

Mihalyi, David; Trebesch, Christoph

Working Paper

Who lends to Africa and how? Introducing the Africa Debt Database

Kiel Working Paper, No. 2217

Provided in Cooperation with:

Kiel Institute for the World Economy – Leibniz Center for Research on Global Economic Challenges

Suggested Citation: Mihalyi, David; Trebesch, Christoph (2023) : Who lends to Africa and how? Introducing the Africa Debt Database, Kiel Working Paper, No. 2217, Kiel Institute for the World Economy (IfW Kiel), Kiel

This Version is available at:

<https://hdl.handle.net/10419/270887>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

KIEL WORKING PAPER

**Who Lends to Africa and
How?
Introducing the Africa
Debt Database**



No. 2217 April 2023

David Mihalyi and Christoph Trebesch

ABSTRACT

WHO LENDS TO AFRICA AND HOW? INTRODUCING THE AFRICA DEBT DATABASE¹

David Mihalyi and Christoph Trebesch

First version: March 2022; This version: April 2023

Africa's sovereign debt markets are not well understood, partly due to a lack of data. This paper introduces the Africa Debt Database (ADD), the most granular and comprehensive dataset on external borrowing by African governments thus far. Our project moves beyond existing aggregate datasets and instead releases information on individual loans and bonds, in particular on the financial terms of each instrument. Taken together, we cover over 7000 loans and bonds between 2000 and 2020, with a total volume of 790 billion USD. Using this data, we study Africa's record lending boom of the 2010s in detail. The debt boom was mainly driven by large sovereign bond issuances in London and New York, as well as growing lending by Chinese state-owned banks. The micro data also reveal a large variation in lending terms across countries, time, and creditors. Sovereign external bonds have interest rates of 6 percent, on average, Chinese banks charge 2-4 percent, and multilateral organizations just 1 percent. Strikingly, many governments in Africa simultaneously borrow large amounts from both private and official creditors, at vastly different rates. The large differences in debt servicing costs are indicative of a cross-creditor subsidy, as cheap concessional loans can be used to pay the high interest to private or Chinese creditors.

Keywords: Sovereign debt, Debt sustainability, debt composition, bond issuances, Chinese lending

JEL classification: E62, F34, H63

David Mihalyi

Kiel Institute for the World Economy
Kiellinie 66
D-24105 Kiel, Germany
Email: davidmihalyi@gmail.com;

Christoph Trebesch

Kiel Institute for the World Economy
Kiellinie 66
D-24105 Kiel, Germany
Email: christoph.trebesch@ifw-kiel.de
www.ifw-kiel.de

The responsibility for the contents of this publication rests with the author, not the Institute. Since working papers are of a preliminary nature, it may be useful to contact the author of a particular issue about results or caveats before referring to, or quoting, a paper. Any comments should be sent directly to the author.

¹We thank Szabolcs Molnar for excellent research assistance.