

Africa in International Bond Market

FINANCE AND DEVELOPMENT IN AFRICA

Consultative Workshop

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AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

2019



20 Countries

**\$92 billion of outstanding
African sovereign Eurobonds**

2006

Seychelles issues a \$200 million bond in September 2006

Only South Africa was able to issue Eurobonds before 2006

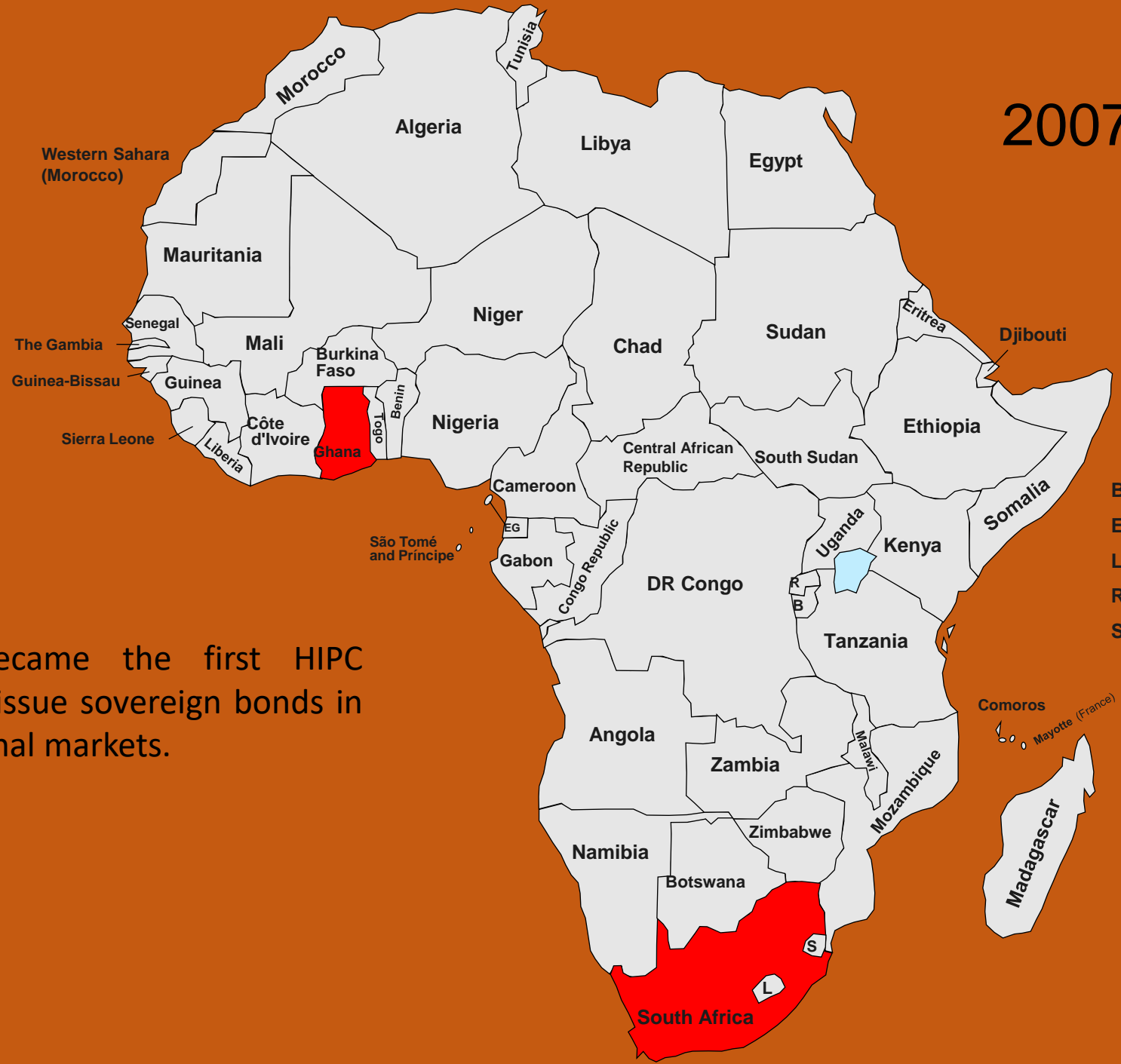


B=Burundi
 EG=Equatorial Guinea
 L=Lesotho
 R=Rwanda
 S=Swaziland

Seychelles

2007

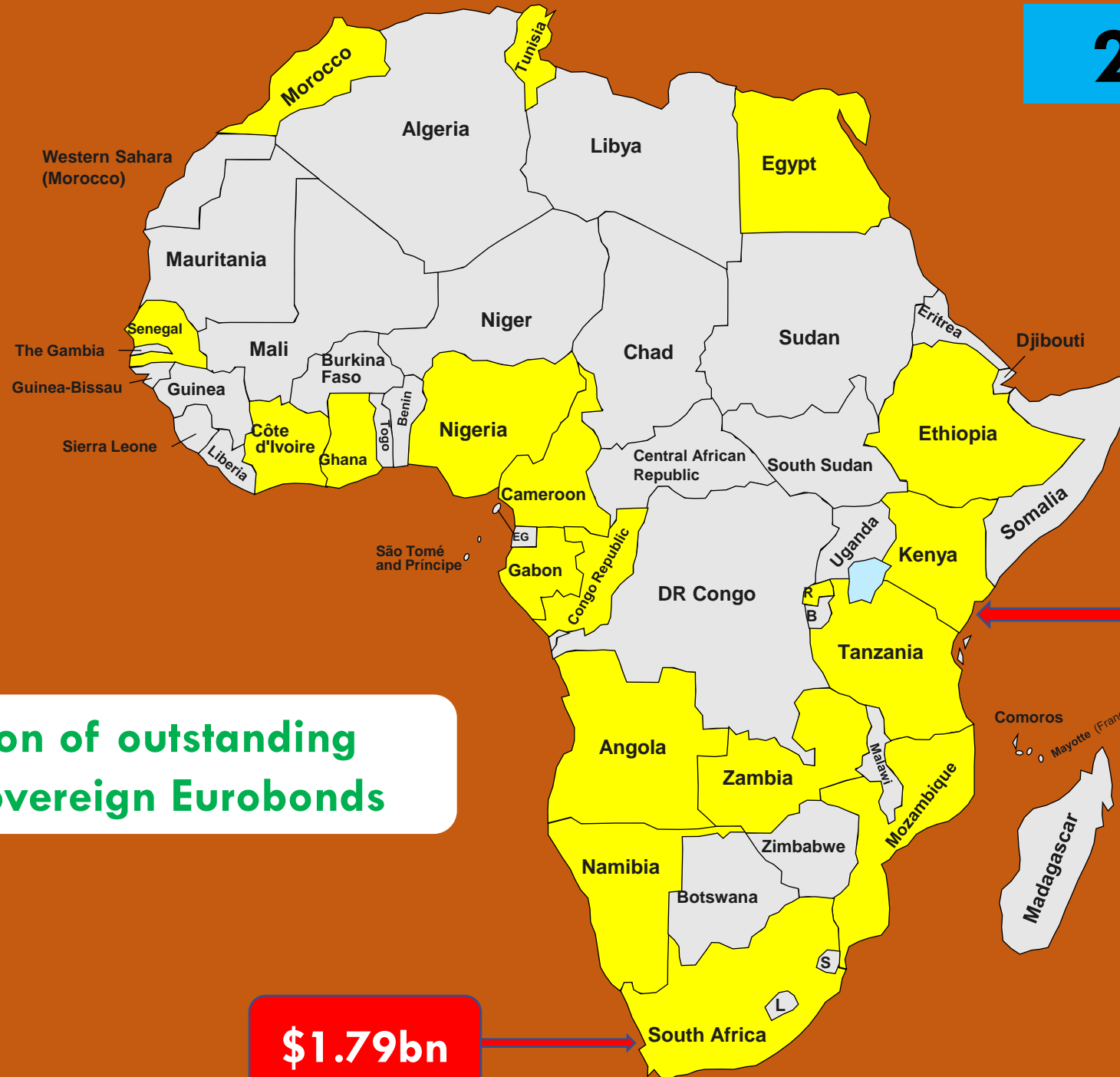
\$750 million
October 2007



Ghana became the first HIPC nation to issue sovereign bonds in international markets.

2019

20 Countries



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\$750mn

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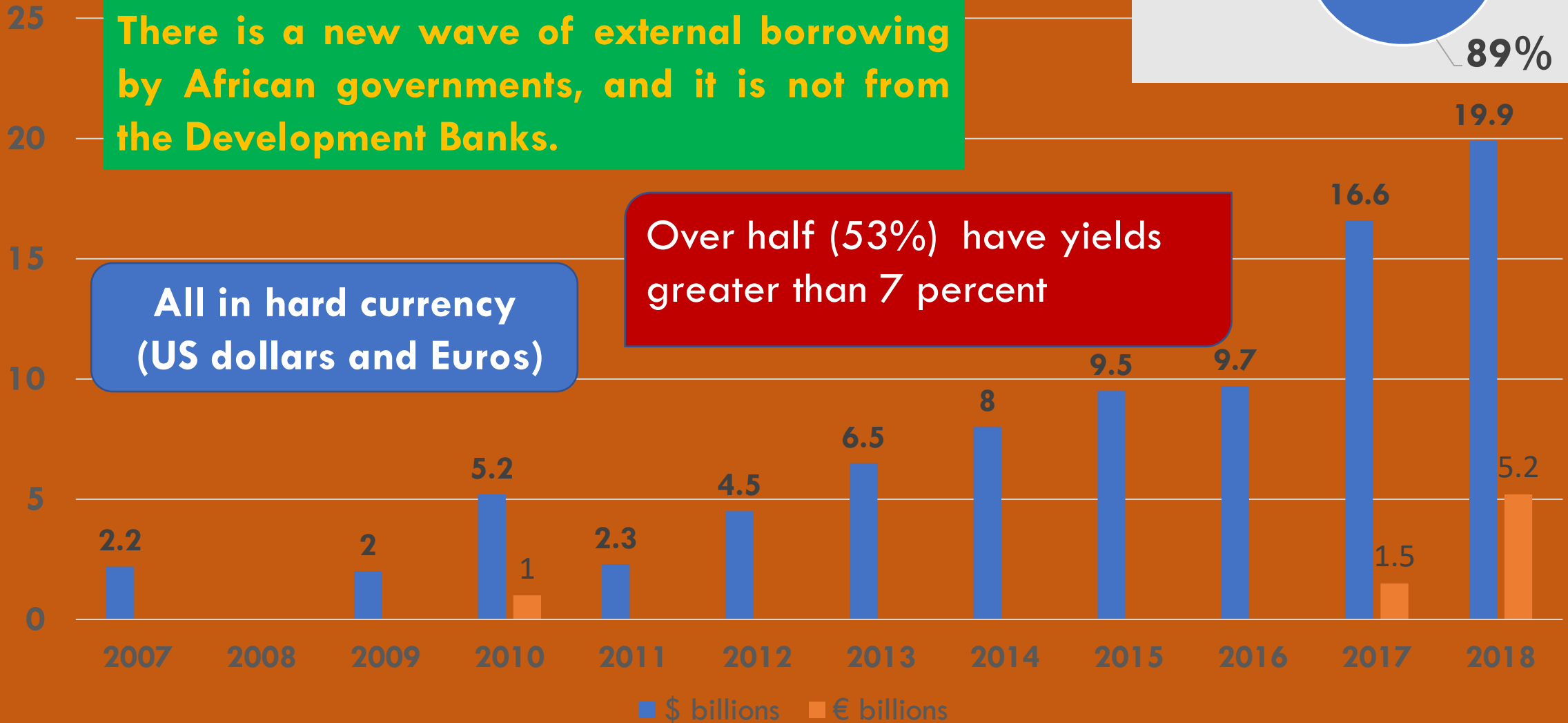
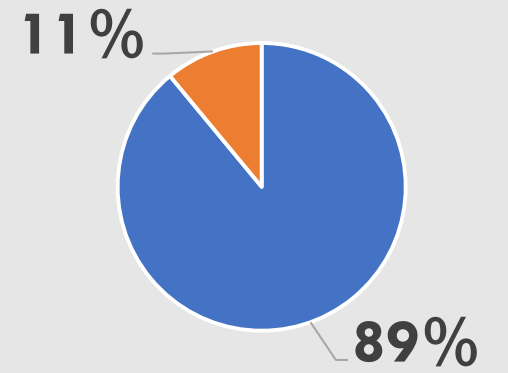
\$1.79bn

African Eurobond Issuance 2007-2018

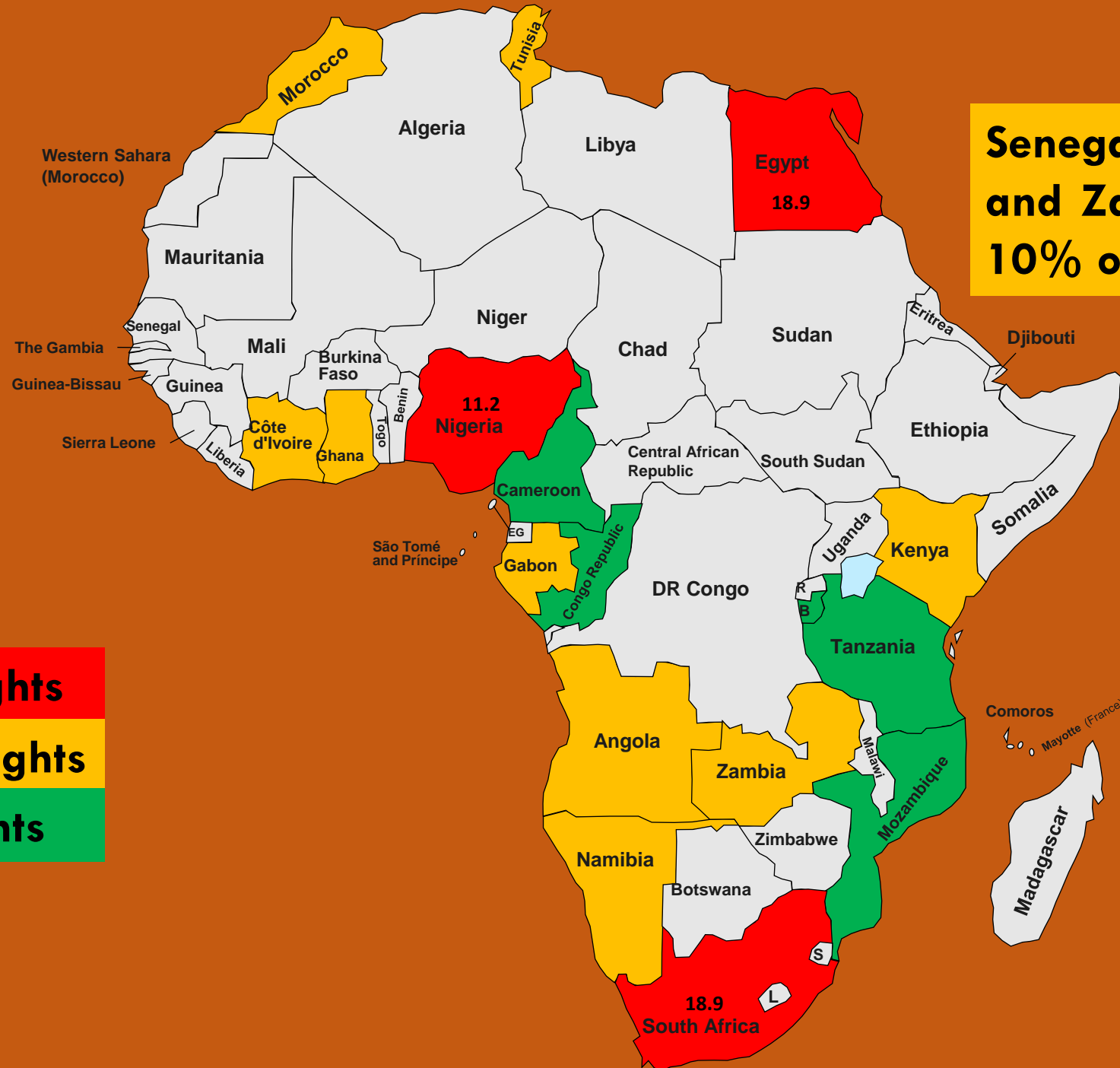
There is a new wave of external borrowing by African governments, and it is not from the Development Banks.

All in hard currency
(US dollars and Euros)

Over half (53%) have yields greater than 7 percent



Senegal, Ivory Coast, Gabon and Zambia Eurobonds exceed 10% of their 2019 GDP

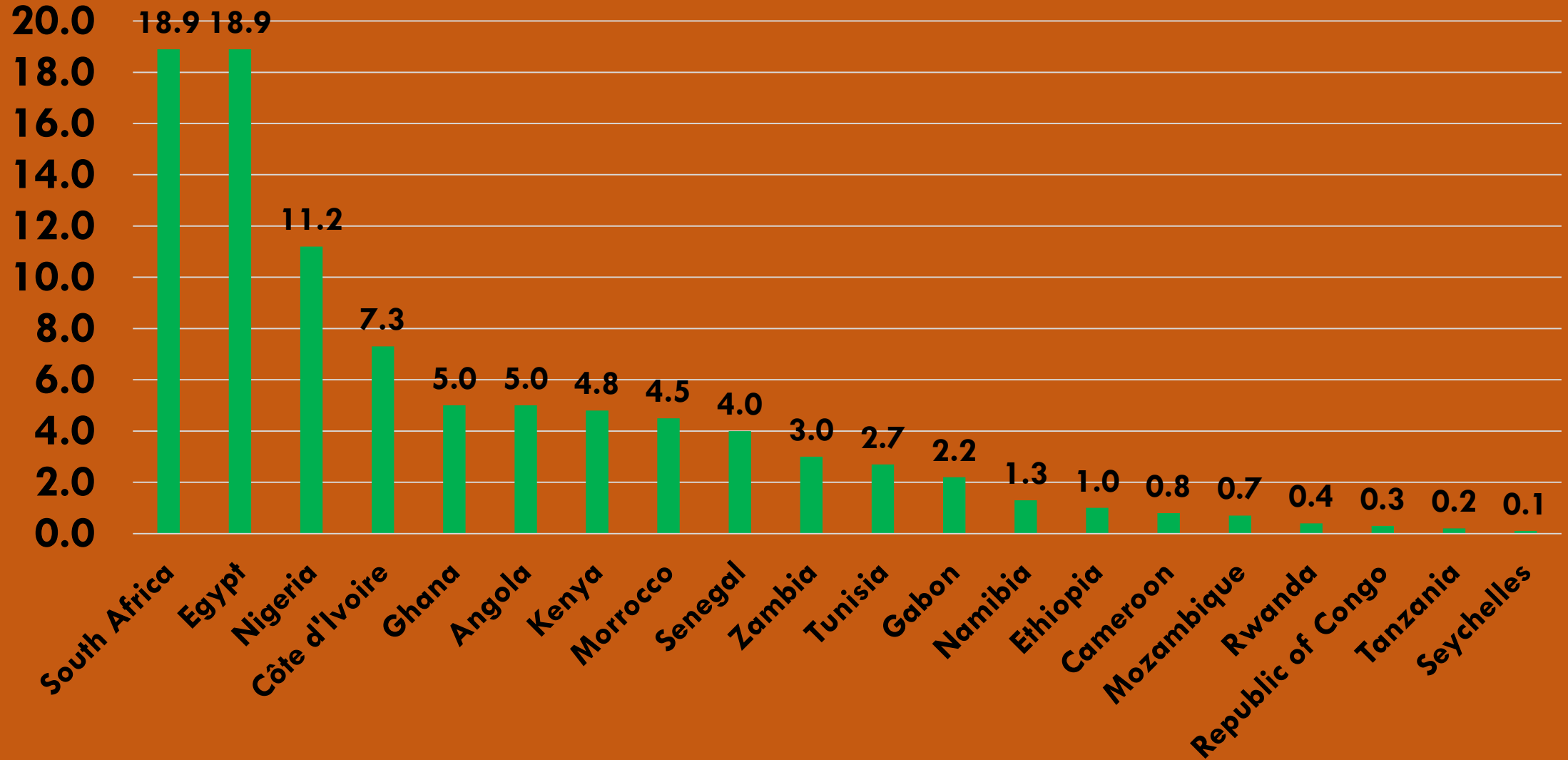


Heavyweights
Middle-weights
Light-weights

B=Burundi
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Seychelles

Outstanding Eurobonds as at Jan 2019

\$bn



**Concerns about
global growth
and that of
China**

**The average yield of
African eurobonds
increased from 5.3%
to 7.4%**

**A stronger US
dollar**

**2018
Tough Year?
Sign of the
Future?**

Trade Tensions

**African yields are 2.9
percentage points higher
than the Rest of the world
AFRICAN PREMIUM**

**The Fed raising
US rates**

IMPLICATIONS OF THE INCREASE IN YIELDS

\$ 1 Billion 10 Year Eurobond

5.3 %

\$53 mn per year

\$530 mn interest
in 10 yrs

7.4 %

\$74 million a
year

\$740 mn interest
in 10 years

\$210 mn

7.4 %

+

14.0%

Exchange Rate Risk

21.4 %

**96 % of bonds are on
Fixed Rates**

Interest Rate Risk

Debt Distress

**Borrowing to repay
past Borrowing**

Credit Risk

Corruption

**Susceptibility to External
Shocks**



THANK YOU