The LSF welcomes the Launch of the First African Government Bond (USD) ETF available in Europe

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The Liquidity and Sustainability Facility (LSF) is pleased to welcome the launch of the L&G LSF African Government Bond (USD) UCITS ETF, developed by Legal & General Asset Management (L&G), it is the first of its kind available in Europe.

Building the Foundations: From Index to Investable Product

Since its establishment, the LSF has worked with African and international partners to address a structural challenge facing African sovereign issuers—illiquid secondary markets that translate into higher borrowing costs. This launch is a direct illustration of the LSF's strategic ambition: to move beyond individual transactions and create a durable financial market infrastructure for African economies. In 2024, the LSF established a collaboration with S&P Dow Jones Indices with a view to create an African Sovereigns Index: the iBoxx LSF USD African Sovereigns Index, which was launched in June 2024. For this index, the LSF developed a proprietary selection methodology and curation process, offering investors a purpose-built benchmark.

By providing market participants with a standardized, investable benchmark, the index aims to bring additional transparency and liquidity to the African sovereign Eurobonds market, facilitate more informed investment decisions, and support broader market participation and investment in Africa. With this ETF, that benchmark becomes a public-market product, accessible to investors through a familiar and transparent vehicle.

The Role of Indices and ETFs in Supporting Liquidity

Indices and ETFs can play a particular role in bringing liquidity to emerging markets. By aggregating exposure to a defined universe of bonds within a single, tradable structure, they allow investors—who typically allocate capital through recognised benchmarks—to access markets that might otherwise be difficult to navigate individually. As the investor base broadens, secondary market activity tends to increase, supporting better price discovery and, over time, contributing to a reduction in the liquidity premium borne by issuers.

A Milestone for the LSF's Mission

This launch is an important milestone in the LSF's mission to support the liquidity of African sovereign and corporate issuances, lower the cost of finance, and increase liquidity in African capital markets. By facilitating pioneering fund launches such as this, it seeks to mobilise private investment in African economies through developed capital markets.

Dr Vera Songwe, Founder & Chair of the LSF: "We are delighted to see the launch of the first ETF based on the iBoxx LSF USD African Sovereigns index. It illustrates the increasing appetite of the private sector for African securities. It is a privilege to work with leading partners to build momentum and attract a wider range of investors to Africa's capital markets. I would like to express my gratitude to all partners and in particular, Afreximbank, whose support for the LSF's mission and objectives since inception has been instrumental in making this milestone possible and driving the international growth of African financial markets."

Prof. Benedict Okey Oramah, Former President and Chairman of the Board of Directors of Afreximbank: "When we first supported the LSF, our ambition went beyond a single market instrument. We envisioned a foundation for deeper, more resilient African capital markets. The launch of this ETF with L&G is a tangible milestone in that journey—it demonstrates that African sovereign debt can attract the same caliber of investable, standardized products found in mature markets. This is what capital markets development looks like in practice."