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International Sovereign Issuance in Africa 2013-14: A Rating Agency Perspective

This report reviews recent and prospective international issuance in Africa, and offers an analysis of the outlook for African sovereign issuers and their local capital markets.

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Summary Opinion

We believe that the anticipated first-time entry of several African countries into the international debt capital markets will result in increased demand from investors for timely information regarding sovereign creditworthiness as well as requests for foreign-currency ratings for the relevant African issuers, particularly in Sub-Saharan Africa (SSA). Over the medium term, we expect that this issuance trend will strengthen, enabling local governments, corporates and financial institutions to better access the international markets.

The region overall has shown considerable resilience to financial shocks during the global financial crisis, and we expect that investors' interest in the region will be sustained given the strong macroeconomic growth outlook for Africa – which we expect to average at 5%-6% over the coming years. This is despite discussion around the tapering off of US monetary easing policies, which triggered a search for portfolio diversification and higher yields in a generally low interest-rate environment.

Sovereigns have other sources of external financings such as multi-/bi-lateral lending, as well as commercial loans. As such, we consider that funding via international debt securities to finance a portion of infrastructure needs will likely remain a limited portion of gross capital inflows to the region.

The region's domestic capital markets remain at an early stage of development, but several regional initiatives are underway to further deepen these markets. The interest rates on Eurobonds are often relatively less expensive compared with domestic issuances. Notable exceptions are the more mature domestic capital markets that allow for long-term local-currency sovereign issuance, as is the case in Egypt (Caa1 negative), Nigeria (Ba3 stable), Mauritius (Baa1 stable), Kenya (B1 stable), South Africa (Baa1 negative) and Tunisia (Ba2 negative).

Nevertheless, we see significant potential in Africa for increasing the use of international capital market finance in the medium to long term. In our opinion, African sovereigns will likely lead the region's bond issuance, and we believe this will promote further international issuance by government-related institutions – such as strong utility companies using the yield on any existing government bonds as a benchmark.

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International Bond Issuance in Africa is Still at an Early Stage

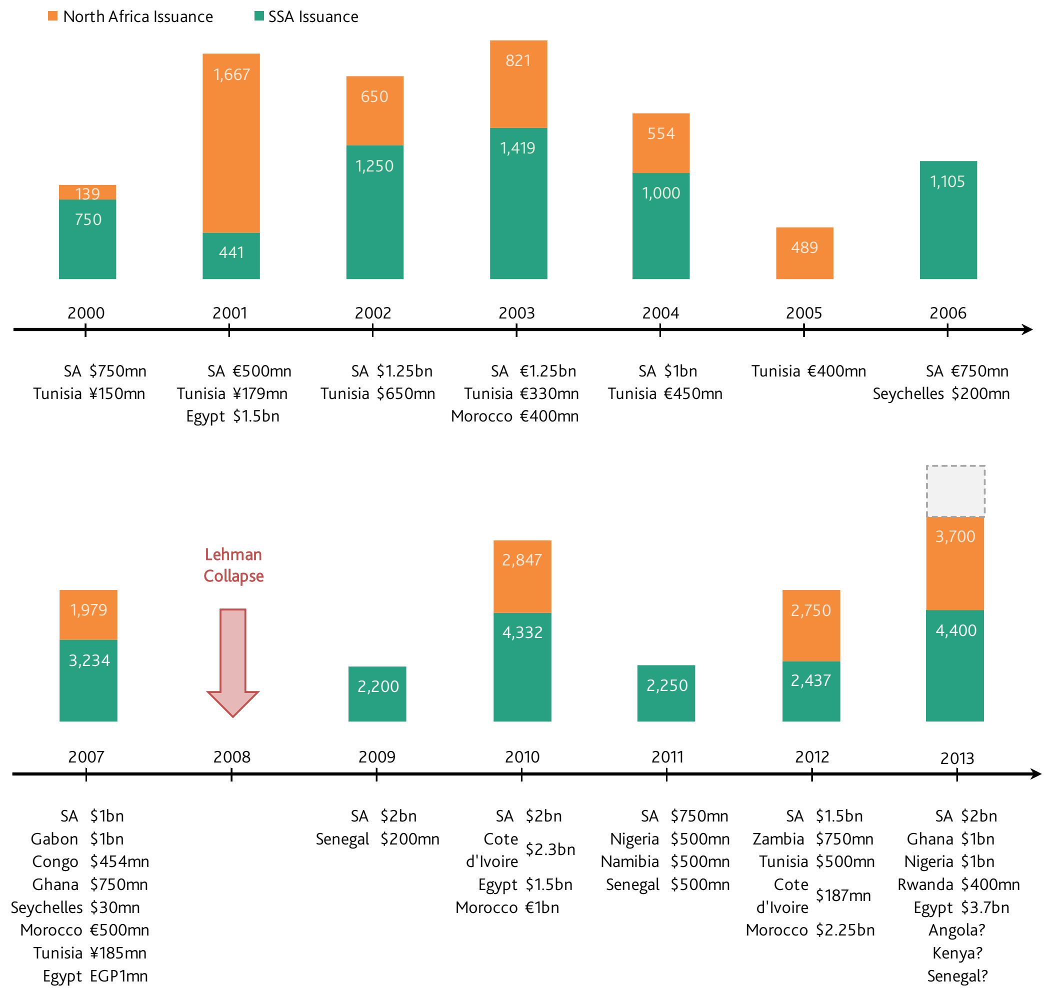
International capital market issuance by African sovereigns is relatively recent

African sovereigns' access to international bond markets is a recent phenomenon and remains limited. As illustrated by the timeline below, only 14 out of 54 countries in Africa have issued foreign-currency-denominated instruments on the international market (see Exhibit 1). With the exception of Tunisia and Morocco (Ba1 negative), which issued international debt in the 1990s, and South Africa, which has a highly developed domestic capital market, sovereign issuances in Africa actually started in 2001 when Egypt issued its first bond.

International issuance in SSA started even more recently when Seychelles issued its first Eurobond in 2006, followed in 2007 by Congo, Gabon and Ghana (B1 stable). Senegal (B1 stable) tapped the international debt markets in 2009, after a pause due to the global financial crisis after Lehman's collapse. Nigeria (Ba3 stable) issued its debut Eurobond in January 2011, Senegal returned to market in May of the same year, followed by Namibia (Baa3 stable) in November with its debut international issuance. Zambia followed suit in 2012. Year-to-date primary issuance by African sovereigns has already reached $8 billion, its highest level, due to issuers returning to the international markets (Egypt, Ghana, Nigeria and South Africa), and one debut issuer, Rwanda. By the end of the year, Senegal is also to tap the international market.

EXHIBIT 1

African Bond Issuance: A Chronology (Amount in $ million)

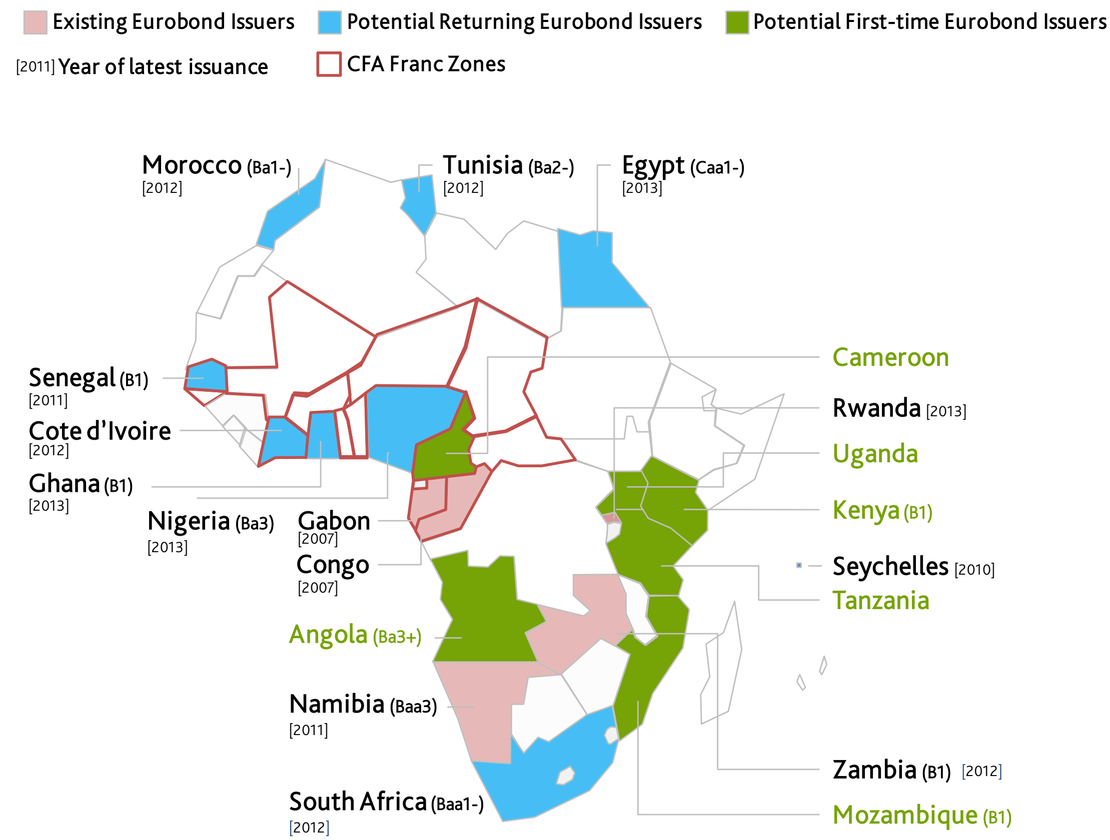


Source: BIS, Bloomberg, Dealogic, Moody's

We have identified six countries in SSA that we believe will issue inaugural bonds in the international markets within the next few years. This list includes: Angola, Cameroon, Kenya, Tanzania, Uganda and Mozambique (B1 stable). Most of these countries are planning to raise at least $500 million each, which will make them eligible for inclusion in JP Morgan's Emerging Market Bond Index (EMBIG). This will not only help raise their visibility with a larger pool of investors, but will set a benchmark yield for local corporations and banks that wish to issue internationally. Exhibit 2 shows the region's existing issuers and the year of their latest international issuance, as well as potential issuers.

EXHIBIT 2

Existing and Potential International Issuers in Africa



Source: Moody's | +(-) denotes a positive (negative) outlook

Reasons for Issuing International Sovereign Bonds

Capital Expenditure Financing. In 2007, Ghana used bond issuance proceeds to finance energy and transport projects. The proceeds of Senegal's $500 million Eurobond issuance will allow for (1) the continued construction of a major highway, and (2) the upgrade and repair of the country's energy infrastructure. In Zambia, the Eurobond was dedicated to promoting infrastructure development (energy, roads and railways) as well as the social sector (health and education). Namibia used the proceeds of its inaugural Eurobond issuance to diversify its sources of financing and fund its Targeted Intervention Programme for Employment and Economic Growth.

Benchmarking. Benchmarking for the development of the sub-sovereign bond markets was an explicit goal for both South African and Nigeria. The latter enabled the Nigerian sub-national bond market to overtake South Africa's market with $2.8 billion outstanding at end-2012 (vs. $1.6 billion in South Africa). Benchmarking for the corporate bond markets is the most important development that African economies are experiencing. For instance, Nigeria's Guaranty Trust Bank successfully offered $500 million a five-year Eurobond four months after the sovereign, followed by Access Finances BV in 2012, and then Fidelity Bank plc and First Bank of Nigeria in the same month as the sovereign issued this year. Following the inaugural $750 million Eurobond from Ghana in September 2007, Ghana Telecom placed a $200 million issue in the international market two months later. For Angola, the decision to issue on the international market will mainly be driven by the need to create a benchmark for other potential issuers such as Sonangol (the national oil company) and domestic banks.

Debt Restructuring. Four SSA countries have so far used international bond issuance in the context of debt restructuring. Seychelles's 2010 Eurobond was the result of an exchange of new notes (with a face value of $168.9 million) against defaulted debt (worth more than $311 million, having originally defaulted in 2008) at a discount of 50% to face value. The new notes carry a partial guarantee on interest from the AfDB of up to $10 million. The exchange offer has brought about the cancellation of approximately $225 in principal, accrued interest and other charges. In 2007, Gabon used its Eurobond proceeds to buy back at a discount of 15% the country's outstanding debt to Paris Club creditors. In the Republic of Congo (2007) and Côte d'Ivoire (2010), debt restructurings took place in the context of the HIPC Initiative. In 2012, to redress missed payments,[1] Cote d'Ivoire issued $187 million in Eurobonds as part of an exchange program. Most of these issuances were preceded by Paris Club agreements to seek comparable debt relief from private creditors.

Debt Management. Routine debt management is the most common motivation for the more financially developed African countries (i.e., South Africa, Egypt and Morocco) to issue debt in the international debt capital markets, and a greater use of such access is being made by returning issuers such as Senegal and Ghana . Senegal provided an exchange from the $200 million bond originally issued in 2009 to a benchmark-eligible instrument. Exchanging the illiquid bond (due 2014) for an index-eligible benchmark instrument has re-positioned Senegal in the international bond market, and has also provided it with a liquid and broadly subscribed bond. More recently, Ghana rolled $250 million of its 2007 bonds into the $750 million 2013 issuance. These exchanges not only illustrate the progress made in building an investor base but also the continued robustness of investor appetite.

In addition to traditional Eurobond issuance, several African governments have used different means to test market appetite, such as repackaged loans or private placements.

» In August 2012, Northern Lights III B.V. (Ba3),[2] a special-purpose vehicle listed in the Netherlands (Aaa negative), issued $1 billion Angola 2019 loan-participation notes (LPNs). The notes allowed investors to buy into a $1 billion loan made by VTB Capital to the Angolan government, the ultimate guarantor. This 'pass-through' transaction is not considered as a 'true' Eurobond despite the LPNs being traded on the secondary market and being referenced in the JP Morgan flagship emerging sovereign bond indices, EMBI Global and EMBI Global Diversified.

» In February 2013, Tanzania (NR) raised $600 million in a private placement. This international debut issuance allowed the country to raise money rapidly, presumably because private placement could be accomplished with less stringent due diligence compared with a typical Eurobond issue. It also allows the Tanzanian authorities to gauge potential demand and pricing in light of a planned Eurobond issuance by the end of fiscal year 2013/14. Despite being privately placed, the seven-year bond was also included in the EMBI Global indices.

» In September 2013, Mozambique (B1 stable) used a state-backed agency (Ematum)[3] to issue its first ever US dollar-denominated bond. The funds will be used to purchase a fleet of 27 fishing vessels. The deal[4] is a repackaged unsecured loan from Credit Suisse AG (A1 stable, C-/baa1 stable) that carries an unconditional and irrevocable guarantee from the government.

1 Côte d'Ivoire's Efforts to Redress Missed Payments Support Sovereign Creditworthiness – Oct 2012
2 Rating Action: Moody's assigns Ba3 to repack notes issued by Northern Lights III B.V. – Aug 2012
3 Moody's assigns B1 rating to Loan Participation Notes Issued by Mozambique EMATUM Finance 2020 B.V. – Sep 2013
4 The reg S only Security made the notes eligible for inclusion in the EMBI index.

For these issuers, the leverage operations created traded instruments that allow an assessment of market interest and pricing for potential upcoming Eurobond debut issuances. However, we do not consider those notes to be 'true' Sovereign Eurobonds, because the overall due diligence process was less stringent, and the authorities did not participate in road shows before the deals, nor complete a full book for the instrument. These elements could therefore affect pricing.

A striking feature of SSA bond international issuances is the growing interest from fixed-income investors. This is in part demonstrated by the oversubscription of certain issues (see Exhibit 3). For example, the order book following the Zambian road show illustrates to a certain extent the unprecedented interest for sovereign bonds from the continent when the order reached $11.9 billion for a $750 million Eurobond, i.e. almost 16 times oversubscribed. According to available data, the region's 8 bond issuances since 2011 have been oversubscribed by an average multiple of 6.

EXHIBIT 3

International Bond Issuances & Order Book in SSA (excluding South Africa)

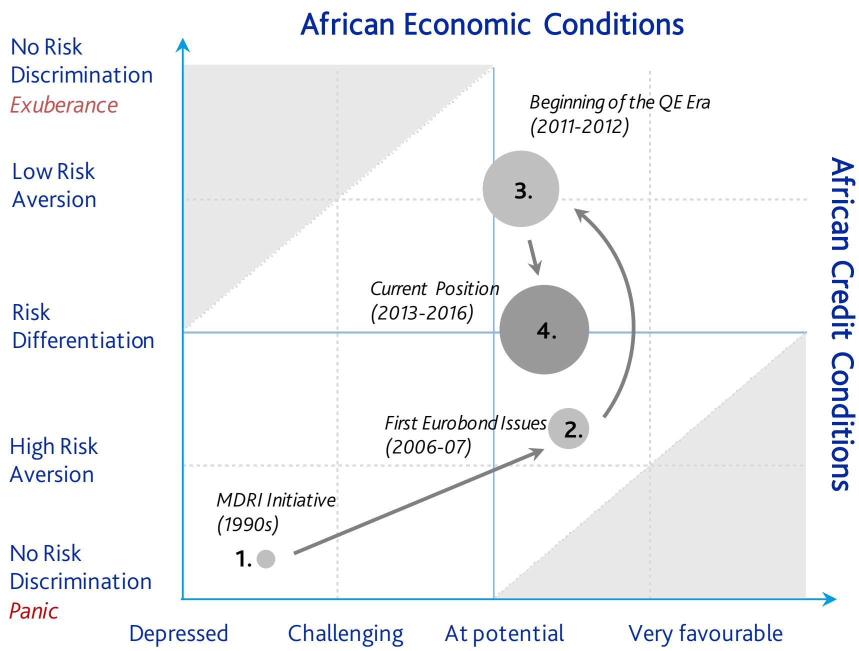
	Issuer	Abbreviation Deal Name	Issue Date	Maturity	Amt Out. (U$ mn)	Cpn	Yield at Issuance	Order Book (US$ mn)	Subscription Multiple)	Regional Composition of Order Book			
										Europe	o/w: UK	US	Other
2006	Seychelles	SEYC'11 (5)	27-Sep-06	3-Oct-11	200	9.125	9.466	340	1.1	80	n.a.	10	10
2007	Ghana	GHAN'17 (10)	4-Oct-07	4-Oct-17	531	8.5	8.500	3,200	6.0	55	36	41	--
	Congo	CONG'29 (22)	7-Dec-07	30-Jun-29	445	STEP	8.770	*Debt Restructuring*		--	--	--	--
	Gabon	GABO'17 (10)	12-Dec-07	12-Dec-17	775	8.2	8.200	2,300	3.0	46	n.a.	54	--
2009	Senegal	SENE'14 (5)	10-Dec-09	22-Dec-14	200	8.75	9.125	--	--	82	52	9	9
2010	Ivory Coast	IVYC'32 (23)	16-Apr-10	31-Dec-32	2,332	STEP	17.354	*Debt Restructuring*		--	--	--	--
	Seychelles	SEYC'26 (16)	2-Nov-10	1-Jan-26	169	5	--	*Debt Restructuring*		--	--	--	--
2011	Nigeria	NGER'21 (10)	28-Jan-11	28-Jan-21	500	6.75	6.750	1,300	2.6	--	--	--	--
	Senegal	SENE'21 (10)	13-May-11	13-May-21	500	8.75	8.300	2,400	4.8	66	37	30	4
	Namibia	NAMB'21 (10)	3-Nov-11	3-Nov-21	500	5.5	5.500	2,500	5.0	70	40	25	5
2012	Angola	ANGO'19 (7)	16-Aug-12	16-Aug-19	1,000	7	7.000	*Loan Participation Notes*		--	--	--	--
	Zambia	ZAMB'22 (10)	20-Sep-12	20-Sep-22	750	5.375	5.625	11,900	15.9	40	n.a.	56	4
	Ivory Coast	IVYC'32 (20)	15-Nov-12	31-Dec-32	187	3.75	3.750	*Debt Restructuring*		--	--	--	--
2013	Tanzania	TNZN'20 (7)	8-Mar-13	8-Mar-20	600	FLOAT	--	*Private Placement*		--	--	--	--
	Rwanda	RWAN'23 (10)	2-May-13	2-May-23	400	6.625	6.875	3,500	8.8	--	--	--	--
	Nigeria	NGER'18 (5)	12-Jul-13	12-Jul-18	500	5.125	5.375	1,770	3.5	37	25	57	6
	Nigeria	NGER'23 (10)	12-Jul-13	12-Jul-23	500	6.375	6.625	2,260	4.5	24	16	73	3
	Ghana	GHAN'23 (10)	7-Aug-13	7-Aug-23	1,000	7.875	8.000	2,000	2.7	36	21	60	4
	Mozambique	EMATUM'20 (7)	11-Sep-13	11-Sep-20	500	6.305	7.850	*Loan Participation Notes*		--	--	--	--

Source: Bloomberg, Dealogic, IMF, Miscellaneous Media Sources

Evolution and drivers of the growing appetite for SSA bond issuances

The stylized chart below represents the evolution of Africa's position according to two criteria, credit conditions and economic conditions, with the bubble size corresponding to the increase in international debt securities issued by African entities.

EXHIBIT 4



Source: Moody's

Dot 1. In the 1990s, the continent registered weak growth in bond issuance, averaging 2.2% in the decade, and many governments had high debt levels. The situation changed in the second part of the decade and beginning of the 2000s, with improved growth trends and many countries rapidly reaching completion of Heavily Indebted Poor Country Initiative (HIPC) or the Multilateral Debt Relief Initiative (MDRI) initiatives, leading to gradual debt cancellation.

Dot 2. The first wave of Eurobond debuts that began in 2006-07 led to a gradual easing in terms of risk differentiation. This wave was stopped by the Lehman crisis.

Dot 3. After the global financial crisis, credit conditions eased further under favourable monetary policies implemented in Western countries, leading to a period of very low interest rates. Concurrently, growth prospects remain elevated for Africa as a whole, with growth forecasts in the medium term of around 5%-6%, supporting the second wave of international issuances in the continent.

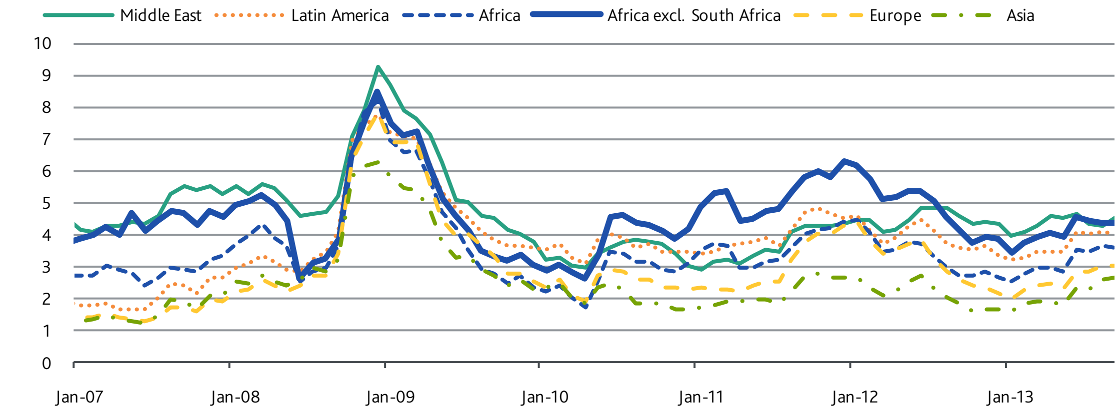
Dot 4. The gradual normalization of global conditions over the medium term will lead to greater risk differentiation. It will result in increased demand from investors for timely information regarding sovereign creditworthiness and increased requests for foreign-currency ratings from a number of countries and local issuers in Africa, particularly in SSA. As a global credit rating agency, we have been expanding our coverage and research on African issuers for several years in response to investors' and issuers' needs. We expect that current growth trends will remain at or slightly above their potential, and that credit-risk differentiation will play a greater role in determining the region's credit conditions.

1. Favourable global credit conditions have contributed to the recent upturn in investor interest in SSA bond issuance

The recent enthusiasm for SSA issuances is likely to be transitory because of the search for portfolio diversification and higher yields in a generally low interest-rate environment. However, we also view this trend as a vote of confidence for Africa's sustainable growth story. We note that the cost of funding in SSA has been similar to that paid by Latin American and Middle Eastern countries at similar developmental and credit-quality levels (see Exhibit 5 below).

EXHIBIT 5

EMBI Global / Spread by region above US Treasury

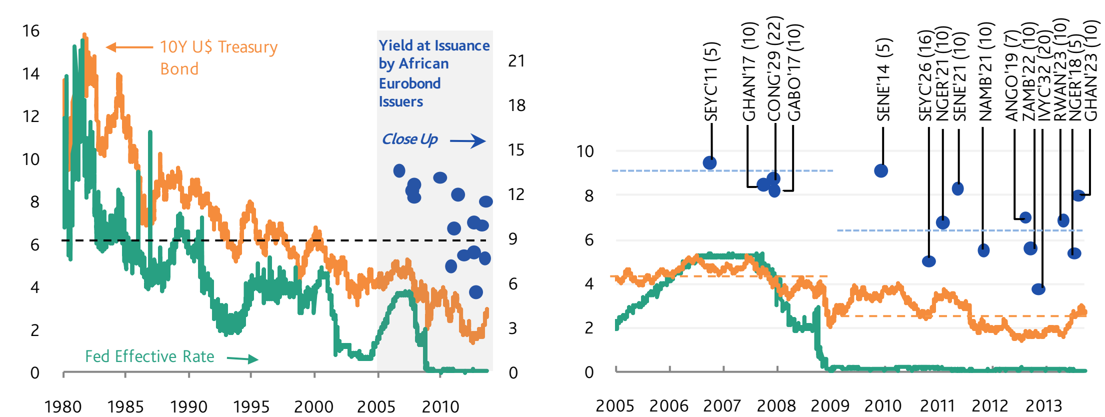


Source: JP Morgan

Monetary easing led to reduced interest rates in bond markets, by keeping key interest rates at historical lows and through unconventional monetary policies such as central banks' balance-sheet expansion and quantitative easing (QE). As shown in Exhibit 6, under the Fed's monetary policy stance, US government bond yields have been maintained at extremely low levels compared with the past three decades. It is even more pronounced during this recent period of "unorthodox" monetary policies. This global impact is also influencing African issuers' funding costs.

EXHIBIT 6

Long-Term View on US Interest Rate Vs. Recent African Eurobond Issuance

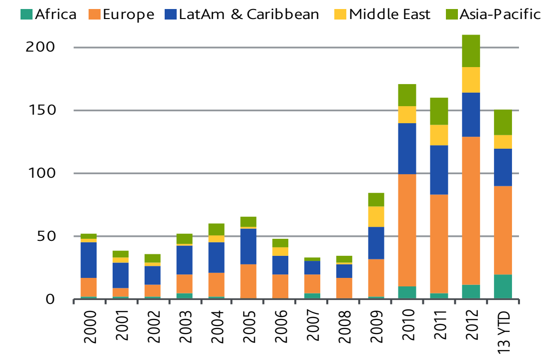


Source: Bloomberg, Moody's

The gradual normalization of global credit conditions after the peak in risk averseness in 2008-09[5] has triggered global asset-portfolio reallocations towards riskier assets with higher yields. This has benefited high-yield bond markets, and especially emerging markets (see Exhibits 7 and 8). The search for yield supported frontier markets and African credits, among others, and also attracted issuers in search of a lower cost of funding. Over the past four years, Africa's level of issuance activity matched that of other regions.

EXHIBIT 7

Primary Issuance In International Debt Market by EM Sovereigns (US$ bn)



Source: Dealogic

EXHIBIT 8

EM Debut Eurobond Issuers since 2010 (non-exhaustive list)

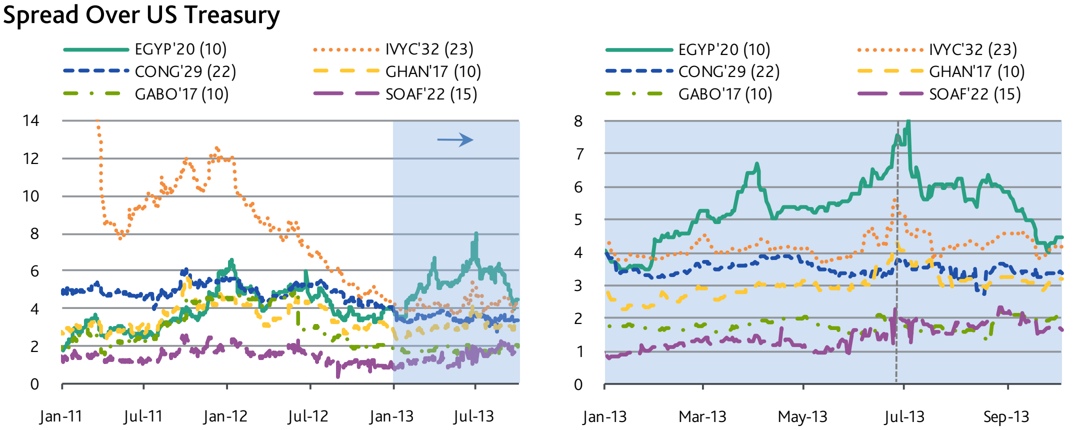
2010	2011	2012	2013
Albania	Namibia	Angola*	Armenia
Jordan	Nigeria	Bolivia	Honduras
Montenegro	Russia[1]	Mongolia	Laos[2]
		Romania	Paraguay
		Slovakia (CHF)	Rwanda
		Zambia	Slovakia[3]
			Tanzania*
			Venezuela[4]

[1]: RUB offering, [2]: Thai Market, [3]:Samurai, [4]: Kangorou

Despite the uncertainty regarding the timing of Fed tapering or a QE exit, a gradual re-adjustment of market expectations will likely affect portfolio reallocation.[6] This is exemplified by the negative evolution of emerging-market bond flows since Q2 2013. As a result, the order book for upcoming African issuance has diminished, as illustrated by the order book size of the Ghana and Nigeria issuances after the declaration by the Federal Open Market Committee (FOMC) of May 2013 (see table 3) and secondary market spreads on existing bonds have widened. The uncertainty surrounding the timing of Fed tapering is likely to continue to affect the cost of those bond issuances as benchmark interest rates are trending upwards, thereby reducing the cost advantage of international issuance. An analysis of African bond yield evolution since the beginning of 2013 corroborates this view, as illustrated below (Exhibit 9). Those combined effects (reduced order book and increased interest cost) will impact the market timing of future issues by debut and returning African issuers. Additionally, rising yields could pose challenges for countries seeking to refinance existing debt, as servicing external debt remains largely untested in an environment of tighter monetary policies.

EXHIBIT 9

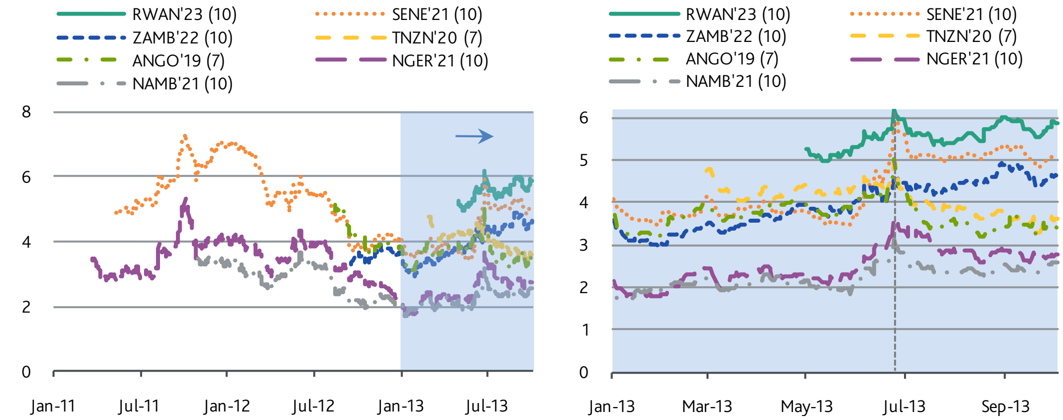
Spread Over US Treasury



[5] As illustrated by the VIX index variation reaching 80 at the heights of the crisis compared to a 16 average from 2003 to 2007

[6] See also US Tapering Effects Likely Relatively Limited and Temporary for Developed and Developing Countries, September 2013

Spread Over US Treasury



Source: Bloomberg

Overall, however, Africa is the least affected region for a QE tapering in our simulations, given the relatively limited level of financial integration/financial depth (for this last point, see Moody's report Private leverage trends in developed and developing economies).

2. Improving economic conditions also explain high appetite for African debt

The African continent is forecast to post strong growth averaging 5%-6% over the coming years, similar to that achieved in the 2000s, placing the region among the best performers globally. Indeed, six of the ten countries that are expected to record the fastest growth globally between 2013-18[7] are located in Africa. This high appetite is also a vote of confidence for Africa's positive growth story.

Whilst there are disparities between SSA countries, this forecast is supported by favourable characteristics and the structural changes African countries have undergone in recent years. Among the key variables supporting real growth in Sub-Saharan Africa, we note (1) the growing flows of FDI; (2) better integration with the global economy (with the share of non-traditional partners increasing rapidly); (3) elevated commodity prices and substantial natural resources; (4) strong domestic demand supported by growing income per capita; and (5) the "demographic growth dividend".

In addition, the balance sheets of the region's governments have improved dramatically over the past 10 years. Debt relief and debt-clearance mechanisms, such as the HIPC or MDRI, have successfully reduced the debt burden of many governments, providing them with the scope to finance essential long-term projects for the economy. The average debt of the region's governments has fallen to slightly above 35% of GDP at year-end 2010, from 67% of GDP in 2002.

In addition, the African growth story supports asset managers' diversification strategies as it allows exposure to emerging market markets that are decoupled from developed economies. In addition, the natural resources that are already being exploited (Nigeria, Angola) or have recently been discovered (Kenya, Uganda, Mozambique) support an indirect exposure to commodity cycles.

[7] IMF, World Economic Outlook, April 2013

International issuances are helping to finance Africa's still-large developmental and infrastructure needs

Financing infrastructure projects was the key reason behind recent issuances, and we expect that the rising trend in sovereign issuances will continue for the foreseeable future because of the region's substantial infrastructure needs. Domestic resources (limited domestic savings and size of the domestic capital markets) remain insufficient to fund long-term projects. For instance, in 2013, the proceeds of Rwanda's bond issuance were earmarked for infrastructure projects, such as financing the development plan for the national airline and for a hydro-power project. The African Development Bank (AfDB) estimates that the cost of addressing Africa's infrastructure needs is around $90 billion annually. AfDB research[8] has highlighted that such deficiencies constrain per capita growth by at least 1%. (For more information on the infrastructure issue in SSA, see our report entitled Closing the Infrastructure Gap: Challenges & Prospects for Sub-Saharan Africa Sovereigns)

In SSA, lack of economic and institutional developments often limits African issuances

From an international investor's perspective, African bond issues are relatively small in size, which compound a structural scarcity steaming from the inability of most SSA countries to issue more on a sustainable basis.

Only a few countries could raise a $500 million Eurobond internationally without distorting their economic and financial equilibrium. To illustrate this, we compare a potential $500 million Eurobond with GDP, general government revenue and the debt of African governments (see Exhibit 10). For illustrative purposes,[9] we present the countries for which a hypothetical $500 million issuance would represent below 5% of GDP, and a debt increase below 10%. Existing SSA Eurobond issuers and governments that expressed an interest in issuing internationally are among this sample.

Institutional capacity also limits the capability of African issuers to mobilize resources through the international markets, as it requires a certain degree of transparency and sophistication required by international investors. The scarcity of African paper is likely to be magnified due to the growing demand from international investors that are seeking exposure to African debt.

EXHIBIT 10

Effect of Hypothetical $500mn Eurobond Issuance

	South Africa	Nigeria	Angola	Kenya	Ethiopia	Ghana	Tanzania	Côte d'Ivoire	Cameroon	Zambia	Uganda	Congo, DRC	Mozambique	Senegal	Mauritius
% of GDP	0.1	0.2	0.4	1.1	1.1	1.2	1.6	1.8	1.8	2.2	2.3	2.6	3.2	3.5	4.1
% of Gov. Revenue	0.5	0.6	1.0	4.2	7.1	5.5	7.3	8.2	9.6	10.0	14.1	8.7	11.0	14.6	18.8
Increase in Debt Level (% change)	0.3	1.0	1.2	2.2	4.7	2.1	3.5	3.9	10.0	7.5	6.2	6.2	6.7	7.4	8.3
Memorandum:															
Nominal GDP (U$ bn, 2013F)	376.0	283.7	125.6	46.5	46.3	42.7	31.9	28.3	28.1	23.1	21.4	19.4	15.8	14.4	12.1
Gov. Revenue (% of GDP, 2013F)	27.8	27.4	40.4	25.9	15.2	21.2	21.4	21.5	18.5	21.6	16.6	29.6	28.7	23.8	21.9
Gov. Debt (% of GDP, 2013F)	42.7	17.9	32.8	47.9	23.0	56.6	44.9	45.4	17.7	28.7	37.6	41.3	47.0	47.2	50.0

Source: IMF, Moody's

8 African Development Bank, Africa's Infrastructure: A Time for Transformation, Nov 2009

9 Note that it does not correspond to any normative view or threshold. It is for illustration only.

The increased number of African Eurobond issuers allows for easier benchmarking, supports price discovery and better risk differentiation. Moreover, the inclusion in JP Morgan's Emerging Market Bond Index (EMBIG), even of repackaged loans or private placements, supports continued demand from a larger pool of investors willing to maintain exposure to emerging and frontier markets.

EXHIBIT 11

JP Morgan EMBIG Composition

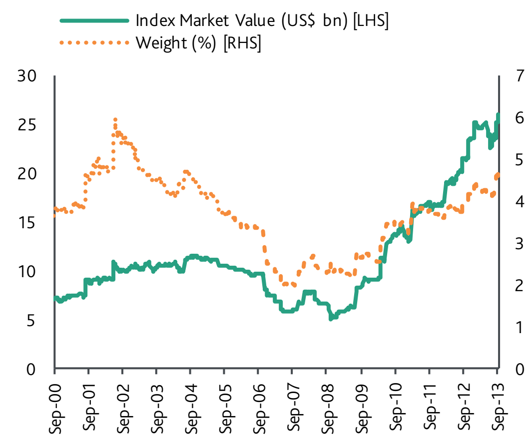
As of Sept. 20, 2013	Africa	Asia	Europe	Lat. America	Middle East
Total Index Market Value (U$ bn)	26.1	96.5	190.5	235.6	16.6
As % of Total	4.6%	17.1%	33.7%	41.7%	2.9%

Source: JP Morgan

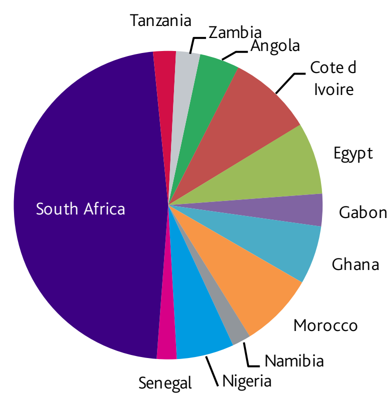
EXHIBIT 12

EMBIG Africa Region Sub-index

Evolution



Composition



Source: JP Morgan

Access to international capital markets remains limited in Africa

According to figures provided by the Bank of International Settlements (BIS) concerning the stock of international debt securities issued by governments, corporate and financial institutions, Africa's stock is still relatively small in nominal terms compared to that of other emerging regions such as Latin America, Asia-Pacific or Emerging Europe. Africa's stock of outstanding debt securities has risen rapidly over the last decade, more than tripling to $72.8 billion at year-end 2012 (see Exhibit 13).

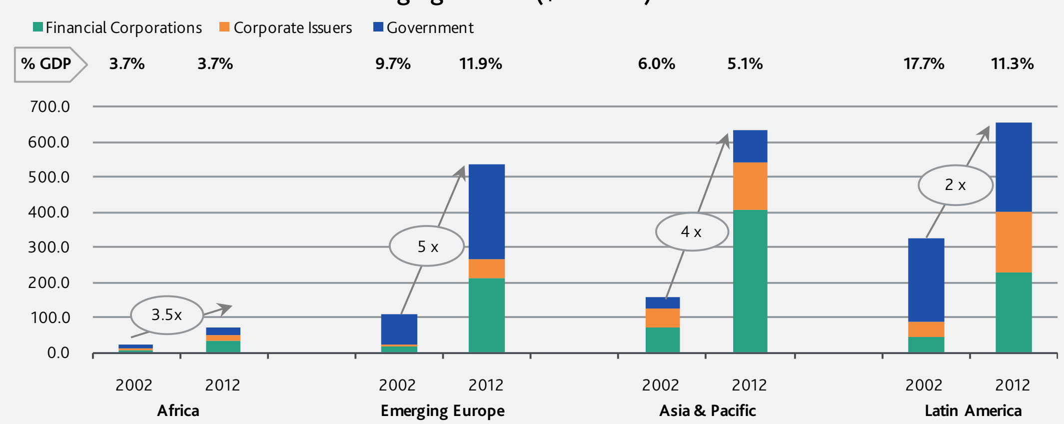
However, the proportion of debt securities as a percentage of GDP presents a contrasting picture. While Africa's international issuance increased in the 1990s, the debt-securities-to-GDP ratio has remained relatively stable at under 4% throughout the last decade. This is a level comparable to Asia-Pacific, but remains much lower compared with emerging Europe or Latin America. This evolution mostly reflects the importance of South Africa as the largest economy in Africa (accounting for about a fifth of Africa's total GDP). If South Africa is excluded from the sample, the share of international issuance to Africa would be considerably lower – with an average debt-securities-to-GDP ratio slightly above 1% over the last decade.

Asia's low level of securities issuance is mainly due to the availability of large pools of domestic savings upon which borrowers can draw. Moreover, Asia's capital markets are sufficiently sophisticated (especially in Korea and China both rated Aa3) to provide long-term financing when needed. As a result, Asian international debt securities are mainly issued by financial institutions, whilst Asian governments generally have low borrowing requirements – with generally modest levels of debt securities issuance to GDP.

In Latin America, the stock of debt issuance has decreased as a percentage of GDP due to rapid growth and stronger government balance sheets in the region. Nevertheless, governments remain the main issuers of international bonds. In fact, most Latin American governments, with the notable exceptions of Argentina, Belize and Ecuador, have been able to issue almost continuously in the international markets during the past 15 years to support their economic development.

EXHIBIT 13

International Debt Securities – Emerging Market ($ billions)



Source: BIS

African governments will continue to rely on other external sources of funding

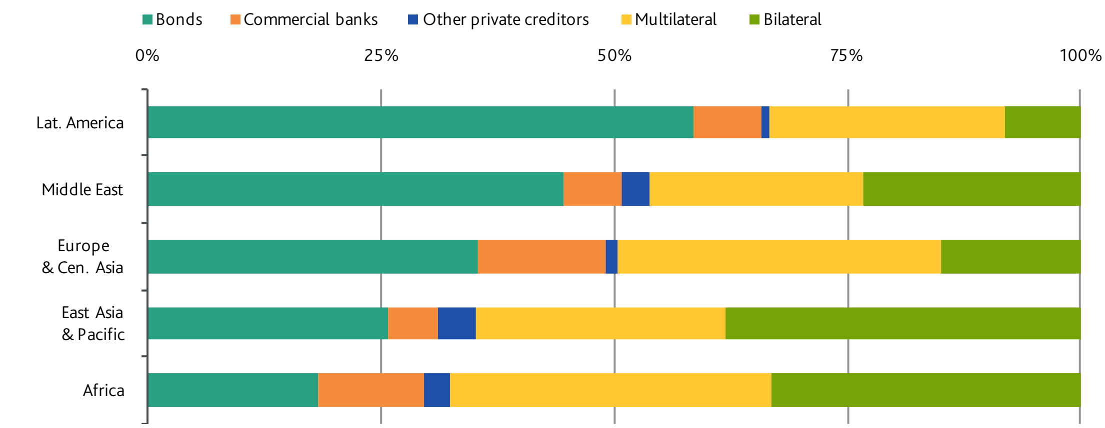
International issuance is one of many options available to African governments to access external liquidity

Despite the evolving credit conditions and still-large financing needs, international issuance constitutes one of the options available to African governments to access external liquidity. Others include (1) multilateral financing, (2) bilateral financing, (3) commercial banks loans, and (4) other private creditors.

Compared with other emerging regions, Africa is the most dependent on multilateral and bilateral financing (see Exhibit 14). At year-end 2011, those two sources of external liquidity together accounted for more than two thirds of public and publicly guaranteed external debts in Africa. Indeed, half of African countries have no other way of accessing external financing, while only 14 out of 54 African countries have been able to issue Eurobonds. Exhibit 33 in the Appendix at the end of this report details the composition of external public-sector debt for each African country.

EXHIBIT 14

Public & Publicly-Guaranteed External Debt (% of Total, as end of 2011)



Source: World Bank

In order to understand the reasons for using any particular source of external financing, it is necessary to consider the differing costs, benefits and accessibility of the various funding sources.

(1) International Financial Institutions (IFIs) and Multilateral Development Banks (MDBs)

These accounted for 34% of total external liabilities due by the public sector in Africa at year-end 2011. This figure also illustrates the importance of IFIs, such as the World Bank or the IMF, and MDBs, such as the AfDB in Africa. IFIs and MDBs not only provide financing at a low cost, but funding is often accompanied by technical assistance. It is also important to stress that, via their respective mandates, those institutions share the same objectives as the borrowers, which is to maximize the development impact of the project that is being financed. IFI loans are generally structured over a very long term: one example is the AfDB's $1.5 billion loan extended to Botswana (A2 stable) in 2009 after Lehman's collapse in 2008. The conditions of the loan were very favourable, with a coupon only 20 basis points (bps) above the London Interbank Offer Rate (LIBOR), and repayments due over 20 years, with five years' grace.

(2) Bilateral financing

This is typically as large as multilateral funding, with long maturities, and is sometimes provided at concessional rates, similar to some MDB loans. Over the last decade, Brazil (Baa2 stable), China (Aa3 stable), India (Baa3 stable) and countries of the Gulf Cooperation Council (GCC) have been increasingly active in Africa, providing cheap finance often tied to the commercial interests of the donor country. For example, Angola still has credit lines for infrastructure developments worth billions of dollars from China (some in exchange for oil) at very low cost. Non-OECD-sourced bilateral financing is significant in energy and railway projects, especially in resource-rich countries. Since the 'Arab spring' in 2011, GCC countries have extended some loans to support Egypt and Tunisia given their growing current account deficits and declining tourism receipts and foreign direct investment. In 2012, Saudi Arabia (Aa3 stable) and Qatar (Aa2 stable) pledged $5 billion to Egypt, of which $3.1 billion has already been disbursed. Qatar also supported Tunisia through a $500 million private placement on concessional terms via one of its public-sector financial institutions. More generally, official development assistance from donor countries has typically made an important contribution to the water sector and transport infrastructure, particularly in fragile states.

(3) Commercial bank loans

These represented about 11% of Africa's total public-sector external financing at year-end 2011, which is low relative to emerging Europe where bank loans accounted for 14%.[10] This financing often takes the form of syndicated loans extended at a higher cost, and generally comprises medium-term loans of up to five years. One example of this was the $600 million two-year loan extended to Kenya by a syndicate of commercial banks at 475 bps above LIBOR. Although this particular loan will be used to finance infrastructure and boost official reserves, the Kenyan authorities plan to issue a bond in the next few years to repay the loan.

(4) International bond issuances

These accounted for about 18% of Africa's debt stock at year-end 2011. In most mature markets, this is generally the preferred source of external liquidity as issuances are generally medium- to long-term in nature and no conditionality is attached to the funds. As a country increases its presence in the markets, the market often becomes a reliable source of funds. More importantly, sovereign bond issuance is generally the first step for a country's broader access to private capital as it provides a benchmark for other national issuers and acts as a reference point in the evaluation of country risk for international investors. Only 14 African countries have issued bonds on the international markets, partly because the process is quite complex. In addition, many of the region's countries remain unrated and are still subject to political instability. Moreover, although improving, the institutional framework in these countries remains weak by international comparison.

Sovereigns can also be a catalyst for other sources of external liquidity to finance developmental projects: ODA, remittances and FDI

Other sources of external financing are available to sovereigns in order to finance developmental projects, without having a direct impact on the balance sheet. Three common flows are the official development assistance (ODA), remittances and Foreign Direct Investments (FDI).

FDI has been a significant source of investment that has been promoting further acceleration of economic growth across the continent over the past decade. To a certain extent, these flows can substitute public intervention in the development of infrastructure. Remittances support domestic consumption and the emergence of a middle class, and could support government financing through Diaspora bonds. Remittance flows are still on an increasing trend, and will likely offset the gradual decline in aid flows given the fiscal constraints in donor countries.

[10] Prior to the crisis-driven deleveraging, the share of commercial loans used to be much larger in emerging Europe and represented a quarter of public external lending.

EXHIBIT 15
Additional External Financing Sources (% of GDP, Cumulated)

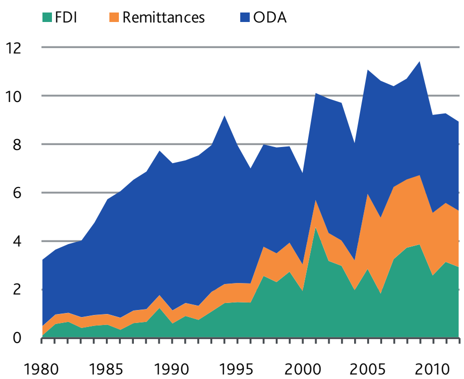
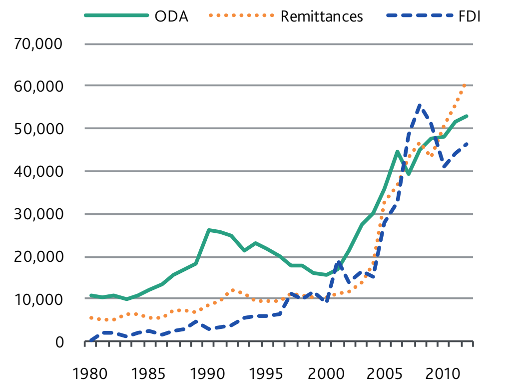


EXHIBIT 16
Additional External Financing Sources (US$ mn)



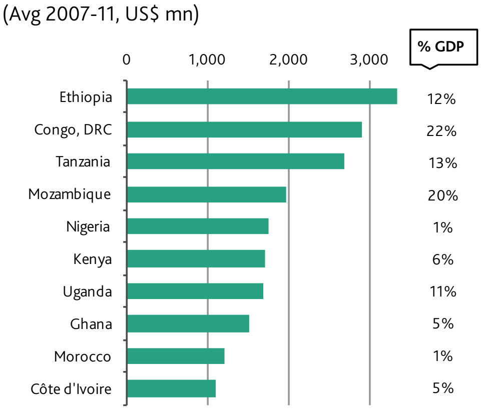
Source: UNCTAD, OECD, World Bank

Official Development Aid (ODA)

Official donors' flows are now on a declining trend in real terms as the ongoing financial crisis and euro area turmoil have prompted several donor governments to tighten their budgets. Up until 2007, ODAs constituted the largest source of external resources. Developmental aid fell by 4% in real terms in 2012, following a 2% decline the previous year. Although the G8 and other major donor countries have pledged to maintain aid to poor and low-income countries, the current nominal values of official flows of concessional loans and grants are likely to remain stable at best, given the current fiscal-austerity environment and growing budgetary pressures.

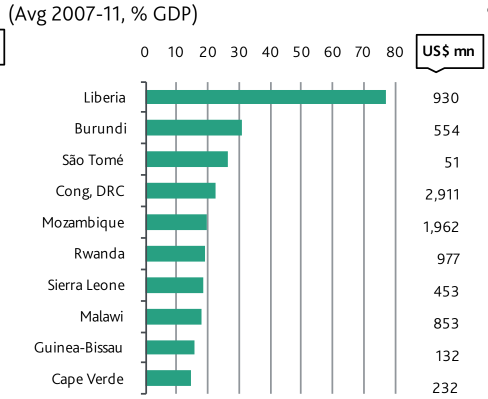
The most recent Development Assistance Committee (DAC) Survey on Donors' Forward Spending Plans estimates that future aid for all DAC members and major non-DAC and multilateral donors is expected to remain stable over the years 2014-16. In addition, this trend is no different for African countries compared to others, as Country Programmable Aid (CPA) is forecast to stagnate for countries with the largest Millennium Development Goals (MDG) gaps and poverty levels, including for sub-Saharan African countries such as Burundi, Chad, Madagascar, Malawi and Niger.[1] Official flows as a percentage of African GDP will thus continue to fall slowly, as they have done since 2001. ODA remains an important source of financing for some countries, like the Democratic Republic of the Congo (B3) or Mozambique (B1), where it exceeds 20% of GDP. The importance of the US and Europe remains essential in this regard.

EXHIBIT 17
Top 10 African ODA
(Avg 2007-11, US$ mn)



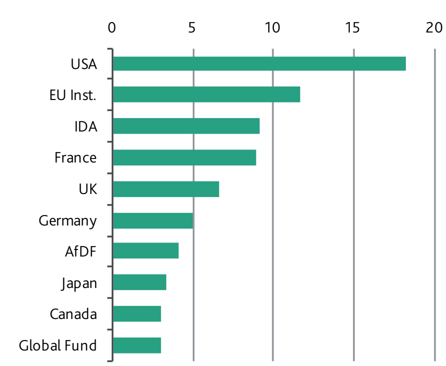
Source: OECD

EXHIBIT 18
Top 10 African ODA
(Avg 2007-11, % GDP)



Source: OECD

EXHIBIT 19
ODA (Sending Countries/Institutions)
% of Total ODA received by African countries



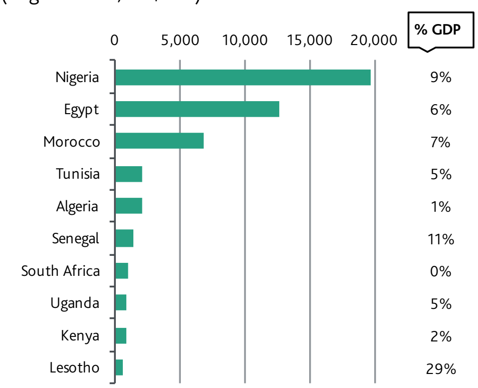
Source: OECD

Remittances

Remittances have become the largest source of external financing in Africa since 2010. These flows have been resilient to the global crisis and continue to increase both in nominal and relative terms, outpacing both ODA and FDI. Workers' remittances play an important role in helping to finance current account deficits as well as domestic consumption in many African countries. However, there are regional differences in terms of remittances. For instance, North and West Africa account for 80% of total remittances to the continent and, for historical reasons, both regions' diasporas are mainly concentrated in Europe. As a result, these two regions are more exposed to economic conditions in Europe given that increased unemployment in host countries is likely to restrain remittance flows.

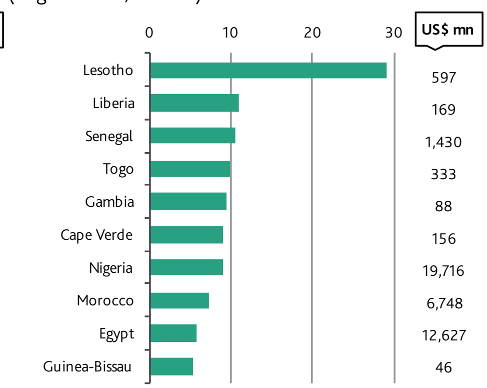
Remittances represent an untapped resource for the governments in terms of issuing diaspora bonds, but issuance on the continent remains limited. The AfDB estimates[11] that SSA countries could raise between $10-$17 billion per year (about 1.3% of the region's GDP) through such bonds. They are thus a potential source of longer-term financial resources for infrastructure, complementing remittance flows that typically support consumption or social expenditures. Ethiopia was a pioneer in Africa on issuing diaspora bonds to finance infrastructure. Its Millennium Corporate Bond, which targeted both Ethiopians at home and abroad, was aimed at raising capital for the state-owned Ethiopian Electric Power Corporation.[12] Kenya, Nigeria, Uganda and Zambia have used or are in the process of issuing such instruments.

EXHIBIT 20
Top 10 African Remittances
(Avg 2008-12, US$ mn)



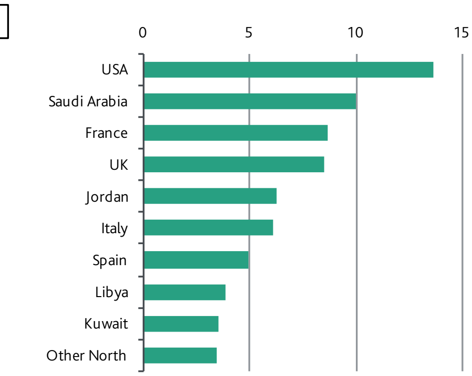
Source: World Bank

EXHIBIT 21
Top 10 African Remittances
(Avg 2008-12, % GDP)



Source: World Bank

EXHIBIT 22
Remittances by Countries of Origin
% of Total Remittances sent to Africa, 2012



Source: World Bank

FDI

FDI in Africa has been on an upward trend since 2000, partly reflecting the growing share of funds from China.[13] As the region still attracts less than 5% of global FDI projects, despite one of the highest returns on investment in the world, Africa's potential for further expansion in FDI is significant. Reflecting increased interest among foreign investors, annual flows of FDI are expected to continue to grow over the medium term.

Governments can influence FDI by improving the business environment, as well as being a catalyst for those flows, especially through PPP. For instance, infrastructure PPP in SSA remains limited in size compared with other emerging markets: the stock of PPI represented about $100 billion over 2001-2011, or 8% of total PPI globally. PPI presents opportunities as it leverages the private sector's

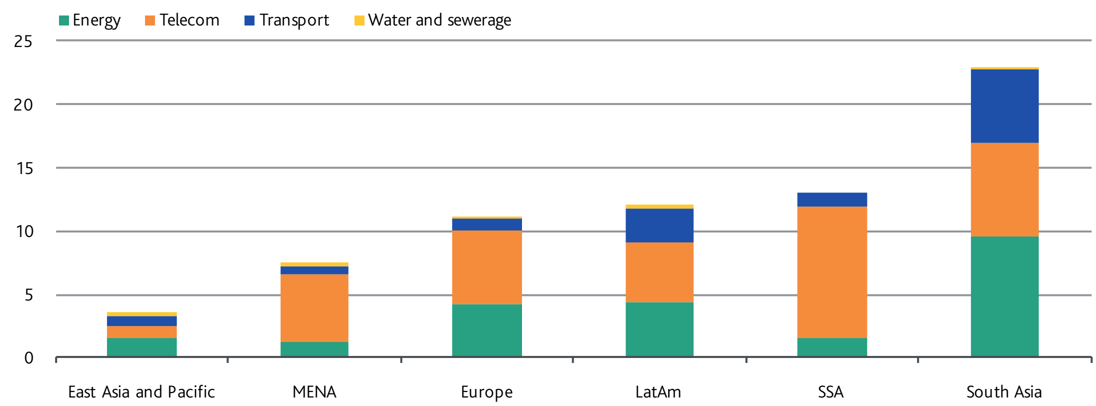
[11] African Development Bank, *Diaspora Bonds: Some Lessons for African Countries*, Africa Economic Brief, Vol.3 Issue 3, December 2012

[12] In 2011, the Ethiopian government issued a second diaspora bond to secure financing of the Grand Renaissance Dam project.

[13] Chinese investment in infrastructure in Sub-Saharan Africa exceeded that made by the World Bank as early as 2005.

experiences and skills to develop and maintain infrastructure, and allows the risks associated with projects to be shared. The slow development highlights two key constraints in SSA: low institutional capacity and the lack of adequate PPP regulation. Most of the FDI is directed towards the extractive industries, as is the case in Congo, Mozambique, etc. However, FDI could also be used to finance the infrastructure gap in Africa. Although they started at a similar level in 2001, other regions, such as South Asia, were able to attract substantial amount of FDI in energy and transport, as shown in the chart below.

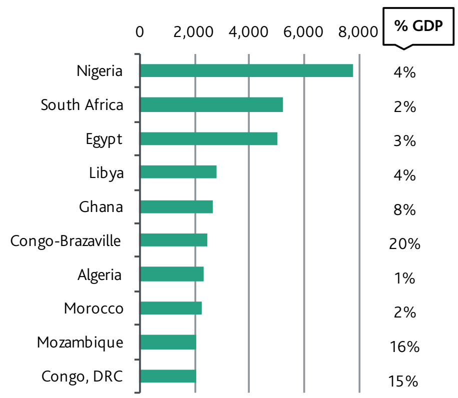
EXHIBIT 23
Private Participation in Infrastructure (2002-12, % of GDP)



Source :World Bank PPI Database

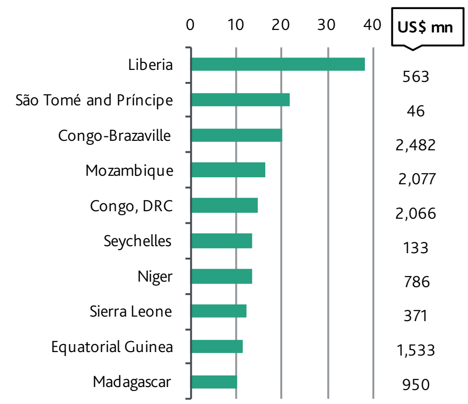
Traditional trading partners remain the largest contributors of FDI flows. However, it is important to note the increase in flows from emerging countries, such as Malaysia (A3 stable), South Africa or China,[14] and we expect that the trend will continue as Africa becomes more integrated within the global trade framework. This development led Mauritius (Baa1 stable) to position itself as an investment gateway between Asia and Africa further to extending its network of double tax treaties in Africa. Mauritius hopes to replicate its success vis-à-vis Asia with Africa (for instance, 40% of FDI towards India went through Mauritius).

EXHIBIT 24
Top 10 African FDI Receipients
(Avg 2008-12, US$ mn)



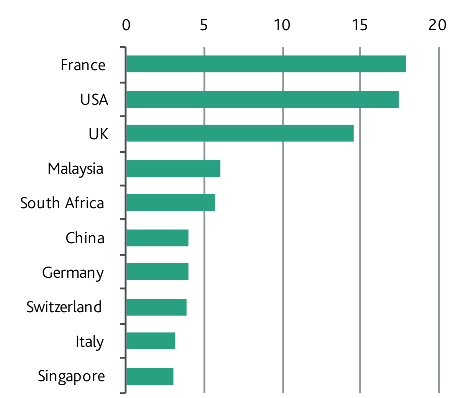
Source: UNCTAD

EXHIBIT 25
Top 10 African FDI Receipients
(Avg 2008-12, % GDP)



Source: UNCTAD

EXHIBIT 26
FDI by Countries of Origin
% of Total FDI sent to Africa



Source: UNCTAD

[14] Despite the low level of Chinese FDI compared to other countries, its role should be considered in coordination with other external financial flows, such as grants and concessional lending, supporting the significance of China as a financier in Africa.

The absence of fully developed domestic capital markets supports the use of international issuances

Limited in size, domestic capital markets are still mostly illiquid and focused on short-term finance

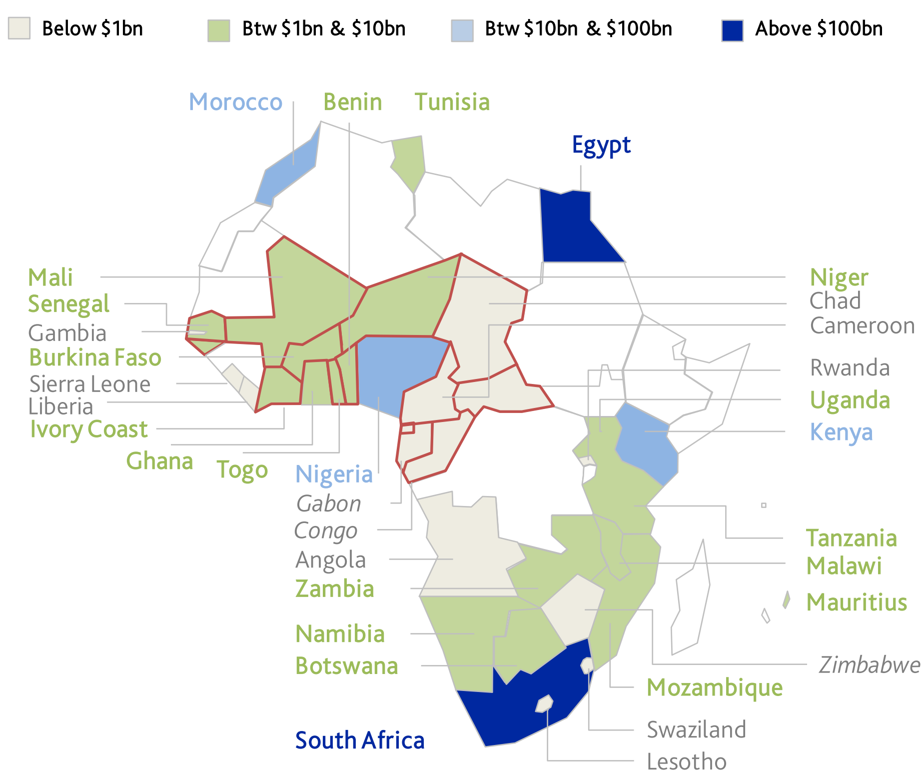
Many African countries have been seeking to develop their domestic capital markets. With the exception of South Africa and a handful of other countries that have relatively well-established domestic capital markets, most countries in Africa are challenged to raise affordable long-term finance on their domestic capital markets. Government domestic long-term issuances have remained rare and rather expensive due to macroeconomic instability, the low level of domestic savings and the lack of a robust legal and regulatory framework within each country. In most cases, these factors have led governments to issue short-term instruments only, using mostly Treasury-bills and short-term bonds of up to two years.

Overall, domestic capital markets remain limited in size. South Africa and Egypt benefit from the largest fixed-income markets in Africa, followed by Nigeria, Morocco and Kenya. The map below shows the depth (in nominal terms) of the different fixed-income markets.

EXHIBIT 27

Domestic Debt Capital Market in Africa

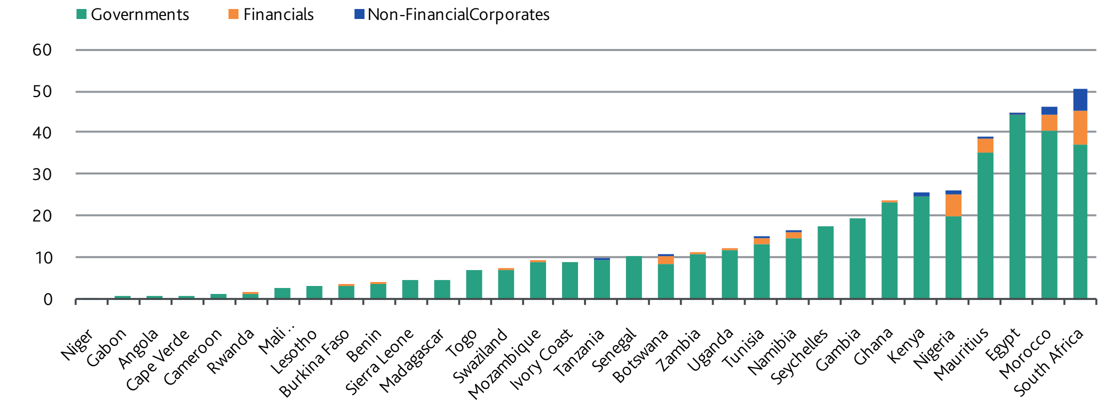
Size of Outstanding Debt in USD billion (as of beginning of Sept. 2013)



Note: For members of the WAEMU (Benin, Burkina Faso, Guinea Bissau, Cote d'Ivoire, Mali, Niger, Senegal and Togo) and CEMAC (Gabon, Central African Republic, Chad, Congo, Equatorial Guinea), domestic markets do not correspond to the national but regional markets that constitute their respective West and Central CFA Franc zones. | Source: Bloomberg

African capital markets remain dominated by sovereign issuances, underlying the importance of sovereigns in deepening domestic capital markets by creating a yield curve. Financial institutions are the second-largest domestic issuers in countries such as Egypt, Kenya, Mauritius and Nigeria, where the domestic market is more developed. Non-financial corporates are able to issue on a regular basis only in the most sophisticated markets.

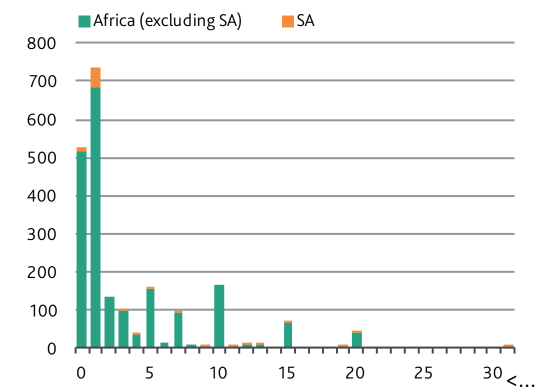
EXHIBIT 28
Domestic Debt Capital Markets (% of GDP)



Source: Bloomberg, IMF, Moody's

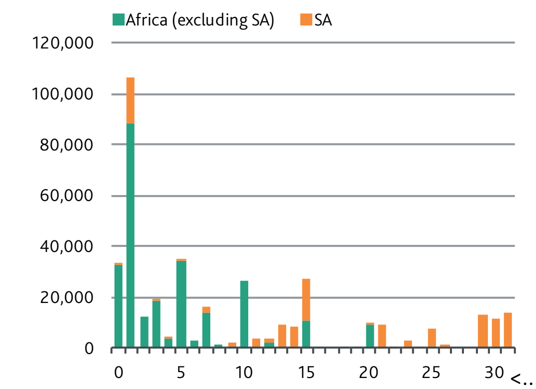
Although some countries have been able to issue 10-year paper or above, long-dated instruments remain scarce, thereby limiting the evolution of a yield curve. Most debt remains constrained at the short end of the curve, at one year or below. South Africa's domestic capital market has greater depth, allowing the South African authorities to raise very long-dated paper (see exhibits 29 and 30 on the distribution of instruments by maturity in Africa).

EXHIBIT 29
Government Domestic Bond Issue
Distribution by Term (Nb)



Source: Bloomberg, Moody's

EXHIBIT 30
Government Domestic Bond Issue
Distribution by Term (USD mn)



Source: Bloomberg, Moody's

The absence of a long yield curve in these countries can be attributed to (1) the lack of control over inflation, (2) interest-rate and inflation volatility, (3) public finance risk and (4) the lack of a "buy side". This lack of a long yield curve poses a number of constraints. For example, the absence of long-term government bonds prevents local banks from pricing long-term lending and also means there is no market benchmark for borrowers to use. As a consequence, long-term debt is generally non-existent in these countries, which is problematic for domestic institutional investors such as pension funds and insurance companies. This reliance on short-term funding results in higher rollover risk and greater vulnerability. However, it is important to stress that most countries in Africa are making progress towards addressing these factors, which are important for both international and domestic issuances.

We also note that almost all of the potential Eurobond issuers that we have identified are among the countries able to issue locally for terms longer than 10 years. These countries include Tanzania, Uganda and Mozambique. We also note a tangible correlation between the development of domestic debt markets and international debt issuance, mainly due to the development of dedicated and competent organizations (such as DMOs) to manage debt issuance and investor relations.

SSA domestic capital markets remain at different stages of early development

As per the classification established by the AfDB,[15] there are 11 countries whose domestic capital markets range from "developing" to "advanced"; the rest of the continent's domestic capital markets are at a relatively early stage of development. South Africa is classified as "highly developed"; Namibia, Egypt, Mauritius and Botswana as "advanced"; and Morocco, Tunisia, Nigeria, Ghana and Kenya as "developing".

Several regional initiatives have been put in place to foster the development of domestic capital markets. Launched by the AfDB as early as 2008, the African Financial Markets Initiative (AFMI) is designed to further develop local-currency bond markets on the continent. Through this initiative, the AfDB aims to strengthen African economies by reducing their dependency on foreign-currency-denominated debt. It seeks to increase the availability of financing to the corporate sector and act as a catalyst for regional integration. The initiative is based on two complementary pillars: (1) the African Financial Markets Database, a comprehensive source that provides updated information on African local-currency bond markets; and (2) the African Domestic Bond Fund.[16] The latter is an index tracker fund that will invest in local-currency-denominated sovereign bonds, allowing the deepening of domestic bond market through longer-dated debt instruments, and contribute to the enlargement of the domestic bond markets' investor base.

Concurrently with this initiative, some supranationals are also issuing debt on domestic capital markets. For instance, the IFC (Aaa) sold the first bond by an international issuer on Zambia's domestic bond market in late September 2013. It is the first issuance from the IFC's pan-Africa domestic medium-term note (MTN) program. The Washington-based institution has already issued in the Nigerian and Moroccan markets. Its parent, the IBRD (International Bank for Reconstruction & Development, Aaa) has already raised funds in the domestic capital market of Botswana, Ghana, Nigeria and Uganda. The East African Development Bank (Ba1), which is the East African Community's development institution, was the first issuer in domestic capital markets in eastern Africa. In September 2012, the bank initiated a $120 million programme to mobilise local-currency funds via an MTN program in all eastern African markets. This is the first regional MTN through which EADB is accessing different regional markets in different currencies simultaneously.

15 The AFMI Feasibility Study of 2011 ranks countries based on their aggregate score under the following criteria: (i) macroeconomic environment (monetary and fiscal policy); (ii) legal and regulatory framework; (iii) bond market infrastructure; (iv) issuers and issuing strategy; (v) investor base; and (vi) active participation of economic agents.

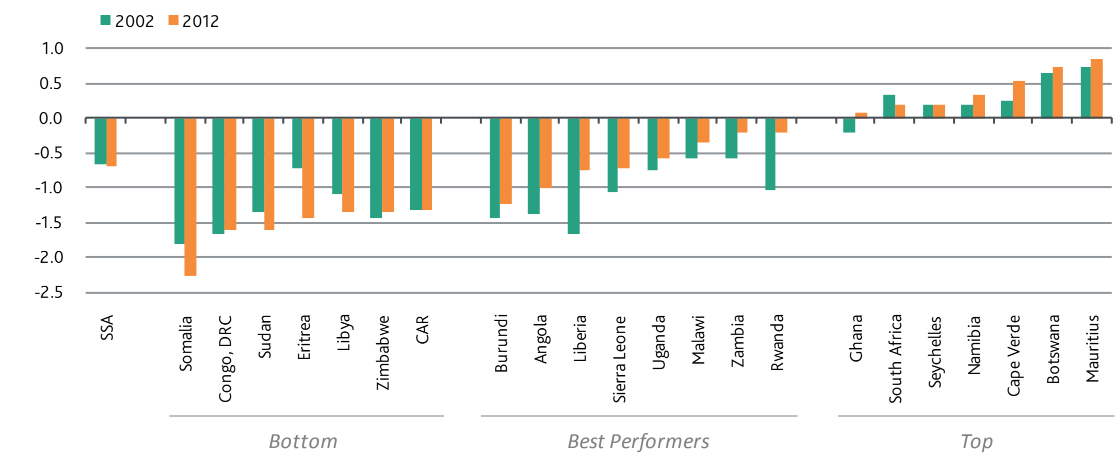
16 The latter project led to the constitution of multi-disciplinary working groups serving as a platform for policy dialogue and knowledge-sharing.

Institutional frameworks are improving, but still remain a constraint…

The ability of the region's countries to raise affordable long-term financing in the domestic market has proved challenging. However, the emergence of more robust government institutions that foster the development of domestic capital markets have strengthened this ability. This aspect is also important for international issuance. The quality of these institutions plays an important role in the development of long-term financing aided by (1) the adoption of transparent and efficient trading and settlement systems; (2) the effective rule of law and property rights; (3) the introduction of accounting standards; and (4) the quality of financial reporting. In this regard, our credit ratings can help differentiate the creditworthiness of the region's countries and support the development of domestic capital markets.

Between 2000 and 2012, World Bank governance indicators remained broadly stable for the region overall, but improved substantially in those countries that we identified as potential Eurobond issuers (see Exhibit 31). The latest African Eurobond issuer to date, Rwanda, has been a strong performer in terms of improving its institutional framework over the last decade, albeit starting from a low level.

EXHIBIT 31
World Bank Governance Indicators (Average of six indicators)*



*Source: World Bank, *: Voice & Accountability, Political Stability, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption*

The growing interest and challenges in establishing a sukuk market are also illustrative of improved institutional strength and developing capital markets. This type of issuance requires the adoption of a specific regulatory framework. Egypt, Morocco and Tunisia made significant progress this year in adopting adequate legislation to facilitate the issuance of Islamic bonds, whilst Senegal is aiming to be a regional hub for Islamic finance, although it still faces legislative and regulatory hurdles. Nigeria and South Africa already have the relevant legislation in place and announced their intention to issue Islamic bonds to tap Middle Eastern and Asian investors as well as domestic markets. Currently, only Sudan and the Gambia have issued sukuk instruments, although those issuances remain limited in size and are geared towards domestic capital markets.

…thereby reinforcing the use of international long-term issuance as a medium-term solution for many countries

The availability of long-term funding at a lower cost than is available in domestic markets generally explains why issuing long-term foreign-currency instruments remains attractive to African governments, **despite the associated exchange-rate risk.** While these countries are making progress towards developing their local capital markets, we believe that the requirements needed to issue internationally will remain easier to meet in the short to medium term. Over the medium term, issuance by the region's sovereigns will promote further issuance from government-related institutions, local governments, corporate and financial institutions, thus enabling these institutions to better access international markets using the existing government bonds as a benchmark.

Financial institutions are the largest issuers, especially in South Africa, Nigeria and Mauritius given the depth of those markets and their respective regional status. Such institutions include: Standard Bank (Baa1 negative, C-/baa1 negative) Firstrand Bank(Baa1 negative, C-/baa1 negative), ABSA Bank (Baa1 negative, C-/baa1 negative) in South Africa, First Bank of Nigeria, Access Bank and Guaranty Trust Bank in Nigeria, a series of financial institutions and special-purposes vehicles in Mauritius and Transcentury investment company in Kenya. Corporate issues remain limited to key institutions or large companies in the largest African markets, such as South Africa or Nigeria. Contrary to South Africa where a diversified pool of companies has tapped the international markets, corporate issuers tend to be concentrated in key economic sectors, such as the oil industry in Nigeria with Sea Trucks Group or Afren.[17]

[17] Other examples include cruise-liners and maritime transport services in Liberia with series of issuances by Royal Caribbean and Altus Group in the mid-2000s, or Orascom group in Egypt.

Appendix

EXHIBIT 32

Main Sovereign International Bonds Outstanding in Africa

Issuer	Name	Cpn	Issue Date	Maturity	Amt Out(M)	Curr	Mty Type	Cpn Freq	Series	Governing Laws	Bloomberg Id
Angola[1]	ANGO'19 (7)	7	8/16/2012	8/16/2019	1,000,000	USD	SINKING FUND	QUARTERLY	REGS	--	EJ321611
Congo (Rep. of)	CONG'29 (22)	STEP	12/7/2007	6/30/2029	444,822	USD	CALL & SINK	SEMI ANNUAL	144A	--	EH125380
Egypt	EGYP'14 (2)	4.25	5/28/2013	11/28/2014	2,700,000	USD	BULLET	SEMI ANNUAL	EMTN	--	EJ697642
Egypt	EGYP'16 (3)	3.5	7/1/2013	7/1/2016	1,000,000	USD	BULLET	SEMI ANNUAL	EMTN	--	EJ746456
Egypt	EGYP'20 (10)	5.75	4/29/2010	4/29/2020	1,000,000	USD	BULLET	SEMI ANNUAL	144A	New York	EI181395
Egypt	EGYP'40 (30)	6.875	4/29/2010	4/30/2040	500,000	USD	BULLET	SEMI ANNUAL	144A	New York	EI231566
Gabon	GABO'17 (10)	8.2	12/12/2007	12/12/2017	774,903	USD	BULLET	SEMI ANNUAL	144A	New York	EH112923
Ghana	GHAN'17 (10)	8.5	10/4/2007	10/4/2017	530,510	USD	BULLET	SEMI ANNUAL	144A	England	EG878024
Ghana	GHAN'23 (10)	7.875	8/7/2013	8/7/2023	1,000,000	USD	BULLET	SEMI ANNUAL	144A	England	EJ770661
Ivory Coast	IVYC'32 (20)	3.75	11/15/2012	12/31/2032	186,755	USD	SINKING FUND	SEMI ANNUAL	NOV.	--	EJ442366
Ivory Coast	IVYC'32 (23)	STEP	4/16/2010	12/31/2032	2,332,149	USD	SINKING FUND	SEMI ANNUAL	144A	--	EI222667
Morocco	MORO'17 (10)	5.375	6/27/2007	6/27/2017	500,000	EUR	BULLET	ANNUAL	REGS	England	EG585369
Morocco	MORO'20 (10)	4.5	10/5/2010	10/5/2020	1,000,000	EUR	BULLET	ANNUAL	--	England	EI420673
Morocco	MORO'22 (10)	4.25	12/11/2012	12/11/2022	1,500,000	USD	BULLET	SEMI ANNUAL	144A	England	EJ451426
Morocco	MORO'42 (30)	5.5	12/11/2012	12/11/2042	750,000	USD	BULLET	SEMI ANNUAL	144A	England	EJ472155
Mozambique[2]	EMATUM'20 (7)	6.305	11/09/2013	11/09/2020	500,000	USD	SINKABLE	--	--	England	EJ8225140
Namibia	NAMB'21 (10)	5.5	11/3/2011	11/3/2021	500,000	USD	BULLET	SEMI ANNUAL	144A	England	EI859210
Nigeria	NGER'21 (10)	6.75	1/28/2011	1/28/2021	500,000	USD	BULLET	SEMI ANNUAL	144A	England	EI546777
Nigeria	NGER'18 (5)	5.125	7/12/2013	7/12/2018	500,000	USD	BULLET	SEMI ANNUAL	144A	--	EJ743567
Nigeria	NGER'23 (10)	6.375	7/12/2013	7/12/2023	500,000	USD	BULLET	SEMI ANNUAL	144A	--	EJ742537
Rwanda	RWAN'23 (10)	6.625	5/2/2013	5/2/2023	400,000	USD	BULLET	SEMI ANNUAL	144A	England	EJ640721
Senegal	SENE'21 (10)	8.75	5/13/2011	5/13/2021	500,000	USD	BULLET	SEMI ANNUAL	144A	England	EI668655
South Africa	SOAF'20 (20)	3.8	6/1/2000	6/1/2020	30,000,000	JPY	BULLET	SEMI ANNUAL	EMTN	--	EC758225
South Africa	SOAF'21 (20)	3.8	6/12/2001	9/7/2021	30,000,000	JPY	BULLET	SEMI ANNUAL	EMTN	--	EC758257
South Africa	SOAF'14 (10)	6.5	6/2/2004	6/2/2014	1,000,000	USD	BULLET	SEMI ANNUAL	--	New York	ED484140
South Africa	SOAF'16 (10)	4.5	4/5/2006	4/5/2016	750,000	EUR	BULLET	ANNUAL	EMTN	New York	EF349039

EXHIBIT 32

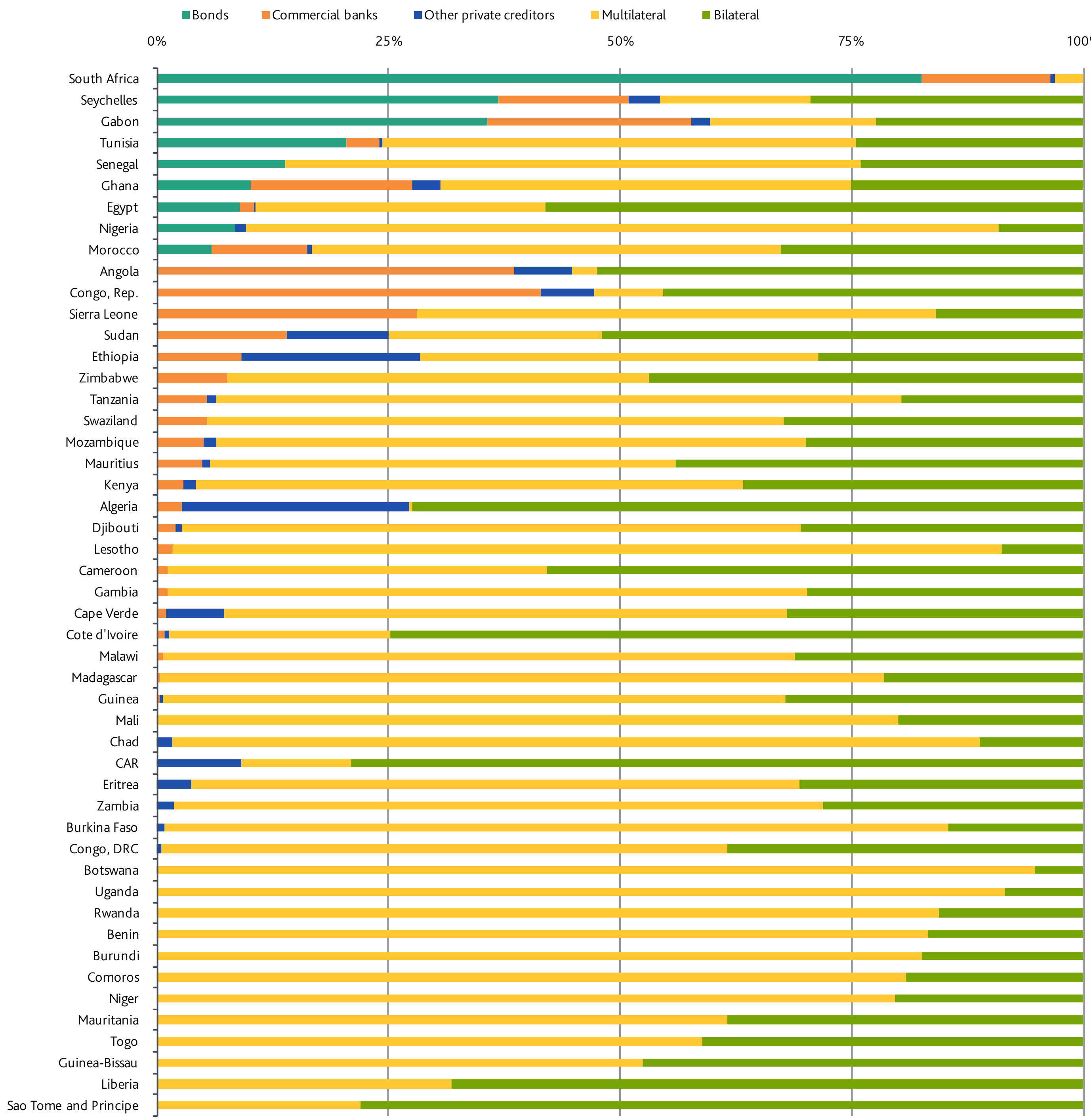
Main Sovereign International Bonds Outstanding in Africa

Issuer	Name	Cpn	Issue Date	Maturity	Amt Out(M)	Curr	Mty Type	Cpn Freq	Series	Governing Laws	Bloomberg Id
South Africa	SOAF'22 (15)	5.875	5/30/2007	5/30/2022	1,000,000	USD	BULLET	SEMI ANNUAL	--	--	EG460005
South Africa	SOAF'19 (10)	6.875	5/27/2009	5/27/2019	2,000,000	USD	BULLET	SEMI ANNUAL	--	New York	EH837830
South Africa	SOAF'20 (10)	5.5	3/9/2010	3/9/2020	2,000,000	USD	BULLET	SEMI ANNUAL	--	New York	EI171876
South Africa	SOAF'41 (30)	6.25	3/8/2011	3/8/2041	750,000	USD	BULLET	SEMI ANNUAL	--	New York	EI595689
South Africa	SOAF'24 (12)	4.665	1/17/2012	1/17/2024	1,500,000	USD	BULLET	SEMI ANNUAL	--	New York	EI879470
South Africa	SOAF'25 (12)	5.875	9/16/2013	9/16/2025	2,000,000	USD	BULLET	SEMI ANNUAL	--	New York	EJ825230
Tanzania[3]	TNZN'20 (7)	FLOAT	3/8/2013	3/8/2020	600,000	USD	SINKING FUND	SEMI ANNUAL	REGS	--	EJ566341
Zambia	ZAMB'22 (10)	5.375	9/20/2012	9/20/2022	750,000	USD	BULLET	SEMI ANNUAL	144A	England	EJ363895

1: Via Northern Lights I; 2: EMATUM Finances 2020 BV; 3: Private Placement | Source: Bloomberg, Dealogic

EXHIBIT 33

African Public & Publicly-Guaranteed External Debt per Country (% of Total, as of end 2011)



Source: World Bank

EXHIBIT 34

Domestic Debt Capital Market in Africa

	Gov. Dom. Mkt Debt			
	US$ mn	% GDP	Avg Maturity	Max Maturity
South.Africa	121,106	32	21	112
Egypt	116,353	44	3	20
Nigeria	54,297	19	4	20
Morocco	40,374	38	8	30
Kenya	11,377	24	8	30
Ghana	6,503	15	1	3
Mauritius	4,285	35	6	84
Tunisia	4,001	8	9	15
Tanzania	3,024	9	4	10
Malawi	2,564	67	4	5
Ivory Coast	2,548	9	4	7
Zambia	2,530	11	3	15
Uganda	2,475	12	3	10
Namibia	1,753	14	7	22
Botswana	1,550	8	5	21
Senegal	1,448	10	4	10
Mozambique	1,377	9	2	10
Angola	873	1	8	12
Burkina.Faso	389	3	7	10
Benin	308	4	5	10
Mali	306	3	4	10
Cameroon	301	1	5	5
Togo	281	7	4	5
Swaziland	265	7	2	7
Sierra Leone	212	5	1	1
Seychelles	200	18	2	13
Gambia	193	19	1	1
Gabon	100	1	6	6
Rwanda	85	1	1	5
Lesotho	84	3	2	10
Niger	33	0	7	7
Cape Verde	20	1	8	10
Liberia	13	1	0	0

Source: Bloomberg, Moody's

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