

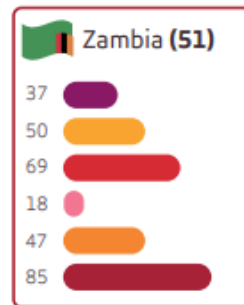
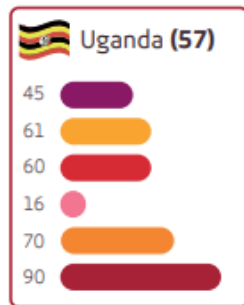
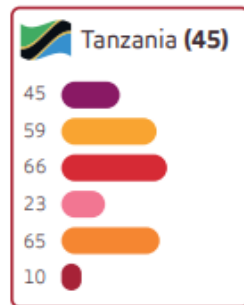
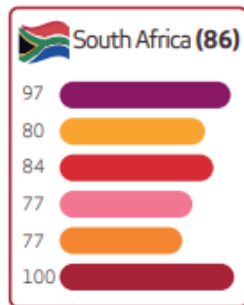
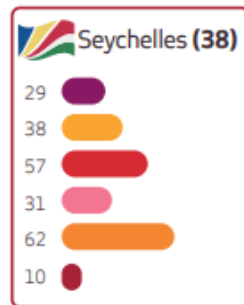
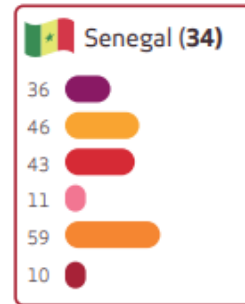
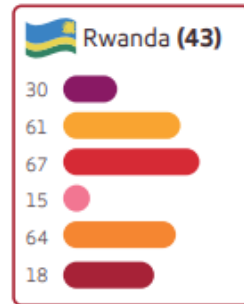
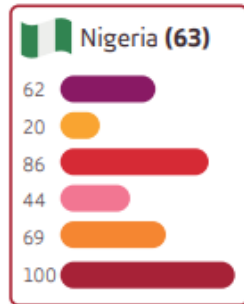
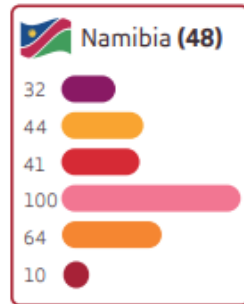
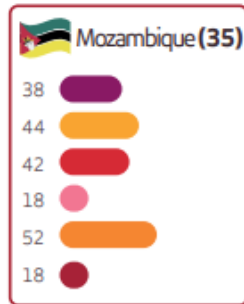
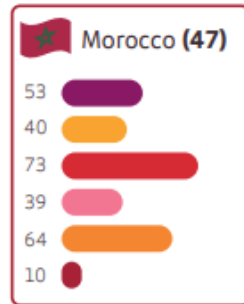
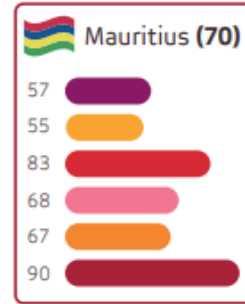
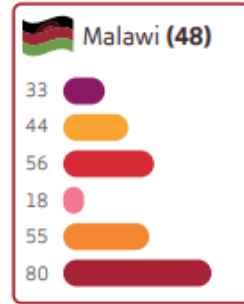
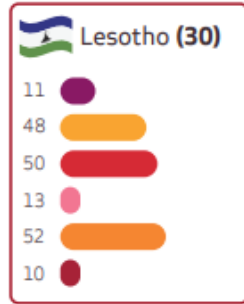
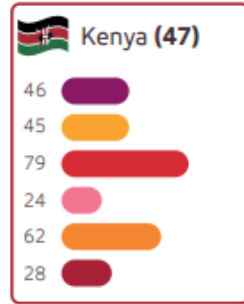
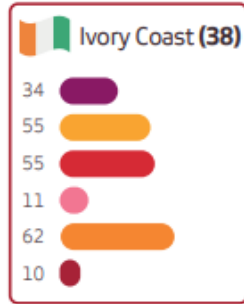
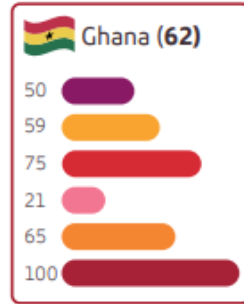
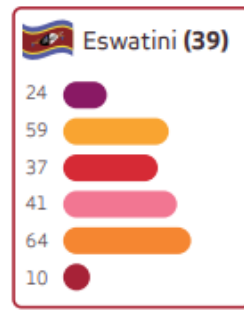
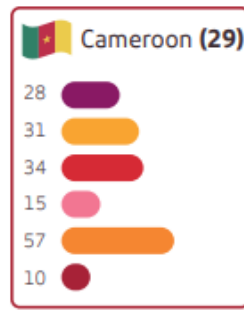
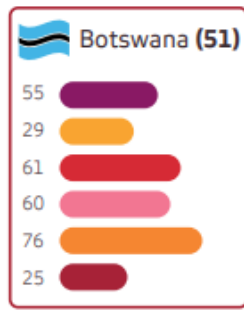
Absa Africa Financial Markets Index 2021



July 2022

#AFMIndex @absa @OMFIF





Sharing best practice

African economies are undergoing a significant period of appraisal amid international shocks, with growing interest from the international investment community and examination of the continent's potential for mobilising local resources.

The Absa AFMI index has become a benchmark for the investment community and Africa generally to gauge countries' performance and highlight best practices amongst policymakers.

2017

17 Countries

Botswana, Egypt, Ethiopia, Ghana, Ivory Coast, Kenya, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, South Africa, Tanzania, Uganda, Zambia



2018

20 Countries

+ Angola, Cameroon, Senegal



2020

23 Countries

+ Eswatini, Lesotho, Malawi



2022

26 Countries

+ Democratic Republic of the Congo, Madagascar, Zimbabwe

Expanding coverage and highlighting trends

Digitalisation encouraging retail participation and easing listing processes

Rwanda, Seychelles and Nigeria are among countries to have utilised digital platforms and processes for retail investors

Integrating sustainable finance principles

9 countries have introduced policies incentivising green bond issuances, and a further 10 have deployed initiatives to integrate ESG into financial market standards

Developing tax treaties encouraging foreign investment

Increased to 14 countries in 2021

International legal standards enshrined

More seeking consultations and legislating for internationally accepted standard master agreements

Pillar 1: Market depth		Pillar 2: Access to foreign exchange		Pillar 3: Market transparency, tax and regulatory environment	
South Africa	97	South Africa	80	Nigeria	86
Nigeria	62	Egypt	79	South Africa	84
Mauritius	57	Rwanda	61	Mauritius	83
Botswana	55	Uganda	61	Kenya	79
Morocco	53	Tanzania	59	Ghana	75
Ghana	50	Eswatini	59	Morocco	73
Kenya	46	Ghana	59	Zambia	69
Uganda	45	Mauritius	55	Rwanda	67
Tanzania	45	Ivory Coast	55	Tanzania	66
Egypt	42	Zambia	50	Botswana	61
Angola	38	Lesotho	48	Uganda	60
Mozambique	38	Senegal	46	Egypt	60
Zambia	37	Kenya	45	Seychelles	57
Senegal	36	Mozambique	44	Malawi	56
Ivory Coast	34	Malawi	44	Ivory Coast	55
Malawi	33	Namibia	44	Angola	54
Namibia	32	Morocco	40	Lesotho	50
Rwanda	30	Angola	40	Senegal	43
Seychelles	29	Seychelles	38	Mozambique	42
Cameroon	28	Cameroon	31	Namibia	41
Eswatini	24	Botswana	29	Eswatini	37
Lesotho	11	Ethiopia	28	Cameroon	34
Ethiopia	11	Nigeria	20	Ethiopia	28
Pillar 4: Capacity of local investors		Pillar 5: Macroeconomic opportunity		Pillar 6: Enforceability of standard master agreements	
Namibia	100	Egypt	82	Ghana	100
South Africa	77	South Africa	77	Nigeria	100
Mauritius	68	Botswana	76	South Africa	100
Botswana	60	Uganda	70	Uganda	90
Nigeria	44	Nigeria	69	Mauritius	90
Eswatini	41	Mauritius	67	Zambia	85
Morocco	39	Tanzania	65	Malawi	80
Seychelles	31	Ghana	65	Kenya	28
Kenya	24	Morocco	64	Botswana	25
Tanzania	23	Rwanda	64	Rwanda	18
Ghana	21	Namibia	64	Mozambique	18
Mozambique	18	Eswatini	64	Egypt	10
Malawi	18	Kenya	62	Tanzania	10
Zambia	18	Ivory Coast	62	Morocco	10
Egypt	18	Seychelles	62	Namibia	10
Uganda	16	Ethiopia	62	Eswatini	10
Cameroon	15	Senegal	59	Ivory Coast	10
Rwanda	15	Cameroon	57	Seychelles	10
Lesotho	13	Malawi	55	Ethiopia	10
Angola	12	Mozambique	52	Senegal	10
Ivory Coast	11	Lesotho	52	Cameroon	10
Senegal	11	Zambia	47	Lesotho	10
Ethiopia	10	Angola	41	Angola	10

Six pillars of African growth

Maximum pillar score = 100

Pillar 1: Market depth

considers the size and liquidity of local financial markets, as well as the diversity of products available.

Pillar 2: Access to foreign exchange

evaluates the ease of moving capital, liquidity of foreign exchange markets, rigidity of foreign exchange regimes and availability of reliable foreign exchange data.

Pillar 3: Market transparency, tax and regulatory environment

scores countries based on regulatory frameworks, tax systems and market transparency. It includes new indicators that encourage sustainable markets.

Pillar 4: Capacity of local investors

measures local investor capacity based on the amount of pension fund assets available in the country relative to the population and market capitalization.

Pillar 5: Macroeconomic opportunity

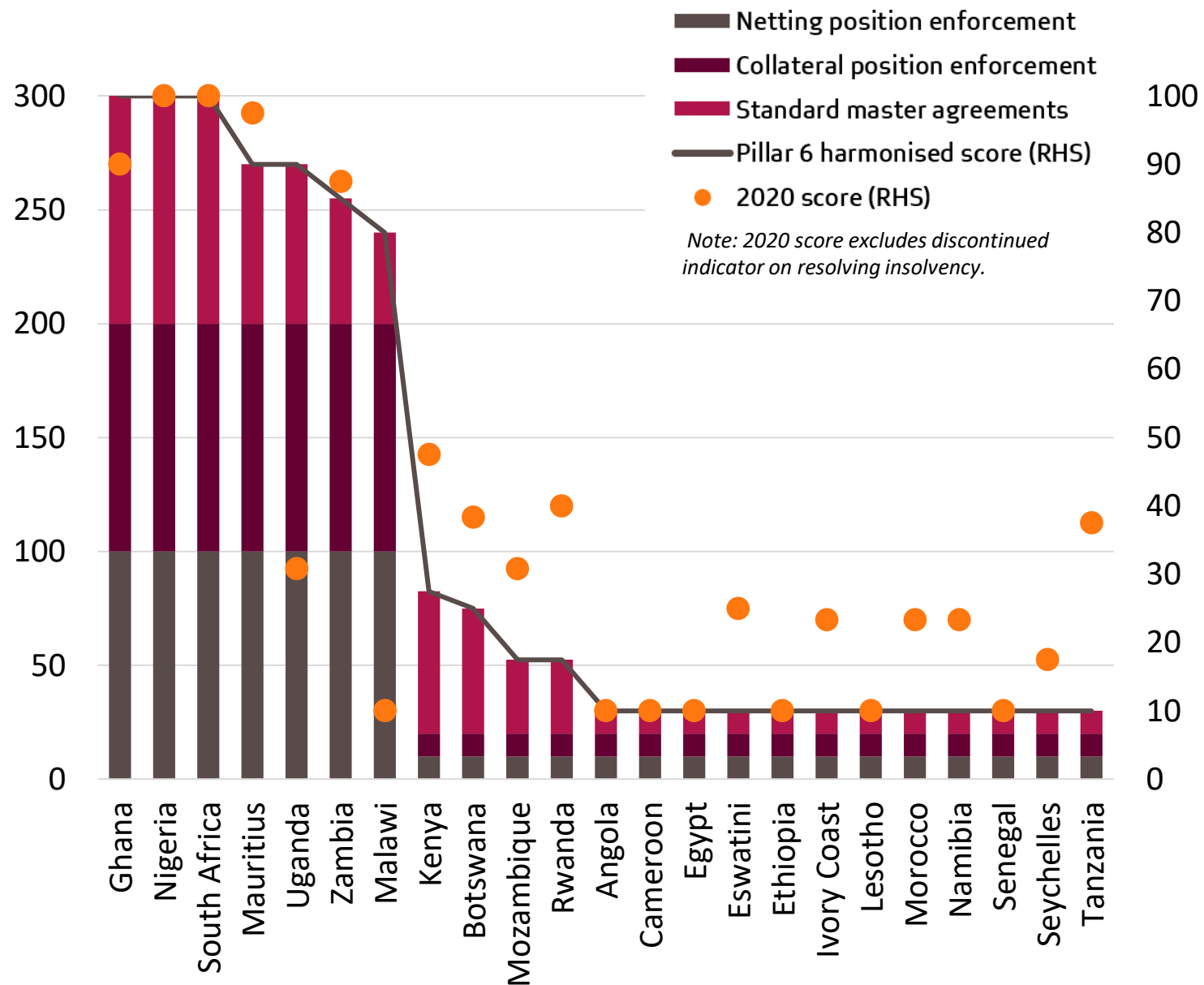
assesses countries’ macro performance, quality of governance and macro data transparency

Pillar 6: Legality and enforceability of standard financial markets master agreements

tracks the existence of strong legal rules on property rights and the recognition of internationally accepted legal standards

Strong legal frameworks, clear rules on property rights and the recognition of internationally accepted legal standards build an attractive and resilient investment environment.

Top risers:
Malawi (↑14)
Uganda (↑7)
Ghana (↑3)



Mitigating uncertainty through legal frameworks

Standard master agreements

Helps to foster trust in financial transactions

- **ISDA** master agreement is the most widely used contractual framework for over the counter trading globally
- **GMRA** governs repurchase agreements frequently used for international transactions
- **GMSLA** provides a contractual framework for securities lending

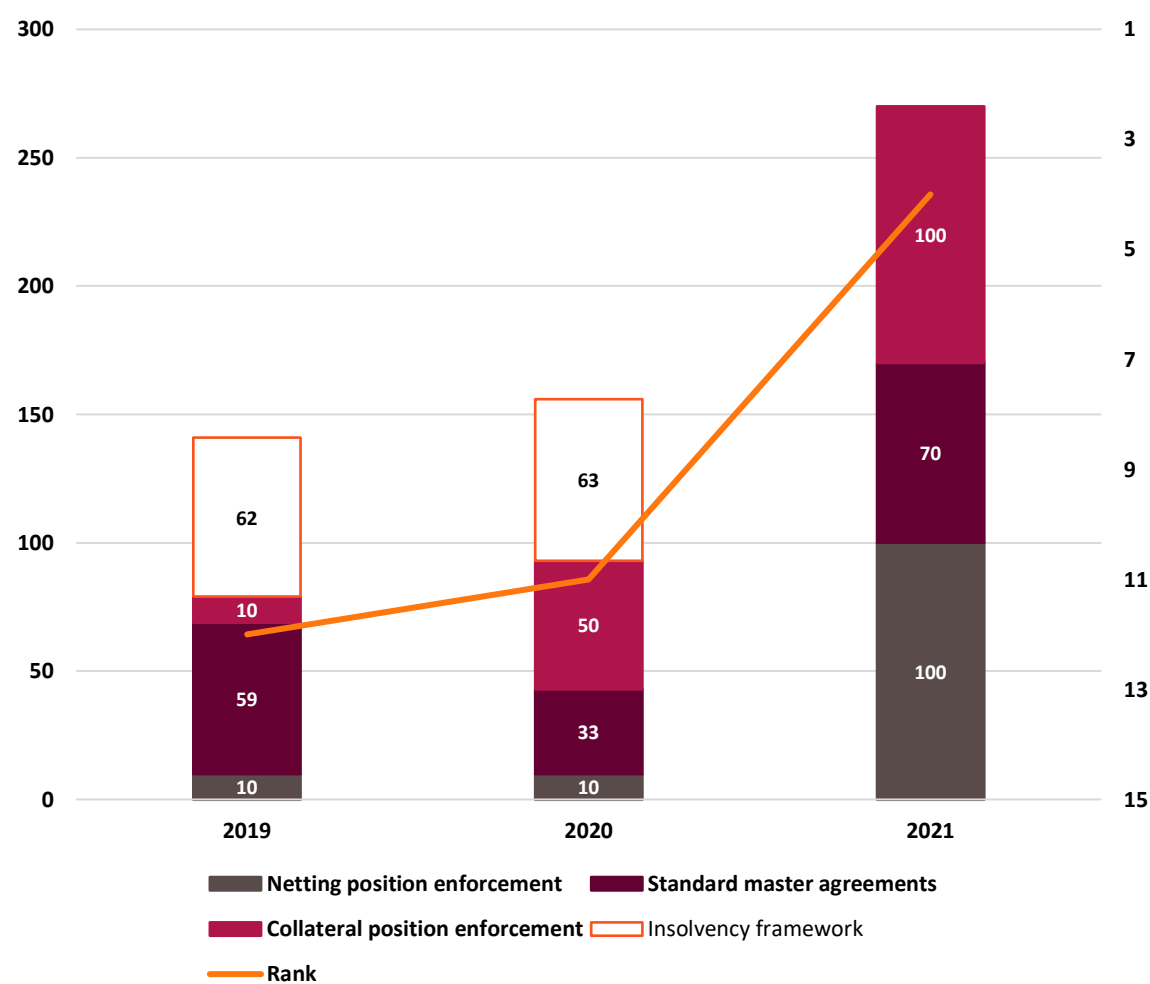
Netting position enforcement

Supports the continued viability of commercial transactions by allowing debts with defaulting counterparties to be settled on a net basis

Collateral position enforcement

The enforceability of financial collateral provisions under the GMRA and ISDA agreements

	ISDA	GMRA	GMSLA
Ghana	Widely used	Widely used	Widely used
Nigeria	Widely used	Widely used	Widely used
South Africa	Widely used	Widely used	Widely used
Mauritius	Widely used	Widely used	No
Uganda	Widely used	Widely used	No
Kenya	Widely used	Limited use	No
Botswana	Limited use	Limited use	No
Zambia	Limited use	Limited use	No
Mozambique	Limited use	No	No
Rwanda	Limited use	No	No
Malawi	No	Widely used	No
Angola	No	No	No
Cameroon	No	No	No
Egypt	No	No	No
Eswatini	No	No	No
Ethiopia	No	No	No
Ivory Coast	No	No	No
Lesotho	No	No	No
Morocco	No	No	No
Namibia	No	No	No
Senegal	No	No	No
Seychelles	No	No	No
Tanzania	No	No	No



Overall rank (and score)

2019	10 th (51.6)
2020	10 th (52.2)
2021	5 th (57.0)

*Note: the indicator for **insolvency frameworks** has been removed from the index following the discontinuing of the World Bank Doing Business Report in September 2021. Scores for 2020 in previous totals excludes this indicator.*

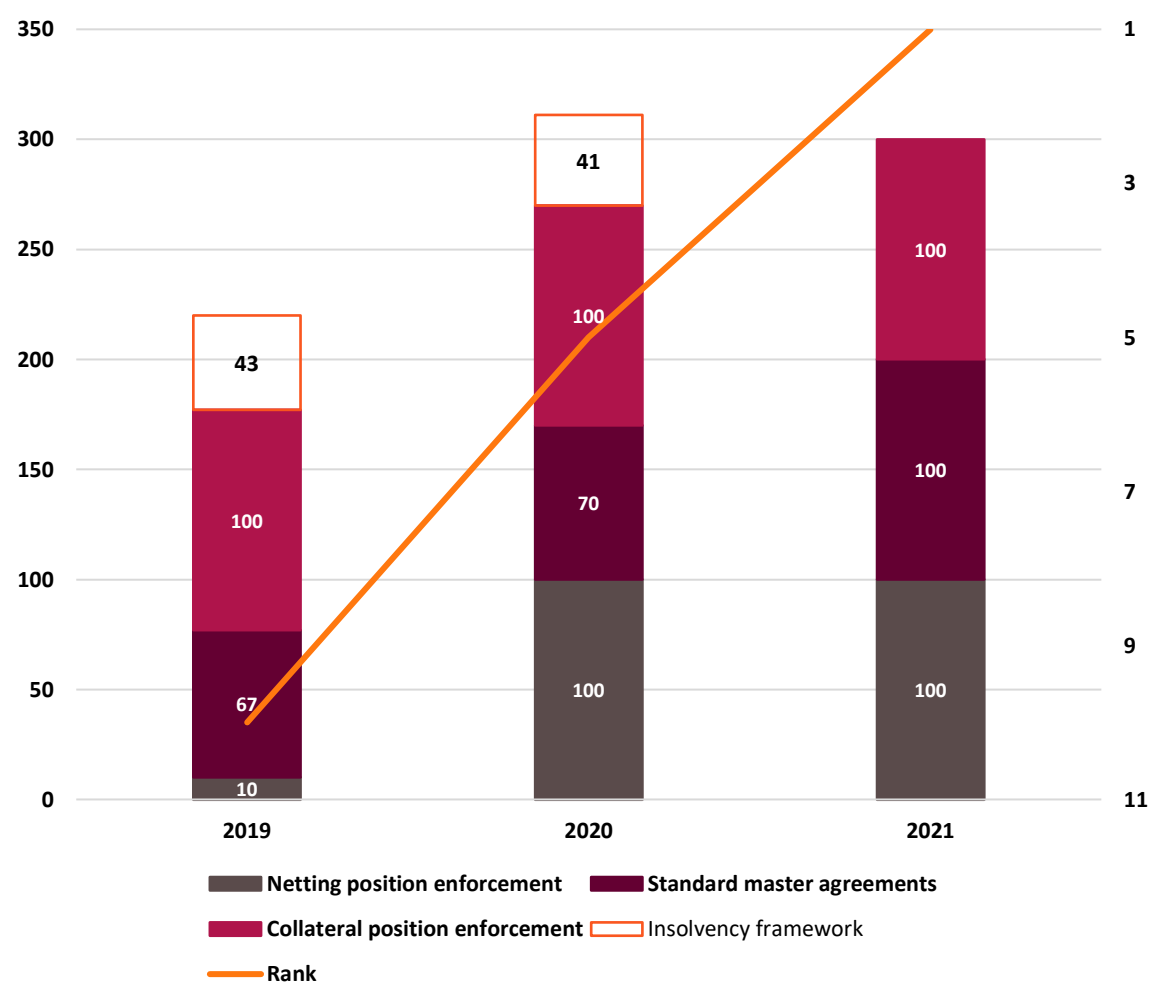
Spotlight: Uganda

Uganda's score improved across all indicators as survey respondents reported **significant uptake in the adoption of ISDA and GMRA** standard master agreements and **considerable progress in netting enforcement**.

Enacted in late-2020, the **National Payment Systems Act** includes a dedicated section on collateral arrangements and recognises the validity, binding-nature, and enforceability under the '**Enforcement of close-out netting provisions**'.

The **Bank of Uganda** is developing explicit netting legislation under ISDA and GMRA agreements.

Uganda is in the process of **commissioning ISDA opinions** on netting and insolvency regimes to further enhance legal frameworks.



Overall rank (and score)

2019	13 th (50.3)
2020	6 th (59.1)
2021	4 th (61.5)

*Note: the indicator for **insolvency frameworks** has been removed from the index following the discontinuing of the World Bank Doing Business Report in September 2021. Scores for 2020 in previous totals excludes this indicator.*

Spotlight: Ghana

Ghana rose from 10th to a share of 1st in this pillar through the wider **adoption of standard master agreements and legislation governing the enforceability of close-out netting.**

In 2021, Ghana was **one of three** countries – including Nigeria and South Africa – to report **wide use of ISDA, GMRA and GMSLA** standard masters agreements.

Bank of Ghana issued notice recognising netting transactions using global standard documentation.

In 2020, legislation allowing close-out netting was passed, thereby aligning GMRA legal documentation with domestic laws – increasing adoption and enforceability.

Ghana – as with Uganda – has **commissioned ISDA opinions** on legal regimes.

Following legislation in 2020, Ghana improved or maintained rank across each pillar, with the greatest rise in Pillar 5 (↑ 6)



Absa Africa Financial Markets Index 2021

Potential lives here