

New African debts in the post-crisis international economy

Kazue Demachi (Tokyo University of Foreign Studies)

Abstract

Most of the Heavily Indebted Poor Countries (HIPCs) reached the completion point in the 2000s, and they are already accumulating new external debts. Among the 30 African HIPCs beyond the completion point and bilateral and multilateral debt cancellation, especially those with abundant natural resources are externally borrowing more in the sample period from 1996 to 2016. Using a dynamic panel analysis, the impacts of old and new external debts on their macroeconomy, especially consumption and investment are tested. The results indicate the possibility that external debt disbursements intensify the procyclicality of the resource-dependent economies in terms of government consumption. On the other hand, the results suggest that multilateral and bilateral debt disbursement are functioning counter-cyclically in terms of investment in resource-dependent economies.

Key words: Africa, HIPCs, sovereign bond, debt, procyclicality

Mail address: k.demachi@tufs.ac.jp