volta advisory

WHITE PAPER

When Debt Exceeds GDP

What happens next, and what it means for businesses in Africa

For business leaders, CFOs, bankers and investors working with Africa
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EXECUTIVE SUMMARY

Five things to know

Public debt is rising almost everywhere. For companies trading with Africa, the risk does not arrive through a headline ratio. It arrives through interest rates, exchange rates, bank credit and late payments.

1 **Global public debt is heading to 100% of GDP.**

The IMF puts global public debt at 93.9% of GDP in 2025 and projects it to reach 100% in 2029, a year earlier than it expected in 2025. Total global debt, public and private, passed $365 trillion in mid-2026.[1,2]

2 **There is no single danger line.**

The 90% threshold made famous in 2010 did not survive later research. Most studies find that higher debt is linked to slower growth, but not a universal cliff. Trajectory, currency and who holds the debt matter as much as the level.[3–7]

3 **In Africa, trouble starts far below 100%.**

Ethiopia defaulted in December 2023 with public debt the IMF estimated at about 34% of GDP. Ghana was near 88% and Zambia above 100%. What failed first was access to foreign currency, not the debt ratio.[11,13,15,16]

4 **Firms feel sovereign stress through five channels.**

Higher borrowing costs, a weaker or less convertible currency, faster inflation, banks lending to the state instead of to companies, and spending cuts that show up as unpaid public invoices.

5 **CEMAC looks moderate on average, but the detail matters.**

Average CEMAC public debt was about 52% of GDP in 2024, under the 70% ceiling. Congo and Gabon were above it, debt charges rose 25.9% in 2024 and domestic arrears reached 851 billion FCFA.[20,21]

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About this paper

This paper explains what happens when public debt rises above the size of the economy, why the effects differ so much from one country to another, and what this means for companies that buy, sell, borrow or invest in Africa, with a focus on the CEMAC zone.

All figures come from the IMF, the World Bank, the Institute of International Finance, the CEMAC Commission, the BEAC, national authorities and peer-reviewed or working-paper research. Each figure is dated and numbered against the source list on page 20. Data are as published up to October 2026.

Notes: "Public debt" means general government gross debt unless stated otherwise. "bn" is billion; FCFA refers to the Central African CFA franc (XAF).

01

Global debt today

Debt rose through the pandemic, stayed high through the energy shock and is now rising again as governments spend more on defence, energy support and interest.

GLOBAL PUBLIC DEBT

93.9%

of world GDP in 2025, projected to reach 100% in 2029.

IMF Fiscal Monitor, Apr. 2026[1]

TOTAL GLOBAL DEBT

$365tn

at end-June 2026, up more than $10 trillion in six months.

IIF Global Debt Monitor, Sep. 2026[2]

INTEREST BILL

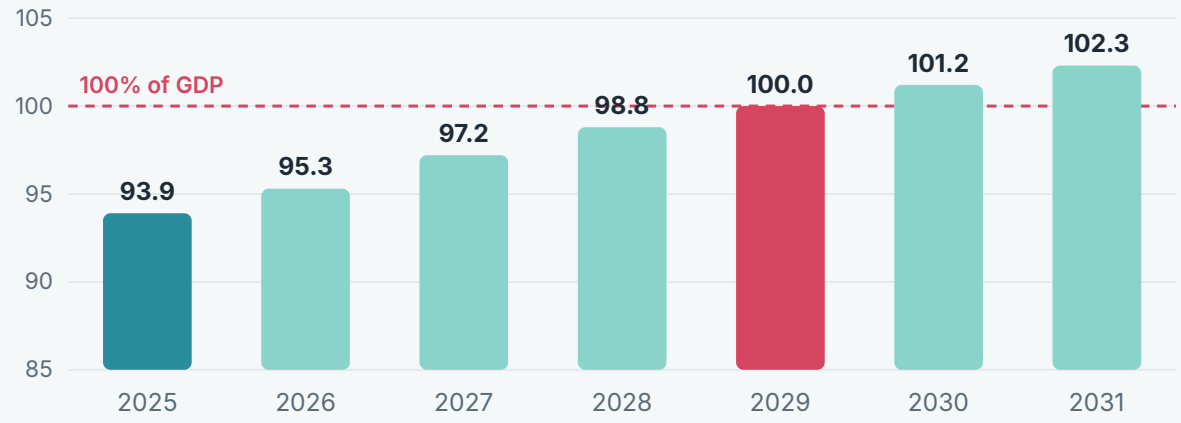
~3%

of world GDP spent on interest, up from about 2% four years earlier.

IMF Fiscal Monitor, Apr. 2026[1]

Global public debt, % of GDP, 2025–2031

The IMF expects the world to cross the 100% mark in 2029 and to keep rising afterwards. The axis starts at 85% to make the trend visible.

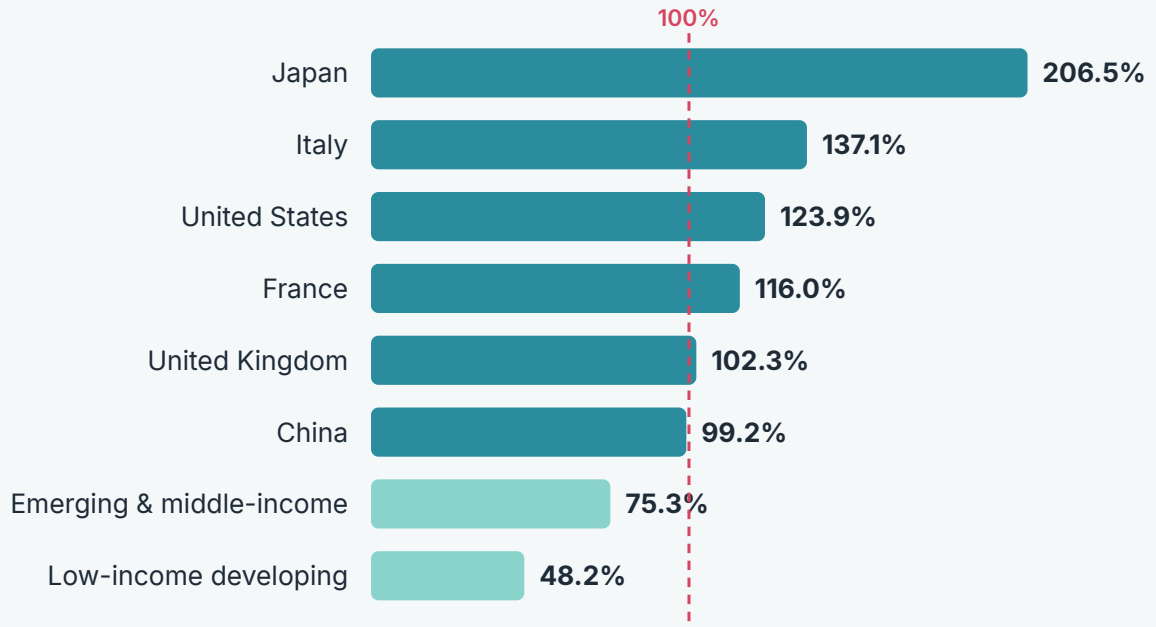


Source: IMF, Fiscal Monitor, April 2026, Table 1.2 (2026–2031 are projections).[1]

The United States and China account for most of the increase. The IMF estimates US interest spending at 4.3% of GDP in 2025, approaching 5% by 2031, with fiscal deficits of 7–8% of GDP in both countries.[1]

General government gross debt, % of GDP, 2025

Five of these large economies are above 100% of GDP and China is just below. Emerging and low-income country groups carry lower ratios, but usually pay much higher interest rates.



Source: IMF, Fiscal Monitor, April 2026, Table 1.2. Japan's debt definition was revised in this edition; China's figures cover a narrower perimeter than IMF Article IV estimates.[1]

Markets are less forgiving than a decade ago

In its April 2026 Fiscal Monitor, the IMF notes that rising yields and greater sensitivity to fiscal news mean that debt risks now turn into higher borrowing costs more quickly. Shorter debt maturities and a shift toward private investors leave governments more exposed to sudden changes in funding.[1]

The IMF's "debt-at-risk" measure shows how wide the range of outcomes is: in an adverse case, global public debt could be close to 117% of GDP three years ahead, about 20 percentage points above the central projection.[1]

Developing countries are paying more to borrow

The World Bank reports that between 2022 and 2024, developing countries paid $741 billion more in principal and interest on external debt than they received in new financing, the largest gap in at least 50 years. Their interest payments reached a record $415 billion in 2024, and new bond issues carried rates of around 10%, about double pre-2020 levels.[23]

02

Is there a critical threshold?

The idea that growth collapses once debt passes 90% or 100% of GDP is widely quoted. The evidence is more nuanced.

THE CASE FOR A THRESHOLD

Reinhart and Rogoff (2010)

Using data on advanced and emerging economies, they reported that growth was markedly weaker when public debt exceeded 90% of GDP. The finding was widely cited in the austerity debate that followed the 2008–2010 crisis.[3]

Kumar and Woo (2010, IMF)

A 10 percentage point increase in initial debt-to-GDP was associated with a slowdown in annual real per capita growth of around 0.2 percentage points, with a larger effect at higher debt levels.[5]

THE CASE AGAINST A SINGLE LINE

Herndon, Ash and Pollin (2013)

Re-examining the 2010 data, they found coding errors and weighting choices. Corrected average growth for countries above 90% was 2.2%, not the −0.1% originally published.[4]

IMF and academic follow-ups

Pescatori, Sandri and Simon (IMF, 2014) found no clear threshold beyond which medium-term growth falls sharply. Chudik, Mohaddes, Pesaran and Raissi (2017) found no universal threshold across 40 countries, but a negative effect of rising debt on growth.[6,7]

Where the research broadly agrees

- **High debt is associated with slower growth** on average, mainly through lower investment and productivity.[5]
- **The direction of travel matters.** Countries with high but falling debt have tended to grow about as fast as countries with lower debt.[6]
- **Higher debt is linked to more volatile output,** which makes planning harder for companies.[6]
- **There is no number that applies to every country.** Thresholds estimated for one group of countries do not carry over to another.[7]

The limits of a single ratio

Debt-to-GDP compares a stock (what the government owes) with a flow (what the economy produces in a year). It says nothing about when the debt falls due, in which currency it is owed, at what interest rate, or who would have to keep lending if things got difficult.

For emerging markets, the safe level can be much lower than 90%. Reinhart, Rogoff and Savastano (2003) introduced the idea of "debt intolerance": countries with a history of default and high inflation can face severe stress at debt levels that advanced economies would consider manageable. For such countries, they estimated that safe external debt-to-GNP levels could be as low as 15% in some cases.[8]

ADVANCED ECONOMY PATTERN

100%+

Debt mostly in own currency, deep domestic savings, a central bank that can act as buyer of last resort. Stress usually shows up as higher yields and slower growth.

DEBT-INTOLERANT PATTERN

15%

The lowest safe external debt-to-GNP level estimated for some debt-intolerant emerging economies. Stress shows up as lost market access, currency falls and default.[8]

Four questions matter more than the ratio

QUESTION	WHY IT MATTERS
Is debt rising or falling?	Trajectory carries as much information as the level. A stable 110% can be safer than 60% rising quickly.[6]
In which currency?	Debt in a foreign currency must be repaid from export earnings or reserves. A depreciation increases it overnight.
Who holds it?	Domestic, long-term holders (pension funds, central bank, local banks) roll over more reliably than foreign portfolio investors.
Interest rate versus growth?	If the interest rate paid stays above nominal growth, the ratio rises even with a balanced primary budget.

VOLTA'S VIEW

We treat 90% or 100% of GDP as a prompt to look closer, not a verdict. For the African markets we work in, we pay more attention to foreign currency liquidity, interest as a share of revenue and the build-up of arrears.

03

Why countries differ

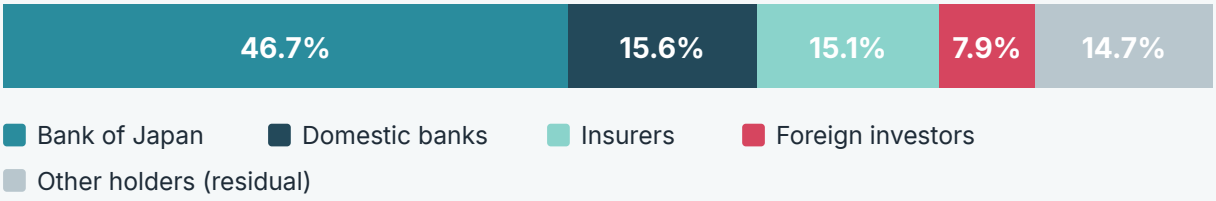
Japan carries debt above 200% of GDP without a crisis. Ethiopia defaulted at about a sixth of that level. The difference lies in currency, savings and investor base.

COUNTRY	DEBT 2025	WHAT SUPPORTS IT	WHAT COULD GO WRONG
Japan	206.5%	Debt in yen, held mainly at home; the Bank of Japan holds close to half of JGBs.	Rising domestic yields increase the interest bill on a very large stock.
United States	123.9%	Issues the world's main reserve currency; deep Treasury market.	Interest at 4.3% of GDP; about a third of debt rolls over within a year.
Italy	137.1%	Debt in euros, a large domestic investor base, ECB backstop tools.	No own currency: higher spreads feed directly into bank and business funding costs.
United Kingdom	102.3%	Own currency, long average maturity, domestic pension demand.	Sensitive to fiscal credibility, as in September 2022.
Emerging & frontier	75.3% (EMMIE avg.)	Growing local markets, multilateral support.	Foreign-currency debt, thin reserves, higher rates, shallower savings.

Debt ratios: IMF Fiscal Monitor, April 2026, Table 1.2 (2025). US interest and rollover: IMF Fiscal Monitor, April 2026.[1]

Who holds Japan's government bonds (JGBs), June 2026

Most Japanese government debt is held by the central bank and domestic institutions. Foreign investors hold under 8% of JGBs, which limits the risk of a sudden sell-off by non-residents.



Source: Ministry of Finance Japan, JGB holders by type, June 2026 (preliminary), published 17 September 2026; JGBs excluding T-bills. "Other holders" is the residual calculated by Volta.[9]

When credibility slips: the UK in 2022

Even a country that borrows in its own currency can face a sharp market reaction. After the September 2022 fiscal statement, long-dated gilt yields rose so fast that pension funds using liability-driven investment strategies were forced to sell. On 28 September 2022 the Bank of England announced temporary purchases of long-dated gilts, warning that continued dysfunction would pose "a material risk to UK financial stability".[10]

The episode lasted weeks, not years. It showed how quickly a change in perceived fiscal credibility can move borrowing costs for the whole economy, including mortgages and corporate loans.

Why emerging and African economies are more exposed

Currency mismatch

Much external debt is in dollars or euros, while tax revenue is in local currency. A depreciation raises the debt ratio and the debt service at the same time.

Thin domestic savings

Local pension and insurance markets are small, so governments lean on domestic banks, which then have less room to lend to companies.

Higher interest rates

Bonds issued by developing countries carried rates of around 10% in 2024, about double pre-2020 levels, so debt grows faster for the same deficit.[23]

Reliance on commodity exports

Revenue and foreign currency inflows move with oil, metals and agricultural prices, which makes debt service less predictable.

VOLTA'S VIEW

For a business, the useful question is not "how high is debt?" but "how would this government pay if its usual lenders stepped back?" If the answer depends on foreign currency it does not earn, the risk is higher than the ratio suggests.

04

The mechanisms

High debt affects companies through a small number of channels. They often act together and reinforce one another.

CHANNEL 1

Interest rates

Investors ask for a higher return to hold more government debt. Sovereign yields set the floor for bank and corporate borrowing costs. The IMF estimates that each 1 basis point rise in US Treasury yields after a debt supply shock is associated with a 0.8–0.9 basis point rise in rates worldwide.[1]

CHANNEL 2

Currency

Concerns about debt can push investors out of local assets. Under a floating rate, the currency falls; under a peg, pressure shows up in reserves, transfer delays and stricter foreign exchange rules.

CHANNEL 3

Inflation

A weaker currency raises import prices. When a central bank finances the deficit, inflation can rise further. Ghana's consumer prices rose 54.1% in the year to December 2022.[11]

CHANNEL 4

Crowding out

When governments borrow heavily at home, banks buy government paper rather than lend to companies. In WAEMU, government debt accounts for 43% of banks' assets, according to the IMF.[18]

CHANNEL 5

Austerity

Fiscal adjustment often means fewer public contracts, delayed payments to suppliers and higher taxes. In CEMAC, arrears reached 898.9 billion FCFA in 2024, almost all domestic.[21]

CHANNEL 6

Restructuring

If debt becomes unpayable, governments restructure. Losses on government securities can weaken local banks, and companies can lose access to credit and foreign currency for long periods.

How the channels connect

The sequence often runs as follows: borrowing costs rise, the currency comes under pressure, inflation follows, banks hold more government debt, the state cuts spending and delays payments, and in severe cases the debt is restructured. Not every country goes through every step, and good policy can stop the process at any point.

What each channel means in practice

CHANNEL	WHAT A CFO SEES	TYPICAL LAG
Interest rates	Higher loan margins, shorter tenors, more collateral requested.	Weeks to months after sovereign spreads widen.
Currency	More expensive imports, delays in getting transfers executed, more documents requested by banks.	Immediate for floating currencies; gradual under a peg.
Inflation	Rising input and wage costs, pressure on margins and price lists.	Three to twelve months after a depreciation.
Crowding out	Banks say they have "no appetite", credit lines are not renewed, rates rise for private borrowers.	Builds over quarters as government issuance grows.
Austerity	Public invoices paid late or not at all, new taxes or levies, delayed VAT refunds.	Starts with the next budget.
Restructuring	Losses on government paper held by banks, frozen credit lines, payment disruptions.	Can last one to several years.

Lags are indicative and based on the case studies in this paper; they vary by country and policy response.

The interest-rate arithmetic

Whether a debt ratio rises or falls depends on three things: the primary budget balance (before interest), the interest rate paid on the debt, and the growth rate of nominal GDP. When the interest rate is above growth, a government needs a primary surplus just to keep the ratio stable.

This is why rising rates matter so much. The IMF notes that the global "fiscal gap" (the distance between current policies and those needed to stabilise debt) fell from 1.2% of GDP in 2014–19 to 0.1% in 2024–29, mostly because primary spending rose and revenue weakened rather than because of lasting reform.[1] In sub-Saharan Africa, the IMF counts 21 countries where fiscal deficits exceed what would be needed to stabilise debt.[18]

> **VOLTA'S VIEW**
>
> Companies rarely need to forecast a default. They need to recognise which channel is moving in their market and adjust funding, pricing and payment terms before it reaches them.

05

Case studies

Three African sovereign defaults since 2020 show different routes to the same outcome, and different starting levels of debt.

ZAMBIA · NOV. 2020

103.5%

Public debt in 2020, up from 61.9% in 2019.[13]

GHANA · DEC. 2022

88.1%

Gross public debt in 2022 (IMF estimate).[11]

ETHIOPIA · DEC. 2023

34.4%

Public debt in 2023/24 (IMF), when it missed a bond coupon.[15,16]

Zambia: the first pandemic-era default

Zambia missed a US$42.5 million Eurobond payment in November 2020 and became the first African country to default during the COVID-19 pandemic. Public debt had risen from 61.9% of GDP in 2019 to 103.5% in 2020.[13] It applied for treatment under the G20 Common Framework in February 2021, and the IMF approved a US$1.3 billion Extended Credit Facility in August 2022, later increased to about US$1.7 billion.[13,14] Bondholders backed the restructuring of about US$3 billion of Eurobonds in June 2024.[14] The process took more than three years.

Ghana: a domestic and external restructuring

Ghana combined high debt with a sharp currency fall and inflation. The cedi went from 6.0 to 8.6 per US dollar between end-2021 and end-2022, a loss of about 30% of its dollar value, and consumer prices rose 54.1% in the year to December 2022.[11] In December 2022 the government suspended payments on most external debt, and it launched a restructuring that covered both domestic and external debt.[11,12] The IMF approved a US$3 billion programme in May 2023.[11] Because local banks held large amounts of government bonds, the domestic exchange also affected the banking system that companies rely on.

Cedi depreciation calculated by Volta from IMF end-of-period exchange rates.

Ethiopia: a foreign currency crisis at low debt

Ethiopia defaulted on 26 December 2023 after failing to pay a US$33 million coupon on its only Eurobond, a US$1 billion bond.[16] Its public debt was modest by global standards, but foreign currency was scarce: the IMF estimated reserves at 0.8 months of imports in 2021/22 and 1.2 months in 2023/24, with average inflation of 33.9% in 2021/22.[15]

In July 2024 the IMF approved a four-year US$3.4 billion programme, supporting a move to a market-determined exchange rate.[15] In January 2026 Ethiopia reached an agreement in principle with bondholders that included a 15% haircut and a new US$850 million bond maturing in 2029.[17]

What the three cases have in common

LESSON	EVIDENCE
The ratio was not the trigger	Debt ranged from about 34% (Ethiopia) to over 100% (Zambia). In each case the immediate problem was foreign currency or market access.
Currency and inflation came with the crisis	The cedi lost about 30% of its dollar value in 2022; Ethiopia moved to a market-determined exchange rate in 2024.[11,15]
Restructuring is slow	Zambia's bond deal came more than three years after default. Ethiopia's bondholder agreement came about two years after its missed coupon.[14,17]
Local banks are part of the story	When governments restructure domestic debt, banks that hold it lose capital and lend less to companies.
Recovery is possible	The IMF reports that Ethiopia, Ghana and Zambia made significant progress on restructuring in 2025, and Ghana and Zambia received rating upgrades.[18]

> **VOLTA'S VIEW**
>
> In each case, foreign currency shortages and bank caution built up before the formal default. For companies with exposure to these markets, early preparation matters more than the date of default itself.

06

Africa and the CEMAC zone

Sub-Saharan Africa's median debt has eased since 2024, but more than a third of the region is at high risk of, or already in, debt distress.

SSA MEDIAN DEBT

53.1%

of GDP in 2025, down from 57.2% in 2024.

IMF REO, Apr. 2026[18]

HIGH RISK OR IN DISTRESS

20

countries in the region, according to the IMF in October 2025.

IMF REO, Oct. 2025[19]

EUROBONDS ISSUED

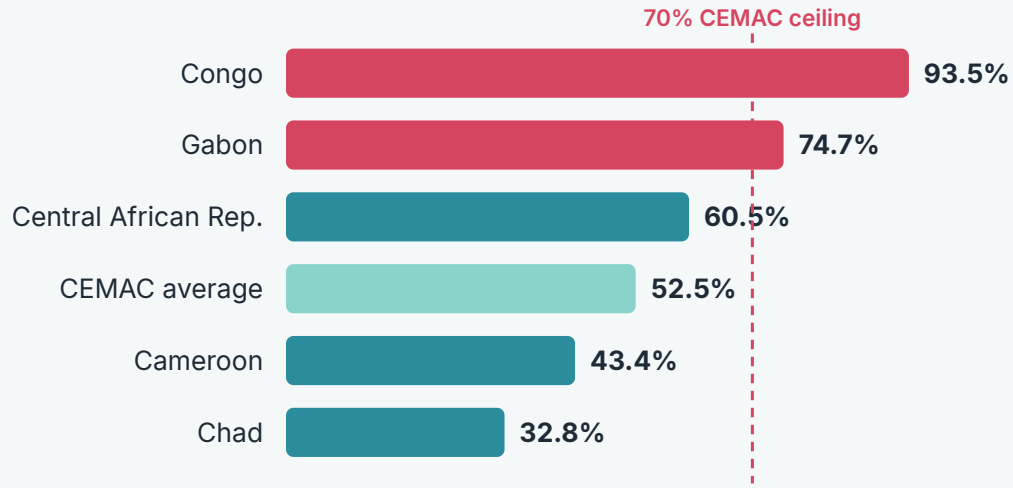
$14bn

by SSA sovereigns in 2025, and $5.5bn in the first two months of 2026.

IMF REO, Apr. 2026[18]

CEMAC public debt by country, % of GDP, 2024

The regional average sits well below the 70% convergence ceiling, but Congo and Gabon were above it in 2024.



Source: World Bank, CEMAC Economic Update (Baromètre économique), Vol. 9, December 2025. Equatorial Guinea not reported in this source. The CEMAC Commission reports a regional average of 51.5% for 2024.[20,21]

The IMF notes that among sub-Saharan African countries with double-digit inflation, roughly half also have interest payments above 20% of revenue, and that domestic banks' holdings of government debt are large and growing faster than in the rest of the world.[19]

The CEMAC framework

The six CEMAC states (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea and Gabon) share the Central African CFA franc (XAF), issued by the BEAC and pegged to the euro at 655.957 FCFA per euro.[24] Member states are assessed against regional convergence criteria, including a public debt ceiling of 70% of GDP and an inflation norm of 3%.[21]

INDICATOR (2024)	VALUE	SOURCE
Average public debt	51.5% of GDP	CEMAC Commission, Oct. 2025[21]
Countries meeting the debt criterion	4 of 6	CEMAC Commission, Oct. 2025[21]
Countries meeting the inflation norm	2 of 6	CEMAC Commission, Oct. 2025[21]
Debt charges	1,475.6 bn FCFA (+25.9%)	CEMAC Commission, Oct. 2025[21]
Increase in domestic interest	+44.6%	CEMAC Commission, Oct. 2025[21]
Arrears accumulated (of which domestic)	898.9 bn FCFA (851.4 bn)	CEMAC Commission, Oct. 2025[21]
Reserves, months of imports	4.87	CEMAC Commission, Oct. 2025[21]
BEAC main policy rate (TIAO)	4.50% since June 2026	BEAC MPC, 29 June 2026[22]

What stands out for businesses

- **The cost of debt is rising faster than the debt.** Debt charges grew 25.9% in 2024, and domestic interest 44.6%, while the average debt ratio edged down.[21]
- **Arrears are mostly owed at home.** Of 898.9 billion FCFA of arrears accumulated in 2024, 851.4 billion were domestic, which typically means suppliers, contractors and local creditors waiting to be paid.[21]
- **Monetary conditions are easing.** The BEAC cut its main rate from 4.75% to 4.50% and lowered reserve requirements on 29 June 2026, with 2026 inflation forecast at 2.4%.[22]
- **Country risk is uneven.** Congo and Gabon were above the 70% ceiling in 2024, while Cameroon and Chad were well below it.[20]

> **VOLTA'S VIEW**
>
> The euro peg removes much of the currency risk that hit Ghana and Ethiopia, but not the need for reserves. In CEMAC, sovereign stress tends to show up as slower transfers, arrears and tighter bank credit.

07

Warning signals to watch

No single indicator predicts a crisis. A combination of the signals below, moving in the same direction, deserves attention.

SIGNAL	WHY IT MATTERS	WHERE TO LOOK
Interest above 20% of revenue	A growing share of taxes goes to creditors, leaving less for spending and payments to suppliers. The IMF uses this level in its regional analysis.[19]	IMF Article IV reports, budget laws
Falling reserve cover	Less foreign currency to pay for imports and external debt. CEMAC reserves covered 4.87 months of imports in 2024.[21]	Central bank, IMF
Rising sovereign spreads	Investors are charging more for risk, which feeds into bank and corporate rates.	Eurobond prices, rating agencies
Domestic arrears building up	An early, visible sign of cash stress for companies working with the public sector.[21]	Budget execution reports, CEMAC surveillance
Banks holding more government debt	Less room for private credit and greater exposure of banks to a restructuring.[18,19]	Central bank statistics
Deficit above the debt-stabilising level	Debt will keep rising without adjustment.[18]	IMF debt sustainability analyses
Foreign exchange delays or a parallel market premium	Foreign currency is being rationed before any official change.	Your bank, trade partners
Short maturities and large rollovers	More debt has to be refinanced in difficult conditions.[1]	Debt management office
IMF programme off track, rating downgrade	Loss of an anchor that reassures lenders.	IMF press releases, rating agencies

VOLTA'S VIEW

We suggest reviewing these signals each quarter for each country where you have significant receivables, suppliers, bank lines or investments, and recording the result next to your country limits.

08

What it means for businesses

Companies cannot control sovereign debt, but they can control how exposed they are to its effects. Five areas deserve attention.

01 · FINANCING

Secure funding before conditions tighten

Lengthen tenors while banks are still lending, diversify lenders across local, regional and international banks, and consider development finance institutions, which often keep lending through downturns. Match the currency of debt to the currency of revenue where possible.

02 · TREASURY

Hold more liquidity and watch public receivables

Build a cash buffer that covers several months of fixed costs. Track invoices owed by public entities separately, as they are the first to slow down when budgets are under pressure.

03 · CURRENCY

Plan foreign currency needs early

In CEMAC, the euro peg limits exchange rate risk, but transfers abroad depend on reserves and on foreign exchange rules. Plan supplier payments ahead, keep documentation complete and work with banks that execute transfers reliably.

04 · TRADE FINANCE

Protect cross-border trade

When the issuing bank or the country is under stress, suppliers may refuse unconfirmed letters of credit. A confirmation from an international bank, or a standby letter of credit, can keep trade flowing. Confirmation pricing usually rises with sovereign risk.

05 · GUARANTEES

Check who stands behind the guarantee

A guarantee is only as strong as the bank that issues it. Where local banks hold large amounts of government debt, consider guarantees from banks with stronger ratings, or credit insurance from export credit agencies.

FOR BANKS AND INVESTORS

Look at the sovereign-bank link

Measure how much government debt sits on a counterparty bank's balance sheet, and what a domestic restructuring would do to its capital. In WAEMU this exposure reaches 43% of banks' assets.[18]

A practical checklist

ACTION	PURPOSE	WHO LEADS
Map exposure by country	Receivables, payables, bank lines, cash and investments by country and currency.	CFO, treasury
Review bank counterparties	Know where cash and guarantees sit, and each bank's exposure to the state.	Treasury, risk
Set limits on public receivables	Cap the share of revenue due from public entities, or price in delays.	CFO, sales
Extend and diversify credit lines	Avoid relying on one bank or one market for funding.	CFO
Use confirmed LCs or SBLCs on key flows	Keep imports and exports moving if local bank risk rises.	Trade finance, procurement
Plan foreign currency payments	Schedule supplier payments early and keep documentation ready for banks.	Treasury
Build cost and price scenarios	Test margins against higher rates, inflation and payment delays.	Finance, management
Track the warning signals quarterly	Turn macro risk into a regular management decision.	Risk, board

Three scenarios to plan for

STABLE

Debt stabilises, rates ease. Use the window to lengthen funding, diversify banks and renegotiate terms.

TIGHTENING

Spreads widen, arrears rise, banks cut limits. Protect liquidity, confirm trade instruments, reduce public receivables.

RESTRUCTURING

Government debt is restructured. Focus on bank counterparty risk, foreign currency access and continuity of supply.

This checklist is general information. Each company's situation differs and should be assessed with its own advisers.

09

Volta's view

Rising public debt is a long-term feature of the global economy, not a temporary shock. For businesses in Africa, it calls for preparation rather than alarm.

WHAT WE BELIEVE

The ratio is a starting point. Debt above 100% of GDP is a reason to ask questions, not a forecast of crisis. In Africa, currency liquidity, interest costs and arrears are better guides.

Most risk reaches companies through banks and payments. The practical effects are tighter credit, slower transfers and late public payments, long before any formal default.

CEMAC needs a country-by-country reading. The regional average is moderate, but conditions in Congo, Gabon, Cameroon and Chad differ widely.

Preparation pays. Diversified funding, confirmed trade instruments and early planning of foreign currency needs reduce exposure to the kind of disruption seen in Ghana, Zambia and Ethiopia.

How Volta Advisory works with clients

Volta Advisory advises, structures and connects. We do not lend, and any instrument or financing is issued by partner institutions under their own approval processes.

Advise

Assess country, bank and currency exposure and review financing options.

Structure

Prepare trade finance, guarantee and funding requests so that banks and investors can assess them.

Connect

Introduce companies and African banks to correspondent and confirming banks, investors and development finance institutions.

To discuss the issues raised in this paper, contact us at **info@voltasquare.com** or visit **voltasquare.com**.

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