Conference Report

East African Loan Markets Report

Nov 2025

LMA Loan Market Association

Cautious return to optimism in East African loan markets

The Loan Market Association (LMA) successfully hosted its East African Loan Markets Conference in Kenya on 11 November 2025. Panellists at the conference presented a rebounding but cautious optimism about outlook for the market, emphasising the importance of collaboration and interconnectivity in order to facilitate African capital for African development.

This report aims to summarise the key themes and discussion points arising from the conference.

Loan market outlook – positive and balanced across all EA countries and sectors

EA typically accounted for 15% of SSA syndicated loan market volumes. Year-to-date 2025 volumes (which notably excluded ECA loans or certain types of concessional/blended finance transaction) stood at $6.3bn for the region, according to Dealogic, with a country split focused on three countries: Uganda (35%), Tanzania (30%) and Kenya (29%). The large majority of those volumes were sovereign (73% - higher than historic figures due to high pricing in the bond markets) with oil & gas in second place but still trailing behind at 15%. It was anticipated that the three EA countries who had led the pack so far, would continue to do so, though outlook was positive for both Ethiopia (resulting in particular from its proposed $10bn airport development) and Rwanda. DRC was also an interesting proposition from a mining perspective.

Looking to sectors, whilst banks were focused on sovereigns and oil & gas (assuming environmental factors were satisfied) there were also opportunities, particularly for DFIs, across financial institutions, manufacturing; tourism; and real estate. More M&A activity was also expected over the next 12 months with potential for consolidation of core businesses, as well as some notable project finance transactions, both of which could boost the syndicated loan market. Fintech, meanwhile, continued to have an important role, with a recent boost in volumes, leading to some notable (offshore) securitisations. Use of securitisation in this context illustrated an increased understanding both of the receivables and the underlying cashflow models relating to Fintech assets, as well as more sophisticated structuring techniques.

Growing importance of private credit

Looking to private credit, this was a growing trend in the same way as was being seen globally, albeit on a smaller scale. The focus of private credit providers was often on valuation creation and value addition, such as cold storage, haulage etc. and more generally finance solutions which enabled the continent to provide for itself and create its own value chain. That said, it was also important that the private credit market learnt from mistakes made globally, making sure to understand the nuances of corporate and SME lending in an African context and over time demonstrate a proven track record to its investor base.

In order to develop this market, as well as the institutional investor base further, more credit enhancement tools, including guarantees, insurance products and local currency hedging products were needed to de-risk transactions. This would facilitate the entry of those investors who had not traditionally looked to Africa. A final welcome addition would be gr eater collaboration with banks, who could provide origination opportunities. It was also important for the syndicated loan market to look to spread its wings further into the real economy and not simply look to safer assets which were always oversubscribed.

Since private credit often operated in the dollar space, the need for local currency solutions remained paramount to growth of the loan market more broadly. Whilst DFIs had always played a role here in a variety of ways, an additional key to unlocking this market lay with domestic pension capital.

South Africa could be viewed as a country who had tapped this market remarkably well – if this could be replicated in other markets, it could be transformational.

A place for blended finance, where needed

Blended finance solutions, offered in a variety of ways via DFIs, ECAs and insurers enabled de-risking, increased lending capacity and facilitated credit mobilisation. However, such solutions had to be used responsibly, provide additionality and only remain available until they had achieved commerciality. Sectors ripe for use of blended finance included infrastructure, energy and renewables but also others such as the agriculture value chain and affordable housing. Blended finance, which was instrument agnostic, was uniquely placed to tackle some of the more challenging assets, sectors and geographies that had historically been neglected.

A call to regulators

Regulators were needed both to facilitate domestic investment (e.g. to enable onshore securitisations and remove restraints on pension funds) but most importantly to prioritise the deepening of Africa’s capital markets. Governments could also work to improve their ESG frameworks to encourage use in an African context which would further open up the market to new types of investor.

EA economic outlook an important consideration

Although the economic landscape was seen as being at a critical stage, the region had demonstrated resilience amid global uncertainty. Eastern Africa was projected to outperform the Sub-Saharan Africa (SSA) average, with growth expected to exceed 6% between 2025 and 2027, compared to SSA's 4%. However, particular sources of vulnerabilities remained and included:

1 The shift towards domestic financing

The increasing reliance on domestic financing had led to rising interest rates and limited credit growth. Furthermore, the growing exposure of domestic banks to sovereign debt created a feedback loop that threatened financial stability and fiscal sustainability.

2 Changes in US Policy Towards Official Development Assistance

The suspension and restructuring of USAID programs had introduced uncertainty in development financing with 80% of USAID contracts terminated and functions realigned to the US Department of State. Countries like Ethiopia faced significant funding gaps in critical sectors such as health. Governments were adjusting budgets, but private sector involvement remained limited.

3 Changes in US Trade Policy and its Repercussions

Tariff changes and potential expiration of AGOA in September 2025 threatened East African exports, especially for Kenya and Ethiopia. The impact would vary by sector with textiles and agriculture being the most vulnerable. As a result, imports could become more expensive, disrupting supply chains and increasing consumer prices

Conclusion

Whilst the outlook for both the EA loan markets and the broader economy was overarchingly positive, as always, an element of caution remained. Even in the midst of strong growth fundamentals, Africa was never without its surprises.

Key Contacts:

Amelia Slocombe
Managing Director
Loan Market Association