

African sovereign bonds and Geneva's asset managers

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The most important channel, by volume, through which savings managed in Geneva finance Africa is probably the sovereign bond market. Since the early 2000s, some twenty states of sub-Saharan Africa have issued foreign-currency bonds on the international markets, for an outstanding amount that exceeded a hundred billion dollars before the pandemic. Geneva's emerging-market bond fund managers, the private banks on behalf of their clients and certain *family offices* hold them, attracted by high yields.¹ The defaults of Zambia, Ghana and Ethiopia, described in Chapter III, and the restructurings that followed were a reminder that these yields were the price of a risk. The return of several states to the market in 2024 and 2025, at high rates, showed that access remained possible for those whose programmes with the International Monetary Fund were in progress.²

This channel has a virtue that commodity trading and asset-backed loans lack: it is public, rated, listed and traded. It thus subjects the African borrower to a market discipline that prepayment financing circumvents. It also has a limitation: the Geneva managers who subscribe to African bonds treat them as one asset class among others, with no relationship to the countries concerned. They sell at the first sign of crisis, which makes crises worse. A Geneva asset management industry that knows Africa, through the networks described in this Part, could distinguish itself on this market by analysis founded on knowledge of the ground. It would have the means to do so, which few other financial centres possess.

1 Notes

1. World Economic Forum, "Overview of the Sub-Saharan African Eurobond market" (weforum.org): first sub-Saharan African Eurobond issued by the Seychelles in 2006 (USD 200 million), followed by Ghana in 2007; twelve issuing countries and USD 20.8 billion raised between

2006 and 2015, annual issuance rising from roughly USD 200 million in 2006 to some USD 6.3 billion in 2014 and 2015 (Ghana 10.75% in 2015, Senegal from 9.25% in 2009 to 6.25% in 2014). Boston University Global Development Policy Center, 22 October 2021: an asset class of USD 136 billion as at July 2021, 21 sub-Saharan African countries with Eurobonds outstanding, USD 11.8 billion issued in 2021 (including Ghana USD 3 billion, the first African zero-coupon bond in March 2021). ↩

2. African Business, February 2024, "Africa's Eurobonds market roars back to life": "Côte d'Ivoire in January raised \$2.6bn through two bonds with maturities of nine and 13 years" (yield 8.5%, more than USD 8 billion in orders, a record for a West African sovereign issuer); Benin, a 14-year bond of USD 750 million at 8.375% in February 2024, its first in dollars; Kenya, USD 1.5 billion over seven years at 10.375%; "It is stunning how quickly sub-Saharan Africa's Eurobond market has re-opened after being entirely shut for the whole of 2023". ↩

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