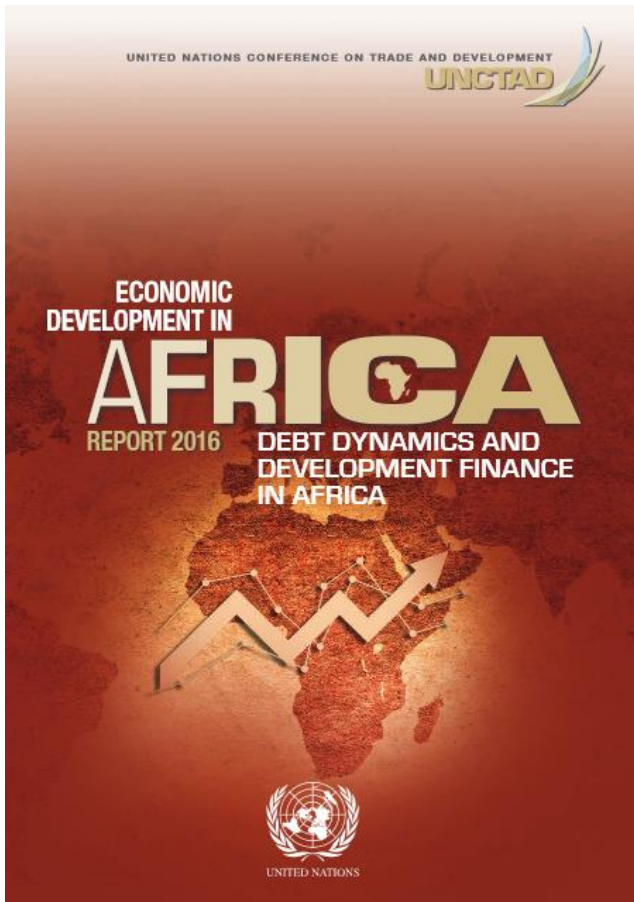
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SOAS Economics Department

6<sup>th</sup> May 2020

**The Economics of COVID-19 SOAS Webinar Series**

Warnings of an upcoming debt crisis have been growing in recent years



African economy [+ Add to myFT](#)

## African nations slipping into new debt crisis

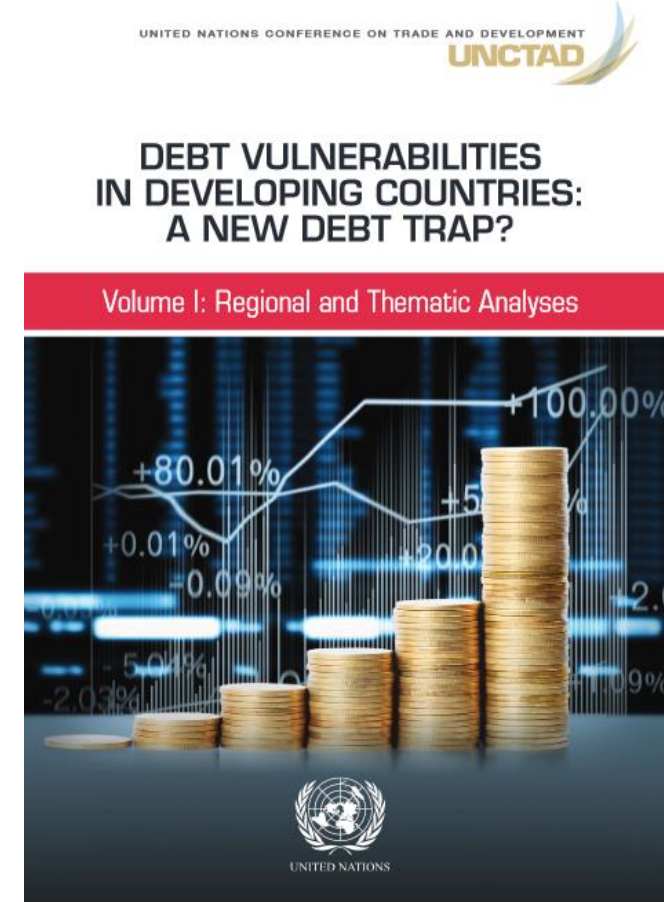
Financial Times, April 19 2018

African economy [+ Add to myFT](#)

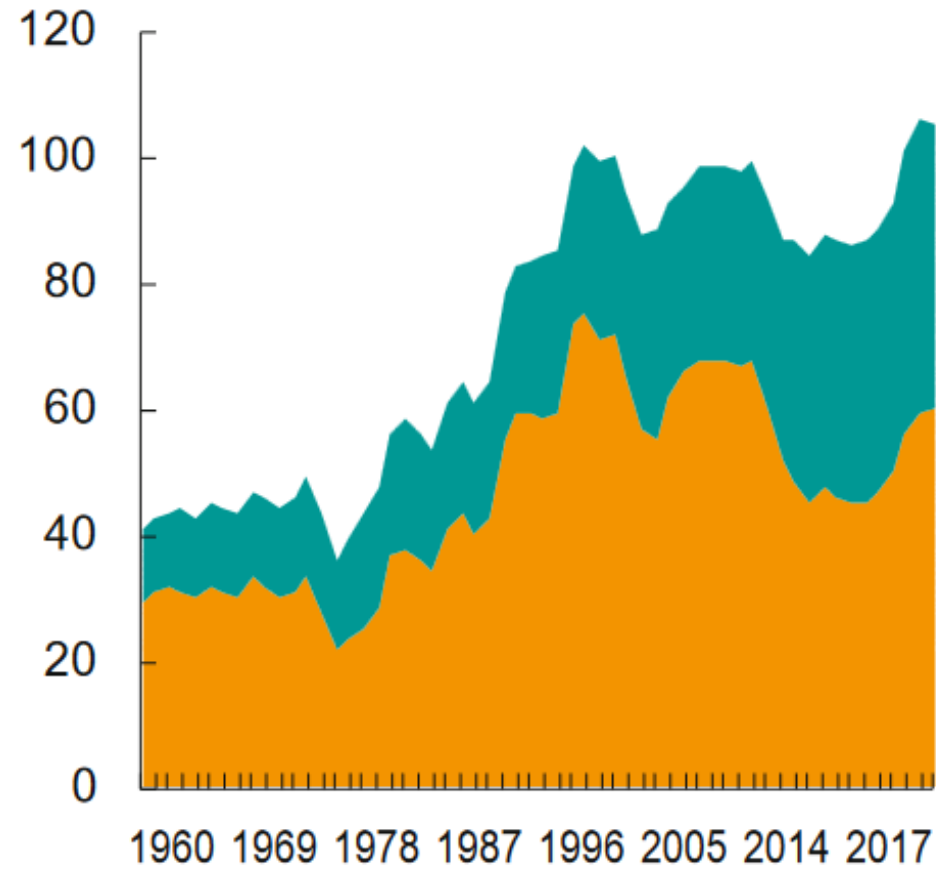
## African debt worries intensify as levels near tipping point

Concerns grow that some African nations have taken to private debt markets too eagerly

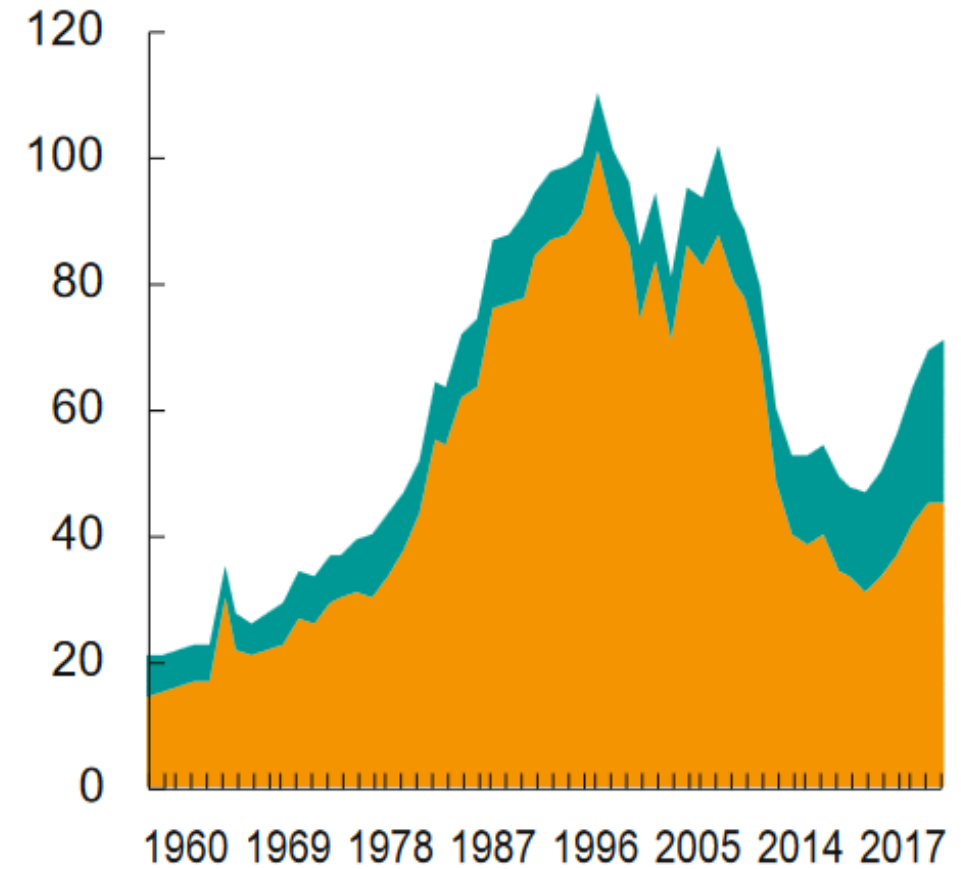
Financial Times, October 20 2017



### D. Middle-income developing countries



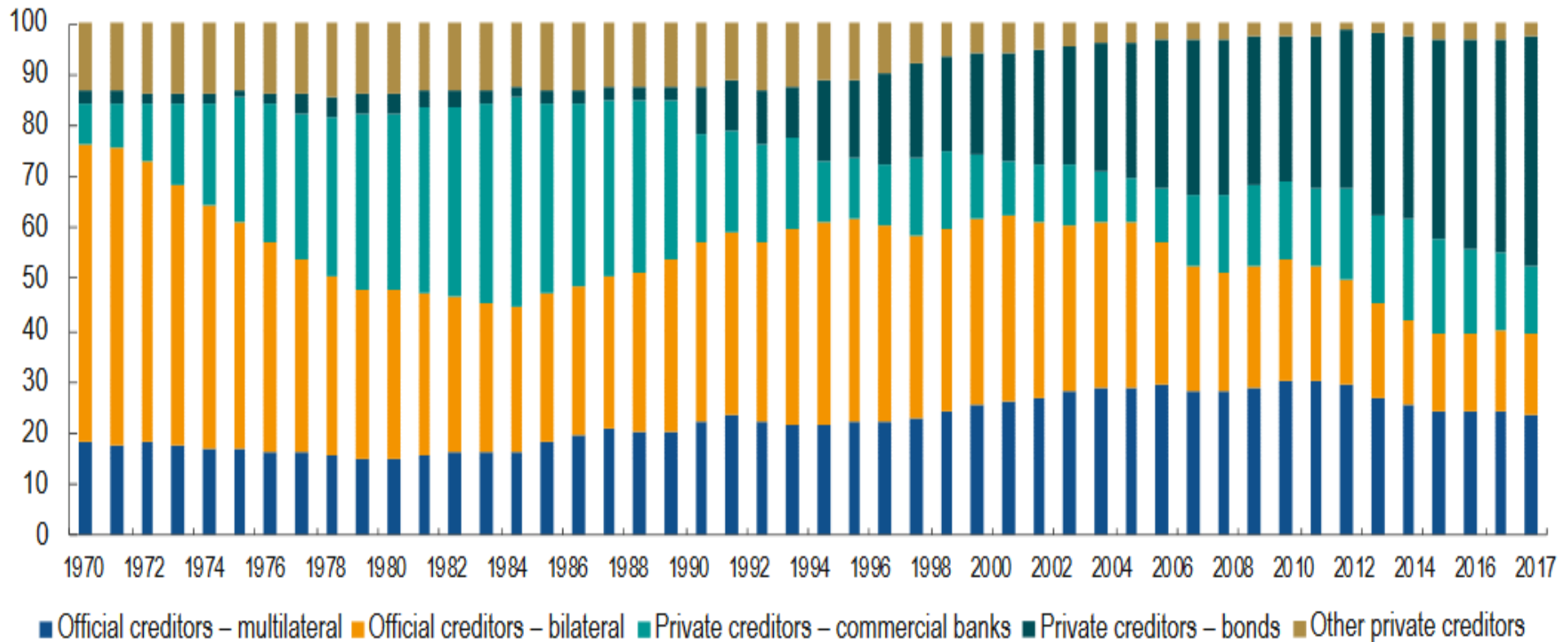
### E. Low-income developing countries



■ Public debt ■ Private debt

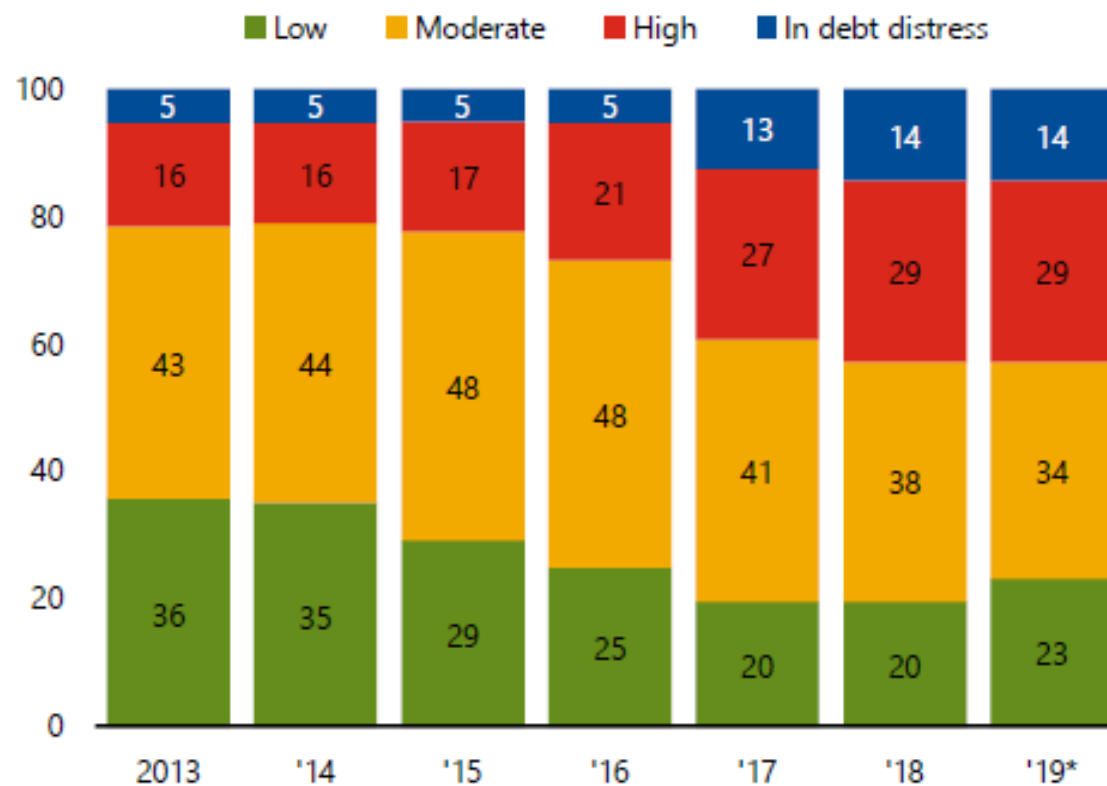
Source: UNCTAD, TDR, 2019

**FIGURE 4.6** The rise of sovereign bonds in developing countries, 1970–2017: Composition of long-term external public debt by creditor  
(Percentage)



**Source:** UNCTAD secretariat calculations based on World Bank International Debt Statistics database.

## B. Evolution of Risk of Debt Distress (Percent of LIDCs with DSA)



Source: LIC DSA database.

\* As of July 31, 2019.

Source: IMF, 2020

# The COVID 19 Debt Deluge

Mar 16, 2020 | JAYATI GHOSH

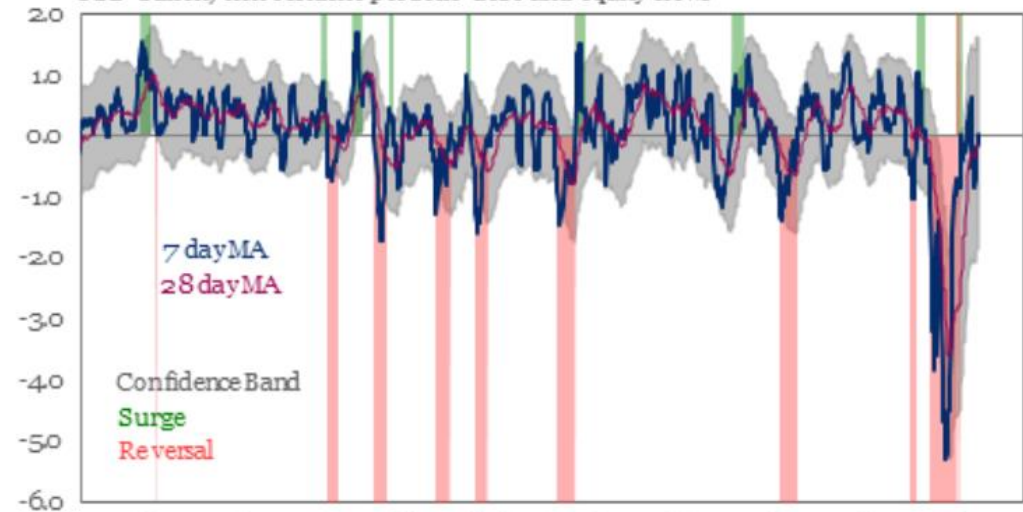
## Sixty-four countries spend more on debt payments than health

🕒 12 APR 2020

JUBILEE DEBT CAMPAIGN

Daily non-resident portfolio flows to a subset of emerging markets

USD billion, non-resident portfolio debt and equity flows



Jan 17 May 17 Sep 17 Jan 18 May 18 Sep 18 Jan 19 May 19 Sep 19 Jan 20 May 20

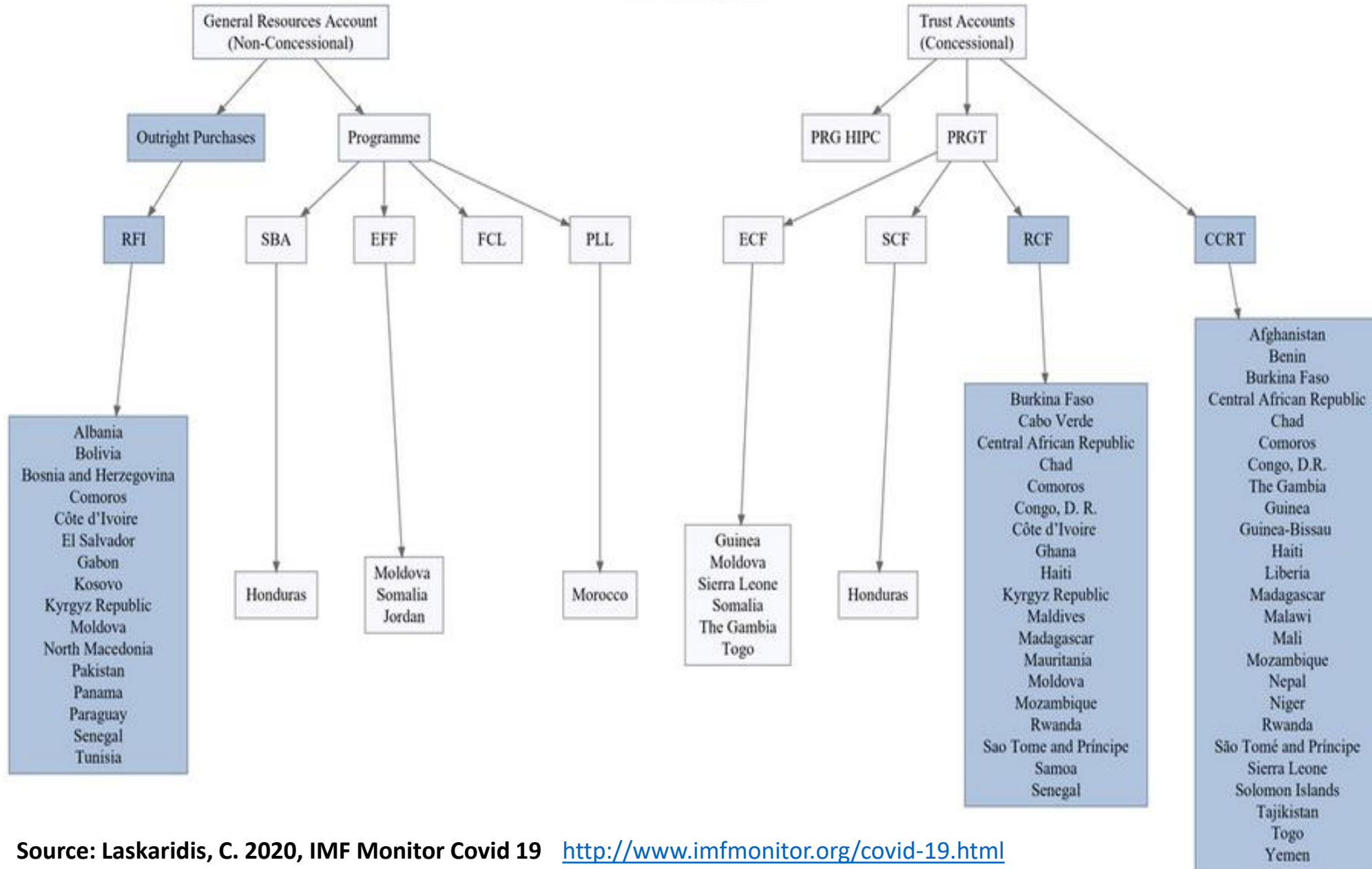
\*IN, ID, KO, TH, PH, ZA, BR, HU, CN, TW, VN.

Source: National sources, Bloomberg, IIF.

Source: IIF

# IMF Approved Financing Requests

## 27th April



Source: Laskaridis, C. 2020, IMF Monitor Covid 19 <http://www.imfmonitor.org/covid-19.html>

# IMF COVID-19 Response Tracker

Source: Laskaridis, C. 2020, IMF Monitor Covid 19

IMF Monitor

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## IMF Financing in the time of COVID-19

Summary of approved IMF financing from all facilities from March 2nd 2020

Source: IMF News: <https://www.imf.org/en/News>

Table 1	Breakdown by Region	Number of countries	Approved Requests from all facilities
	Sub-Saharan Africa	24	43
	Middle East and Central Asia	10	12
	Latin America and the Caribbean	6	8
	Emerging and developing Europe	5	8
	Emerging and developing Asia	4	4

Table 2	Breakdown by Income Group	Number of Countries	Approved Requests from all facilities
	Lower Income Economies	23	38
	Lower Middle Income Economies	16	27
	Upper Middle Income Economies	9	9
	High Income Economies	1	1

Table 3	Facility	Type of support	Approved requests for each facility
	CCRT	Concessional	25
	RFI	Non concessional	16
	RF	Concessional	21

- ❖ Sense Tracker
- ❖ Transparency Tracker
- ❖ Realism Tracker

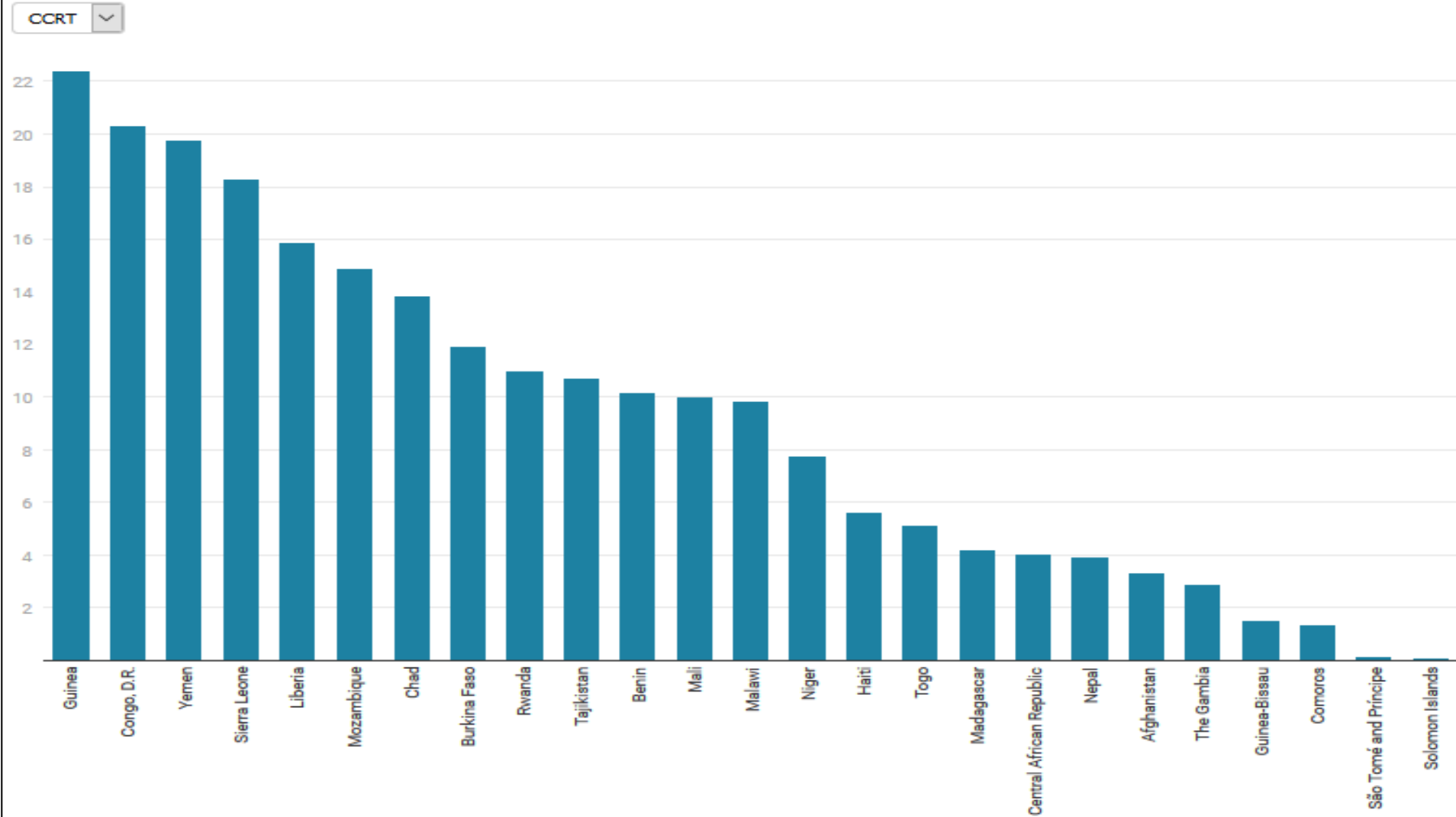


<http://www.imfmonitor.org/covid-19.html>



## IMF financing approved since March 2020

Amounts in million USD



Data is sourced from <https://www.imf.org/en/News>

Chart: Christina Laskaridis, SOAS University of London - Source: IMF Monitor - Get the data - Created with Datawrapper

# Selected References

- Bonizzi, B, Laskaridis, C. & Toporowski, J. 2019, 'Global Liquidity, the Private Sector and Debt Sustainability in Sub-Saharan Africa', *Development and Change*, vol. 50, no. 5, pp. 1430-1454. <https://doi.org/10.1111/dech.12507>
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