African Export-Import Bank “Afreximbank”

Gwen Mwaba
Director Trade Finance
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Trade Finance

The Trade Finance Bank for Africa
Global Intra-Regional Trade

Intra-African trade lags Europe, Asia and North America, but is comparable to Latin America and the Middle East.
The Bank is headquartered in Cairo, Egypt and has three regional offices in Abuja, Nigeria; Harare, Zimbabwe and Abidjan, Côte d'Ivoire. A fourth regional office in East Africa is soon to open, with plans to follow this with a central African location.
The fifth strategic plan was launched in December 2016 and will focus on four broad areas:

**Impact 2021: Africa transformed**

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**Strategic objectives 2017–2021**

- **Intra-African Trade**
  - Promote Intra-African Trade
  - Facilitate industrialisation and export development in Africa
  - Strengthen African trade finance leadership
  - Improve Stakeholder satisfaction

- **Industrialisation & Export Development**
  - Improve Industrialisation and export development

- **Trade Finance Leadership**
  - Strengthen African trade finance leadership

- **Financial Soundness & Performance**
  - Improve financial soundness and performance

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- **Developmental**
  - Improve business development
  - Improve stakeholder engagement
  - Improve operating efficiency
  - Strengthen enterprise risk management

- **Financial**
  - Strengthen enterprise risk management

- **Business process**
  - Improve organisational structure and capacity
The Bank defines intra-African trade as the trade in goods and services between or among African countries and the flow of goods and services between Africa and Africans in the Diaspora.

The Intra-African Trade Strategy is conceived and conceptualized around three main pillars, namely: CREATE, CONNECT and DELIVER with an ancillary pillar known as measure.
CCDm Explained

• Under the **CREATE Pillar**, the Bank aims to build capacity for the expansion of production and processing capabilities, with focus on agricultural production, agro-processing, manufacturing and services. Through this Pillar, the Bank is facilitating capacity for expansion of tradable goods and services that can enter the trade.

• Under the **CONNECT Pillar**, the Bank aims to provide a facilitative environment for the flow of goods by creating robust in-country and intra-regional supply chains in Africa. Through this Pillar, the Bank will identify and support key institutions that connect producers and buyers along the intra-African value chain.
CCDm Explained

• Under the **DELIVER Pillar**, the Bank aims to provide efficient and cost effective distribution channels for the delivery of goods and services to buyers within the continent and support the emergence of facilitative infrastructure, including transportation and logistics as well as introducing an intra-African trade payment platform; and

• Under the ancillary pillar, **measure**, the Bank will continuously assess impact of its interventions under the Intra-African Trade Strategy to ensure that the objective of increasing intra-African trade is being met.
Intra-African Trade Strategy: Objectives and Priorities

The following have been identified as the specific objectives for the Intra-African Trade Strategy:

### Macro/Sectoral Objectives

1. To **work with Partners** to expand intra-African trade by a minimum of 50% from its current level of about US$170 billion and by so doing ensure that intra-African trade share of Africa's total trade reaches 22% from the current 14% by the end of the Plan period in 2021.

2. To **expand intra-REC trade** by a minimum of 25% from the current average level.

3. To bring a minimum of 40% of the **current informal intra-African trade** to the formal space by 2021, with progressive year-to-year achievements.

4. To improve access of intra-African trade operators to trade and project finance by achieving a convergence of costs with the normal cost of financing extra-African trade by the third year of the Plan.

5. To work with others to **bring down trade barriers** and in particular to deal with the problem posed by the multiplicity of standards across the continent by year 2 of the Plan period.

### Corporate Objectives

1. To expand **intra-African trade financing** by 49% \(^1\) on an annual basis such that by the end of the Plan period, intra-African trade financing share of the Bank's total portfolio will be no less than 24%.

2. To use intra-African trade as an instrument for **portfolio and revenue diversification** such that progressively intra-African trade financing and advisory net income will account for 25% of Bank's total net income by 2018.

3. To use intra-African trade activities to **expand the Bank's guarantee product offering**. In this regard, to aim at achieving up to 50% as the share of guarantees in the Bank's intra-African trade finance. Growth in share per annum to be a minimum of 8%.

4. To use intra-African trade offering to **build the Bank's brand** as an intra-African trade house with bespoke intra-African trade services;

5. To use the implementation of the Strategy to **garner political support, policy relevance and therefore be able to mobilize African resources** (debt and equity) to support the Bank's operations.

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Notes: 1) Annual average growth rate between 2016 & 2018
Our Offering: Products, Programmes & Services

The Bank has developed products, programmes and services to provide Trade Finance, assist with Trade Facilitation and also extend Technical as well as other forms of Assistance in support of growth of intra-African trade. These include:

- Sponsoring the development of an *Intra-African Payment Platform* which essentially is an online marketplace that: (i) connects buyers and sellers (ii) provides payment and settlement solutions and (iii) provides logistics services;

- Supporting the establishment of *Industrial Parks and Special Economic Zones* focusing on agro-processing industries and light manufactures that are aimed at: (i) capturing the off-shoring of light industries from countries like China and (ii) stimulating industrialization in African countries;

- Facilitating the establishment of internationally accredited *Inspection and Certification Centres* that will support African exports to meet international standards;
Products, Programmes & Services

• Supporting the emergence and growth of *Export Trading Companies (ETCs)* that bring produce from farm gate to factory and processed goods from factories to market within the continent. The Bank is developing model legal and regulatory framework for ETCs in its Member Countries and providing a suite of trade finance products such as packing credits, domestic letters of credit and supply chain finance;

• The Bank will also organize and hold *Intra-African Trade Fairs* starting from 2018 that will connect African buyers and sellers, provide trade and market information and also facilitate B2B exchanges;

• Developing the *Interstate Transit Guarantee* which will ease flow of goods and services across borders also reducing transit time and costs especially for Africa’s landlocked countries;

• Developing *Factoring* and supporting factoring companies and banks offering factoring with lines of credit, developing and championing the ‘model law’ for factoring.
Products, Programmes & Services

• Through its **Country Risk Guarantees**, the Bank covers exporters from one African country against country risk events in the destination country of their goods or services;

• The Bank is supporting the acquisition of eligible franchises through its **Franchise Financing Facility** i.e. African franchises in trade and trade-related activities, export manufacturing and services; as well as franchises that support the growth of SMEs;

• The Bank’s **Diaspora Initiative** is harnessing African diaspora savings, knowledge and skills for the development of Africa through a mix of trade finance products including diaspora bonds, and crowdsourcing for impact investments in key sectors; and supporting diaspora entrepreneurship in the host countries and in Africa e.g. through improved standards, franchising of African foods and products, and access to trade information
Thank You!