



Local Currency Bond Markets Conference
South African Reserve Bank Conference Centre, Pretoria, South Africa

Press release

Tuesday, 13 March 2018

The South African Reserve Bank (SARB) and the Deutsche Bundesbank last week convened a conference attended by public and private sector participants from twenty African countries and eight members of the G20 to discuss the challenges and opportunities related to the development of local currency bond markets as a means of long-term financing for governments and companies alike in Africa, and of reducing external vulnerability.

The conference on the ‘Development of Local Currency Bond Markets (LCBM)’ was held in Pretoria, South Africa on 8 and 9 March 2018 at the SARB Conference Centre. The conference was held under the ‘Compact with Africa’¹ initiative which was introduced under Germany’s Group of Twenty (G20) Presidency in 2017. The compact is coordinated by the Africa Advisory Group, currently jointly chaired by Germany and South Africa.

The conference was opened by SARB Governor Lesetja Kganyago who spoke on South Africa’s experience in developing the local currency bond market. Dr Andreas Dombret, Member of the Executive Board of the Deutsche Bundesbank, shared Germany’s experience in developing the local currency bond market which began 70 years ago, and the lessons learnt on the way to becoming a ‘safe haven’ for investments.

Dr Joachim Nagel, Member of the Executive Board of Kreditanstalt für Wiederaufbau (KfW), pointed out the approaches the German development bank is taking to spur investment in bond issues of local financial institutions, using its African Local Currency Bond Fund as an

¹ The Compact with Africa (CWA) was initiated by the German presidency in the Finance Track, endorsed by the G-20 finance ministers and central bank governors in Baden-Baden in March 2017, to promote private investment in Africa, including in infrastructure. Central to the CWA is the concept of mutual commitments to measures and instruments to improve the framework conditions for private investment, including in infrastructure. The aim is to develop comprehensive, coordinated, and country specific investment compacts between individual African countries, international organizations (IOs), and other partners. Investment Compacts will specify measures and instruments to improve the macro, business and financing frameworks.

example. Ms Staci Warden, Executive Director of the Center for Financial Markets at the Milken Institute, highlighted the advantages and opportunities for Africa related to the development of LCBM on the continent, while Mr Leon Myburgh of the SARB talked about the principles and essential building blocks for the development of such markets.

As co-chairs of the G20 Africa Advisory Group, Mr Dondo Mogajane, the Director-General of the South African National Treasury and Dr Ludger Schuknecht, the Chief Economist and G20 Deputy of the German Ministry of Finance, concluded the first day of the conference with a conversation on the 'Compact with Africa' initiative, moderated by SARB Deputy Governor Daniel Mminele. They reaffirmed the opportunities available for African countries under the 'Compact with Africa' initiative and the role that the G20 countries could play to support African countries.

The second day of the conference consisted of panel discussions by experts and practitioners in the field. The discussions emphasised that the successful development of local currency bond markets in Africa required central banks, national treasuries and the private sector to work together to ensure that the required financing vehicles and tools are developed such that resources could be harnessed to support the development agenda on the continent.

By bringing together representatives from countries with diverse experiences, the conference allowed for a productive exchange of views and discussion on the opportunities and challenges ahead for Africa's financial market development initiatives.

Issued by SARB Media Relations on behalf of the South African Reserve Bank and the Deutsche Bundesbank

media@resbank.co.za

13 March 2018