

BADEA Trade Finance

Private Sector Facility (TF & PSF) Brief.

The objective of this Facility is to contribute to the development, promotion and sustenance of the private sector in the African countries eligible for BADEA's assistance, which are defined as "African countries non-members of the League of Arab States ". This facility comes as continuation and enforcement of the role of BADEA as a key player in the private sector development field in Africa and symbolizes the attention that the Bank has accorded to the African private sector since its inception. Historically BADEA has supported the private sector through a multiplicity of modalities such as:

- a. by providing direct funding to development finance institutions,
- b. by providing support to micro-finance sector or
- c. through providing technical assistance grants to promote investment
- d. by sponsoring Arab-African Investment promotion activities
- e. by contributing to Africa-wide African trade initiatives.

BADEA continues to undertake efforts of this nature alone or in collaboration with other development partners.

BADEA (TF & PSF) is a facility approved by Board of Directors in 2014. The facility is earmarked for providing funding to the private sector in sub-Saharan African Countries eligible for BADEA's Assistance in two forms: Trade Finance (*in the form of financing Arab Exports to African countries eligible for BADEA's assistance*) or through funding of private sector projects, as follows:

The Trade Finance Component of the Facility:

An allocation for financing exports* from *Arab* Countries to African Countries eligible for BADEA's assistance (African Countries non - members of the League of Arab States) has been approved as follows:

USD Millions

2015	2016	2017	2018	2019
150	200	200	225	250

* Exports that qualify under this facility have to have a value added of 30% in an Arab Country.

Accessing the Trade Finance Facility through Intermediary Financial Institutions:

This Facility is intended for use by small and medium-scale enterprises predominantly, and is provided indirectly through financial institution as shown in the list below, this list shall be updated regularly so that beneficiaries can have access to the recourses of the facility through such institutions.

The terms of financing from these institutions to the final beneficiaries shall be negotiated with the Financial Institutions offered Lines of Credit by BADEA directly. These terms are in general competitive, as per the agreements normally concluded between BADEA and such institutions and they take the developmental impact of the interventions into consideration as well. The trade finance facilities are short term: normally one year renewable more than once but in exceptional circumstance they could be longer.

Accessing the Trade Finance Facility Directly:

The facility can also be accessed by African private sector or public-private enterprises, countries or state-owned enterprises interested in obtaining trade finance in eligible Countries. The interested parties should be professionally and financially competent, have a proven track record of dealing with trade from Arab countries and should be able source the suppliers for the goods to be funded before submitting an application to BADEA. The applicants should identify the goods, sources of supply in Arab countries, quantities, total deal cost, total financing requires, proposed contribution of financing from the applicant etc. BADEA may help sourcing goods, but this is primarily the responsibility of the beneficiary.

Private Sector Facility

Accessing the Private Sector Facility through Intermediary Financial Institutions:

The Facility for financing the Private Sector to beneficiary Countries (defined above) is intended for funding capital expenditures and closely- related working capital needs (which should be medium-term meaning more than one year), as follows:

2015	2016	2017	2018	2019
50	100	100	100	100

This facility is provided in the form of Lines of Credit to Financial Institutions operating in Africa, which on-lend its proceeds to applicants; the list of institutions is shown below, and such list is up-dated from time to time.

Accessing the Facility Directly:

The facility can also be accessed by African enterprises in eligible Countries directly. The applicant may be an existing firm or promoters of a Greenfield project. It is a pre-requisite that projects to be funded under the facility should be well prepared with a bankable feasibility study from a *professional* consulting firm.

Enterprises eligible for this facility should be domiciled and registered in Countries which are eligible for BADEA’s assistance and which have signed Framework Agreements with BADEA. This Framework Agreement confers on BADEA preferred creditor status and protects its investments from confiscation; allow transfer of funds such as loan or credit amortization, profits or other charges and dues.

Applications Procedure

Applications for the Trade Finance and Private Sector Facilities may be addressed directly, in the form of a comprehensive proposal files to H.E. Director General of BADEA, (dgeneral@badea.org), all application documents may be sent by courier as well.

The list of financial intermediaries that received Lines of Credit for Trade Finance:

- **ECOBANK** (facility available in Nigeria, Ghana, Senegal and Burkina Faso):
Ecobank Transnational Incorporated, The Chief Executive Officer,
Registered office at 2365 Boulevard du Mono, Togo , B.P. 3261,
Fax: (228) 22 21 42 37 ,
Email: ecobanktg@ecobank.com, sashong-katai@ecobank.com.

- **Bank of West African States (BOAD)**-(Available for entities in member states of BOAD):
Banque Ouest Africaine de Développement
 68,Avenue de la Libération, BP.1172, Lomé (République Togolaise)
 Tél. : (+228)22215906/ 22214244/ 22210113
 Fax (+228)22215267/ 22217269
 E-mail : boadsiege@boad.org
- **PTA BANK** (Available for entities in COMESA member countries):
The Eastern and Southern African Trade and Development Bank,
 Chaussée Prince Louis Rwagasore, P.O.Box 1750 Bujumbura, Burundi,
 Tel.: +257 22 25 6770-6, **E-mail:** info@ptabank.org,
Office of H.E. The President and Chief Executive, 197 Lenana Place,
 Lenana Road , 1st and 5th floors, P.O Box 48596 - 00100, Nairobi, Kenya,
 Switchboard: +254 732192000 , Direct Line: +254 732192105,
Fax: +254 (20) 2711510,
E-mail: jacqueline.musiitwa@ptabank.org/ afadzwa.Chivaura@ptabank.org,
Web Site: www.ptabank.org

- **AFREXIMBANK**

The list of financial intermediaries that received Lines of Credit for on-lending to Private Sector Enterprises:

- **ECOBANK** (facility available in Nigeria, Ghana, Senegal and Burkina Faso).
- **Bank of West African States (BOAD)**- (Available for entities in member states of BOAD).
- **East African Development Bank (EADB)**- (Available for entities in COMESA member countries).

For further information about the facility, please contact:

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