

The data

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The Natural Resource Governance Institute examined 52 resource-backed loans granted between 2004 and 2018, for a total amount of more than USD 164 billion, of which 30, with a combined value of USD 66 billion, went to countries in sub-Saharan Africa.¹ Of the loans granted to these countries, 53 per cent of the amounts came from two Chinese state-owned banks, the China Development Bank and China Eximbank. The remainder had been provided essentially by international commodity traders, principally in Chad, the Republic of the Congo and South Sudan.²

The study makes several findings. Two thirds of the loans were granted to countries whose resource governance is rated poor or failing. Basic information, such as the interest rate, was known in only 19 of the 52 cases. Only one contract had been made public. Of the 14 beneficiary countries, ten faced serious debt problems following the collapse in commodity prices in 2014, with the resource-backed loans often weighing heavily in those difficulties.³ Of the eleven sub-Saharan African countries concerned, eight received poor or failing scores on the Resource Governance Index. Angola, the largest African borrower, was for its part mired in a corruption case involving its national oil company.⁴ In the Democratic Republic of the Congo, the liabilities of the Chinese Sicomines mining project represented, according to the International Monetary Fund, nearly 40 per cent of the country's total external debt.⁵

These data show that traders, several of which are established in Geneva, are, together with the Chinese banks, the principal providers of resource-backed loans in Africa. They also show that these loans are concentrated in countries with fragile governance, where their opacity is greatest and their effects on debt heaviest.

The data

Data point (NRGI)	Value
Resource-backed loans examined, 2004-2018	52, for more than USD 164 billion
Of which sub-Saharan Africa	30, for USD 66 billion
Share of Chinese banks in loans to sub-Saharan Africa	53 %
Other principal lenders	international traders, mainly in Chad, the Republic of the Congo and South Sudan
Contracts made public	only one
Interest rate known	19 cases out of 52
Beneficiary countries in difficulty after 2014	10 out of 14

1 Notes

1. Natural Resource Governance Institute, 2023, cited above. ↩
2. Natural Resource Governance Institute, 2023, cited above. ↩
3. Natural Resource Governance Institute, Prêts adossés à des ressources naturelles : pièges et potentiel (Resource-Backed Loans: Pitfalls and Potential), executive summary, 2020; Mongabay, 14 April 2020, cited above. ↩
4. Natural Resource Governance Institute, 2023, cited above. ↩
5. Natural Resource Governance Institute, 2023, cited above. ↩

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