Technical Note

THE DEBT TRANSPARENCY MONITOR (DTM)

Debt Transparency in the African Context

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September 2026

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THE DEBT TRANSPARENCY MONITOR (DTM): Debt Transparency in the African Context[1]

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Abstract

This technical note assesses debt transparency across 48 African countries using the Debt Transparency Monitor's 14-indicator scorecard, which measures the availability and timeliness of public debt disclosures. Simple and GDP-weighted results indicate moderate overall transparency, with stronger reporting of headline debt and financing indicators but persistent gaps in public sector balance sheets, debt structure and fiscal risks. Regional comparisons and year-on-year changes reveal uneven performance and limited progress in institutional reporting. The analysis also identifies a positive association between debt transparency and sovereign credit ratings, with gains emerging gradually. The note recommends comprehensive public sector debt reporting, disclosure of state-owned enterprise liabilities and guarantees, and stronger maturity, creditor and fiscal risk reporting to improve institutional credibility and support more informed sovereign risk assessments.

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[1] Prepared for the AUC/OECD report Africa's Development Dynamics 2026: Debt, Capital and Transformation.

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INTRODUCTION

In many African countries, weak debt transparency remains a binding constraint on improving credit ratings. Incomplete disclosure (particularly of contingent liabilities, SOE debt, and non-Paris Club borrowing) undermines the credibility of the public debt perimeter, increasing uncertainty around fiscal risks and contributing to weaker institutional assessments and higher risk premia. These challenges reflect gaps in coverage, consistency, and accessibility rather than the absence of data. Debt information is often fragmented, lacks detail on maturities and creditor composition, or omits key liabilities; leading markets to apply conservative assumptions and limiting rating headroom even as macroeconomic conditions improve.

To assess debt transparency gaps systematically, the Debt Transparency Monitor (DTM) uses the Debt Transparency Scorecard (DTS), a binary framework that evaluates whether governments disclose key elements of their public debt profile. The DTS comprises 14 binary indicators across five dimensions: strategic reporting, debt stock and service, debt structure, financing flows, and creditor transparency (see Figure 1). Each indicator is scored 1 if publicly available and up to date, and 0 otherwise, capturing the breadth of disclosure rather than data accuracy, consistent with a market-risk perspective. This note presents the results for the entire continent and the regions using both simple and GDP-weighted averages. The former reflects broad-based country performance, while the latter captures the transparency of larger, systemically relevant economies. Year-on-year changes are measured categorically as positive, no change, or negative for each country-indicator pair (1, 0, -1). At the regional level, these are aggregated as counts of countries, highlighting reform momentum, stagnation, or backsliding across indicators.

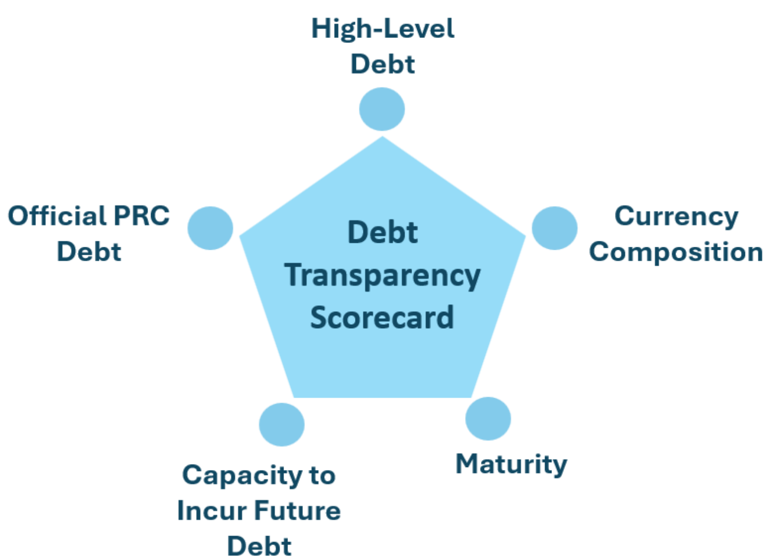

Figure 1: Dimensions of the Debt Transparency Scorecard (DTS)

Source: DevTech Systems, 2024.

DEBT TRANSPARENCY IN THE AFRICAN CONTEXT

Applying this framework to African sovereigns highlights both progress and persistent structural gaps. While most countries disclose some information on public debt; coverage, timeliness, and accessibility remain uneven, particularly for more complex instruments and liabilities outside the central government balance sheet.

RESULTS BY INDICATOR

Across a sample of 48 African countries, the results point to moderate overall debt transparency (DTSI ≈ 0.65 simple average; ≈0.68 GDP-weighted) averages (see Figure 2). Results where the continent perform better are those related to basic debt aggregates, such as debt-to-GDP (0.85), flow and financing indicators including domestic and external borrowing (≈0.83–1.00) and (Reporting People's Republic of China) PRC debt (≈0.75–0.81), and short-term debt service indicators (≈0.65 domestic; ≈0.79 external), suggesting that headline fiscal metrics are generally available. However, coverage gaps remain pronounced in more complex and policy-relevant areas, particularly public sector balance sheets (PSBS), where disclosure is extremely limited (0.10 simple average; 0.03 GDP-weighted), indicating weak visibility over the full public sector debt perimeter.

The GDP-weighted results suggest that larger economies perform better on strategic and institutional reporting. These economies present significantly higher publication rates for MTDS (0.83) and fiscal risk statements (0.88), as well as stronger reporting on debt maturities and creditor exposures. At the same time, gaps persist in areas critical for assessing fiscal risks, including domestic debt service burdens and the structure of liabilities. The pattern indicates transparency is skewed toward short-term, market-relevant information, while gaps in balance sheet coverage and debt structure continue to constrain comprehensive risk assessment.

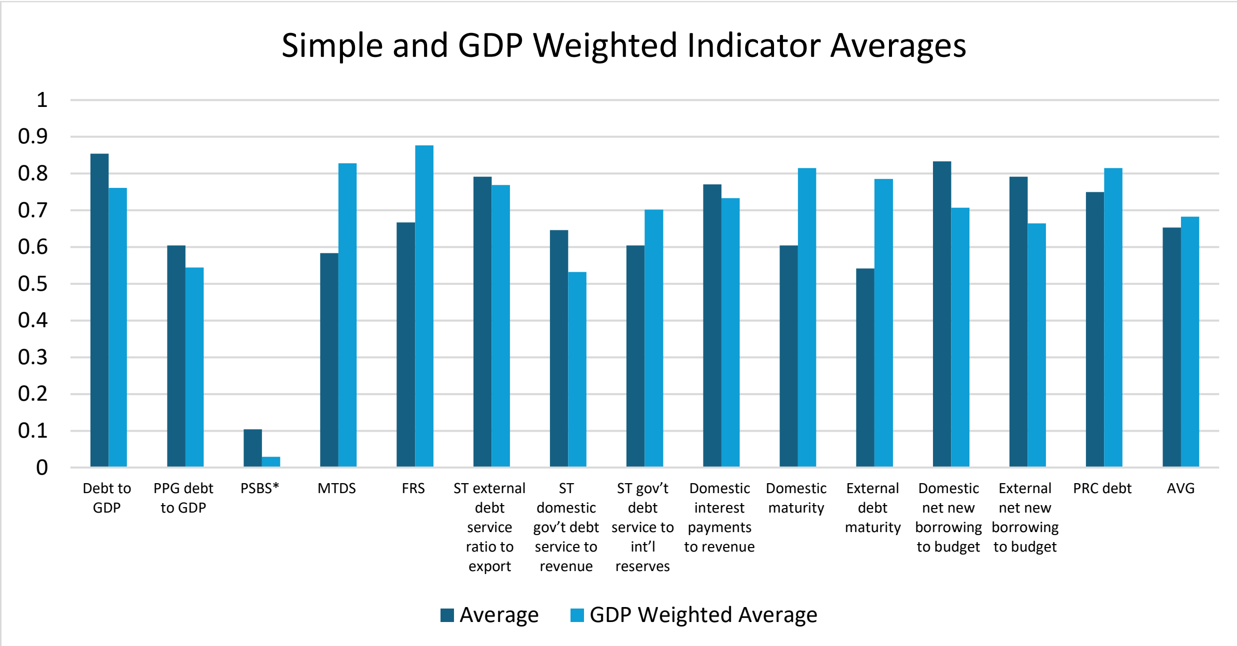

Figure 2: Results of Debt Transparency Scorecard (DTS) by Indicator

Source: Authors' calculations based on DevTech Systems, 2024.

Debt transparency across African sovereigns is characterized by high persistence, with most indicators showing no change, indicating broadly stable reporting practices (See Figure 3). Improvements are limited and concentrated in operational indicators, particularly external borrowing (17 countries improving reporting), domestic interest payments (15 countries), and short-term external debt service (14 countries), reflecting progress in areas linked to near-term financing pressures. In contrast, institutional and structural indicators (such as PSBS, MTDS, and FRS) show minimal progress and some deterioration, alongside setbacks in maturity reporting. Progress remains incremental and uneven, with gains in liquidity-related disclosures but continued gaps in balance sheet transparency and medium-term risk frameworks.

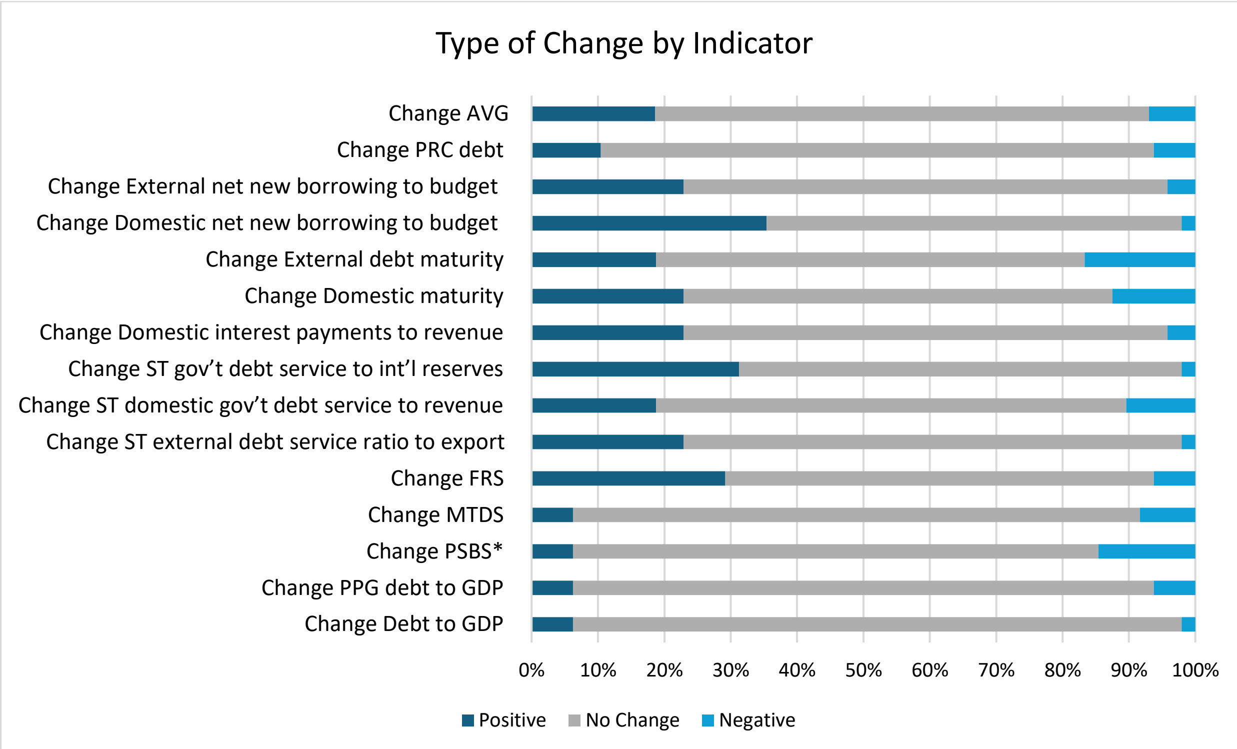

Figure 3: Changes in Debt Transparency Scorecard (DTS) Indicator

Source: Authors' calculations based on DevTech Systems, 2024.

RESULTS BY REGION

Across regions, West and East Africa emerge as relative leaders particularly in GDP-weighted terms (see Figure 4). West Africa records the highest transparency (AVG ≈ 0.76 simple; 0.87 GDP-weighted) and East Africa also performs strongly (≈0.75 GDP-weighted), driven by larger economies. In contrast, Central Africa shows moderate but uneven performance (≈0.63–0.71), while North Africa records the weakest results (≈0.49–0.52), with notable gaps in PPG debt and balance sheet transparency. Southern Africa presents a mixed profile, with relatively strong simple averages (≈0.72) but weaker GDP-weighted performance (≈0.64), reflecting gaps in larger economies. Across all regions, PSBS remains consistently weak, highlighting a systemic gap in balance sheet transparency. In general, higher transparency is concentrated in regions with stronger market access, reinforcing its role in shaping sovereign risk perceptions.

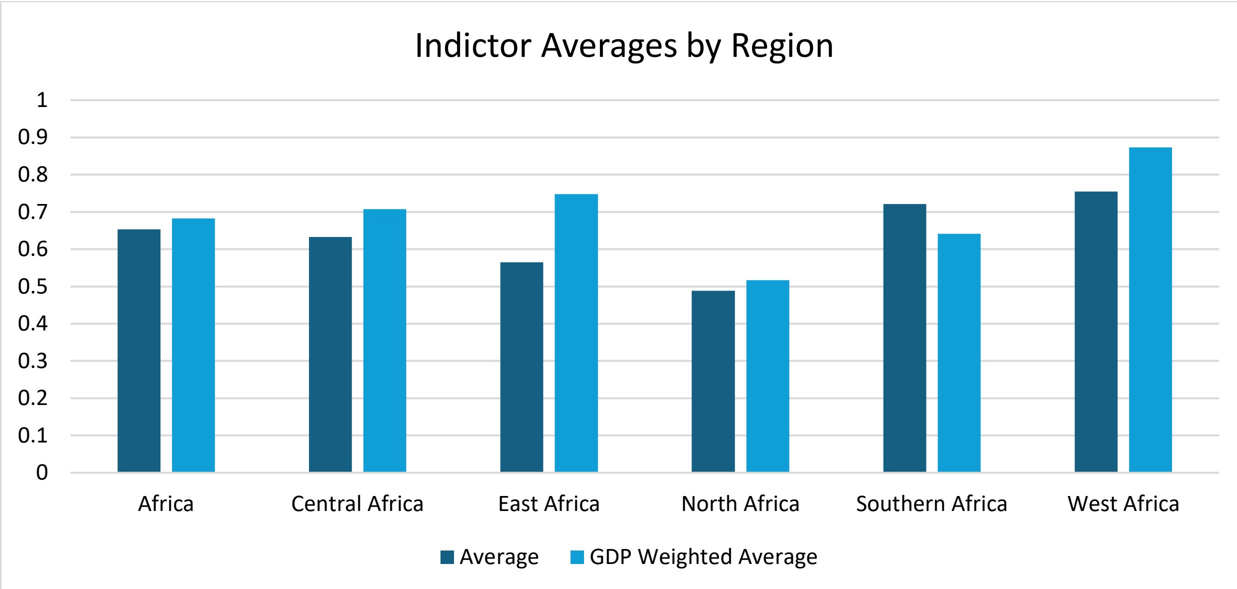

Figure 4: Results of Debt Transparency Scorecard (DTS) by Region

Source: Authors' calculations based on DevTech Systems, 2024.

Change dynamics show high stability, with most indicators unchanged, and improvements are led by West African countries. West Africa stands out for more active reform dynamics, with up to 6 positive changes in external borrowing and 5 in maturity indicators, but also relatively higher negative changes (up to 4 in MTDS and borrowing), indicating greater variability. Central and East Africa exhibit modest, largely positive changes, particularly in debt service and liquidity indicators (e.g., up to 5 positive changes in Central Africa), with minimal deterioration. North Africa shows balanced but cautious progress, with 2–3 improvements across several indicators and very limited negative changes, while Southern Africa is characterized by high persistence (7–10 no-change cases per indicator) and only marginal improvements. Overall, reforms remain incremental and concentrated in operational indicators, while institutional dimensions show limited movement, reinforcing the dominance of no-change outcomes across regions.

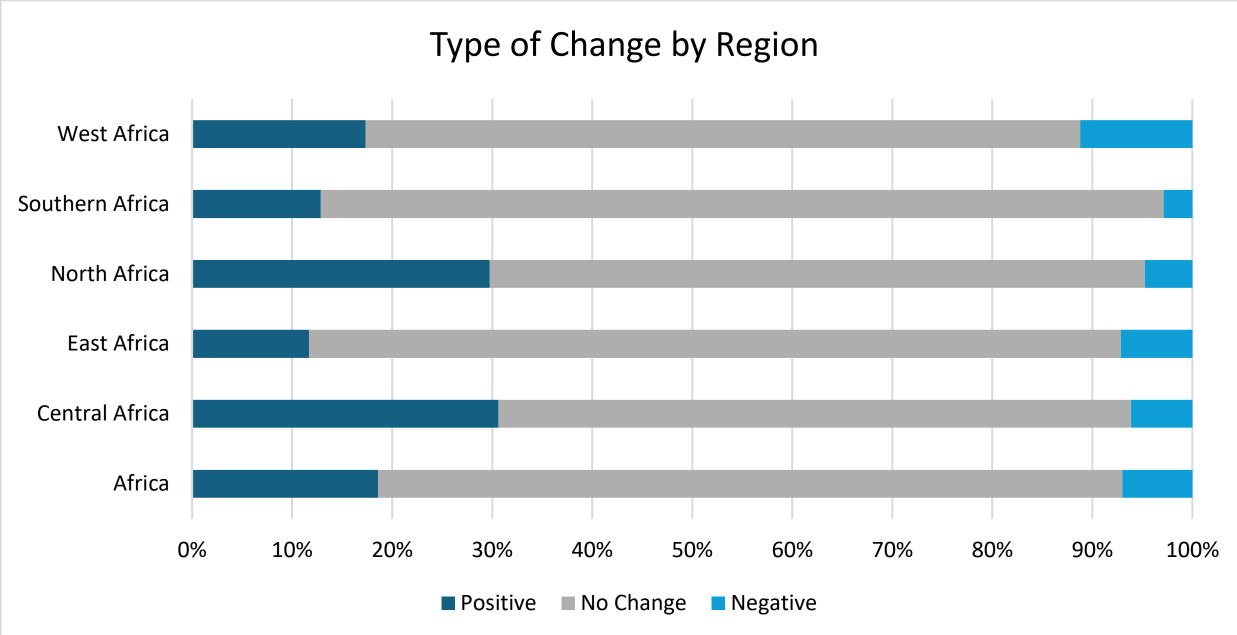

Figure 5: Changes in Debt Transparency Scorecard (DTS) Indicator by Region

Source: Authors' calculations based on DevTech Systems, 2024.

DEBT TRANSPARENCY AND CREDIT RATINGS

The DTM framework assesses the relationship between debt transparency and macro-fiscal outcomes using 23 fiscal space indicators covering debt sustainability, vulnerabilities, external risks, and market access. Pairwise correlations show that higher transparency is significantly associated with lower debt burdens, improved financing conditions, and reduced external risk.

To evaluate effects on credit ratings, a dynamic regression is estimated:

$$SOVRATE_t = \alpha + \beta \cdot DTSI_t + \gamma \cdot SOVRATE_{t-1} + \varepsilon_t$$

	Dependent: SOVRATE		
Regressors	coeff	t-stat	p-value, %
Intercept	-0.517	-2.668	0.826
DTSI	0.005	2.314	2.169
Lagged SOVRATE	0.989	51.831	0.000
R-squared, %	**93.725**		
Adjusted-R-squared, %	**93.662**		

Table 1: Transfer Function from Debt Transparency (DTSI) to Credit Rating (SOVRATE)

Source: DevTech Systems, 2024.

The positive and significant coefficient on DTSI indicates that greater transparency is linked to higher sovereign ratings over time. The Debt Transparency Monitor framework has a direct causal relationship with credit score rankings and can be used to improve fiscal policy. Improvements in the monitor's indicators lead to significant changes when improvements in seven indicators are revealed transparently, which leads to improvements in credit rating. The dynamic structure implies that these effects materialize gradually and require sustained improvements. Results indicate that a meaningful impact requires improvements in several indicators, at least 7 indicators, to move one step in the alphanumeric scale of Standard & Poor's (S&P) (DevTech Systems, Inc., 2024).

POLICY IMPLICATIONS

Debt transparency affects credit ratings through three main channels: it strengthens institutional credibility, improves the assessment of fiscal and debt sustainability, and enhances market access and pricing by reducing uncertainty. These findings indicate that incremental improvements, primarily in operational indicators, are insufficient to materially affect creditworthiness. Meaningful gains require comprehensive and consistent disclosure, particularly in areas such as balance sheet coverage, debt structure, and contingent liabilities. Accordingly, priority reforms include expanding full public sector reporting, disclosing SOE liabilities and guarantees, improving maturity and creditor transparency, and institutionalizing fiscal risk statements and medium-term debt strategies.

Transparency is a black-and-white concept that must occur in multiple areas to create substantive changes in credit enhancements. Substantial progress requires systemic reforms and steadfast commitment to openness and accountability. This can be achieved by partnering with agencies and development specialists to advocate for debt transparency and provide guidance for creating such transparency.

REFERENCES

DevTech Systems, Inc. (2024). *Debt Transparency Monitor.* Fiscal Accountability and Sustainable Trade, Washington, D.C.