

Technical Assistance Facility

The African Local Currency Bond Fund

Founding: December 2012 by KfW, the German development bank, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

Mission: To support non-sovereign entities issue bonds and similar instruments in local markets

Objective: To improve and diversify access to long term funding in local currency and to support the development of African capital markets by creating opportunities for local African issuers, investors and intermediaries.

ALCB Fund Technical Assistance Facility

The Fund's Technical Assistance Facility (ALCB Fund TAF) provides a pool of resources to ensure bankable local currency deals come to market and appropriate incentives are in place for issuers, investors and intermediaries.

TAF SUPPORT

The TAF can assist local issuers by:

- Provide resources on a cost-sharing basis
- Provide access to specialised bond market experts
- Facilitate a transparent bidding process
- Time sensitive execution to meet issuers needs

ADDITIONAL TAF SUPPORT

- Credit rating
- SMART Certification & Social Rating
- Deal specific services & transaction costs



Credit Rating

A lack of credit analysis is a defining feature of African local currency bond markets. In certain markets, there is an over-emphasis on "name recognition" and relationships, where placement agents can lack the experience to communicate the issuers' credit story to investors.

BENEFITS

- Credit ratings can assist local stakeholders instil a "credit assessment culture" in the market
- Transactions accompanied by a ratings report signals that the issuer has undergone a thorough credit review, including benchmarking against comparators
- Helps investors to understand new and unfamiliar businesses or sectors

SMART Certification & Social Ratings

The ALCB Fund supports responsible lending; ensuring the institutions it works with abide by the Client Protection Principles through either SMART Certification or Social Ratings

BENEFITS

- Signals to investors, regulators and donors that the issuer treats clients in a transparent and responsible manner
- Certified institutions are acknowledged on the SMART Campaign website and can communicate their social rating to investors

Deal Specific Services & Transaction Costs

Deal-specific services and costs that may be supported by the TAF on a cost-sharing basis include:

- Legal support and financial advice
- Assisting issuers to improve their financial management capacity, reporting and governance in preparation for an issuance
- Specific transactions costs such as regulatory filings and bond roadshows

Engaging with the ALCB Fund's TAF

ISSUERS

The TAF provides resources to African issuers who:

- Have indicated interest in a local currency issuance
- Would be a strong candidate for ALCB Fund investment

Please visit the ALCB Fund website for more information on the Fund's investment terms and targeted transactions. If you meet all necessary criteria, please contact the ALCB Fund Managers

TECHNICAL EXPERTS

The TAF has a competitive procurement process for service providers. If you are interested to receive tenders issued by the Facility, please visit the ALCB Fund website or contact the TAF Manager

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