

INFORMATION & COMMUNICATION DIRECTORATE

Press Release No:
Venue: Midrand, South Africa.

Date: 4th August 2023



Moody's comments on Kenya's planned Eurobond buyback are highly speculative and damaging: APRM states.

The African Peer Review Mechanism (APRM) has expressed concerns over the comments by Moody's Investors Service on 2nd August 2023 where it states that it will treat Kenya's planned buyback of a portion of its Eurobond debt as a default. Moody's comments, which were made prematurely before the official details and the terms of the buyback are made public, mischaracterizes Kenya's prospective Eurobond buyback as a "distressed exchange which will result in economic losses to creditors". The APRM views the comment as highly speculative, damaging and ignores the 'voluntary' nature of the proposed bond buyback program, which allows investors the right not to participate. Moody's comment has triggered a selloff in Kenya's Eurobonds, spike yield, and an associated decline in the domestic currency which undermines the government's fiscal efforts, diminishing investors' appetite and confidence, thereby compromising the success of the buyback program.

The APRM further views Moody's speculative comments on Kenya's default event as, in- effect, a preemptive rating action and equates it to a 'premature release of a credit rating to the public'. In view of these continuing impromptu pessimistic and negative commentaries by rating analysts that are neither linked to any rating action nor in-depth research report, the APRM calls on African Network of National

Regulators of Rating Agencies to institute appropriate regulatory measures that ensure proper conduct of credit rating business.

APRM is an autonomous entity of the African Union, which among other functions, mandates it to support African countries on credit ratings. The APRM undertakes routine analyses of rating actions and commentaries assigned by international credit ratings agencies on African countries. APRM aims to foster good governance, political stability, and economic growth across the African continent. Through voluntary assessments, peer learning, and mutual accountability, the APRM empowers participating countries to address governance challenges and promote sustainable development.

For further information, please contact:

Dr Misheck Mutize |Lead Expert on Credit Rating Agencies| African Peer Review Mechanism| Email misheck.mutize@aprm-au.org

Ms Ejigayhu Tefera | Economic Researcher| African Peer Review Mechanism| Email ejigayhu.tefera@aprm-au.org

Information and Communication Directorate, African Union Commission | **E-mail:** DIC@africa-union.org
Web: au.int | Addis Ababa, Ethiopia | **Follow Us:** [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)