ATDER
ANNUAL TRADE DEVELOPMENT EFFECTIVENESS REPORT
2020
Annual Report

Transforming Africa’s Trade
African Export-Import Bank
Banque Africaine d’Import-Export
What is the Annual Trade Development Effectiveness Report (ATDER)?

The annual ATDER assesses the impact of the Afreximbank’s (the Bank’s) interventions on African trade and development, as guided by the Bank’s Trade Development Impact Assessment (TDIA) framework.

2020 Report

This report presents the results of the Bank’s TDIA against the backdrop of the COVID-19 pandemic, based on interventions in 2020.

Find out more www.afreximbank.com
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Stimulating Exports and Transforming Africa’s Youngest Economy
This Trade Development Effectiveness Report (ATDER) is published against the backdrop of the COVID-19 global pandemic, which presented African trade and development with unprecedented challenges. Despite these challenges, Afreximbank made good progress in delivering on each of its strategic priorities in 2020.

Building on its successful experience in dealing with adverse economic shocks, the Bank moved rapidly to mobilise African and global partnerships to scale up the size and scope of its support to the continent. Through its Pandemic Trade Impact Mitigation Facility (PATIMFA), the Bank disbursed over US$6 billion as at December 2020 to help its member states adjust to the economic disruption caused by the pandemic. The goal was to keep firms in business and people in jobs and help prevent a temporary disruption from causing longer-lasting economic harm.

Professor Benedict Oramah
President and Chairman of the Board of Directors African Export-Import Bank (Afreximbank)
The Bank also co-created the US$1.5 billion Collaborative Pandemic Response Facility, jointly with the International Islamic Trade Finance Corporation and the Arab Bank for Economic Development in Africa, and, in partnership with the United Nations Economic Commission for Africa (UNECA), launched a US$200 million initiative to promote the production of essential medical materials in Africa. Furthermore, working with the Africa Centres for Disease Control and Prevention, UNECA, and the African Union (AU) Special Envoy, Mr Strive Masiyiwa, the Bank supported pooled procurement of COVID-19 treatment and supplies by establishing the African Medical Supplies Platform. In addition, the Bank is collaborating with the AU, the AU Envoys on COVID-19, and other partners to ensure equitable and timely access for vaccines by Africans.

I have every confidence that Africa can emerge stronger from the COVID-19 pandemic, provided that constraints to industrialisation and exports are addressed to seize new opportunities. The pandemic has reaffirmed the importance of regional markets and a more economic diversification across the continent. The African Continental Free Trade Area (AfCFTA) agreement offers a new base for economic growth and presents Africa with an opportunity to counter the consequences of the COVID-19 pandemic. By addressing the fragmentation of African economies, the agreement has the potential to foster regional integration and intra-African trade that could help spur industrialisation and build long-term supply chain resilience. World Bank estimates indicate that, with the implementation of the AfCFTA agreement, Africa could witness an increase of over 50 percent in intra-African trade, a 29 percent growth in exports (equivalent to US$560 billion, mostly in manufactured goods), and a US$460 billion rise in income. In addition, 30-68 million citizens could be lifted out of poverty by 2035. For our part, we are playing a key role in facilitating a smooth take-off of the AfCFTA agreement, including by scaling up support for our various intra-African trade-enabling initiatives.

Afreximbank’s Trade Development Impact Assessment framework is helping it to use its resources more effectively and better track results for greater impact. I trust it also helps Afreximbank member states, partners, and other stakeholders to better understand the Bank’s contribution to Africa’s economic transformation.
## 2020 Impact at a Glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursed</td>
<td>$10.95 billion</td>
<td>The Bank successfully deployed 73 financial interventions across Africa, with a total value of US$10.95 billion.</td>
</tr>
<tr>
<td>International finance flows</td>
<td>$2 billion</td>
<td>The Bank crowded in over US$2 billion in international finance flows into Africa through its Syndications Programme. Two-thirds of the amount was invested in 12 trade-enabling infrastructure projects in 10 African countries.</td>
</tr>
<tr>
<td>Increase in intra-African trade</td>
<td>$3.7 billion</td>
<td>The Bank facilitated a nearly US$3.7 billion increase in the value of intra-African trade.</td>
</tr>
<tr>
<td>Contracts facilitated for African entities</td>
<td>$350 million</td>
<td>The Bank assisted 5 African exporters of heavy infrastructure equipment to win construction contracts worth more than US$350 million across the continent.</td>
</tr>
<tr>
<td>Savings to private sector</td>
<td>$400 million</td>
<td>The Bank’s interventions are estimated to help save the private sector more than US$400 million each year by upgrading, expanding, and facilitating the movement of goods across African borders.</td>
</tr>
<tr>
<td>People benefited</td>
<td>1 million</td>
<td>The Bank’s interventions will make it possible for over a million people in Africa to benefit from investee projects in agro-processing, trade-enabling infrastructure, and small enterprise development.</td>
</tr>
<tr>
<td>Trade finance lines granted</td>
<td>286</td>
<td>The Bank granted 286 trade finance lines to 20 countries across Africa, which resulted in 48,960 subloans to small and medium-sized enterprises, benefiting mostly women and the youth.</td>
</tr>
<tr>
<td>African banks onboarded</td>
<td>370</td>
<td>The Bank onboarded 370 African banks and extended letter of credit confirmation lines to 128 banks, benefiting 33 member states.</td>
</tr>
<tr>
<td>Entities accessing payment services</td>
<td>20</td>
<td>The Bank onboarded 17 African banks and 3 corporates under its payment services program, benefiting more than 85 subclients in 7 member states.</td>
</tr>
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</tr>
</tbody>
</table>

**Note:** All financial amounts are in US dollars.
Annual Trade Development Effectiveness Report 2020

**East Africa**
- US$1.1 billion disbursed
- 8 investments made
- 20,198 additional direct jobs expected
- 2,352 small and medium-sized enterprises with access to trade finance
- US$1.2 billion increase in the value of intra-African trade facilitated
- US$432 million invested in tradable services

**North Africa**
- US$4.1 billion disbursed
- 10 investments made
- 20,226 additional direct jobs expected
- 21,600 small and medium-sized enterprises with access to trade finance
- US$750 million increase in the value of intra-African trade facilitated
- US$65 million invested in tradable services

**West Africa**
- US$3.4 billion disbursed
- 26 investments made
- 19,800 additional direct jobs expected
- 18,900 small and medium-sized enterprises with access to trade finance
- US$880 million increase in the value of intra-African trade facilitated
- US$487 million invested in tradable services

**Central Africa**
- US$223 million disbursed
- 7 investments made
- 892 additional direct jobs expected
- 1,320 small and medium-sized enterprises with access to trade finance
- US$56 million increase in the value of intra-African trade facilitated
- US$156.1 million invested in tradable services

**Southern Africa**
- US$2.1 billion disbursed
- 22 investments made
- 9,914 additional direct jobs expected
- 4,788 small and medium-sized enterprises with access to trade finance
- US$787 million increase in the value of intra-African trade facilitated
- US$88.2 million invested in tradable services

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The Annual Trade Development Effectiveness Report (ATDER) assesses the contribution made by the Bank towards African trade and development over the past year under three of its key strategic pillars: Intra-African Trade, Industrialisation and Export Development, and Trade Finance Leadership. This year’s ATDER also highlights the impact the Bank is making across Africa’s five subregions.

While the COVID-19 pandemic has evolved more slowly across Africa than other regions, it has exerted a sizable toll on economic activity, with GDP growth falling to −3.3 percent in 2020, pushing the region into its first recession in 25 years and dislocating regional supply chains. The combination of domestic lockdowns and reduced external demand on account of the global recession weighed heavily on the export sector, resulting in a decline in Africa’s merchandise trade by about 17 percent. Although all sectors were affected, the service industry, including aviation, hospitality, tourism and leisure, were particularly hard hit. Manufacturing industries, which rely heavily on global value chains, were also strongly affected, providing impetus for economic diversification and industrialisation in Africa.

Reducing Africa’s vulnerabilities to COVID-19-related trade and market disruptions and mitigating their impact on the poor calls for a broad-based recovery that boosts earnings and living standards. To that end, by creating a single, competitive, and richer African market, the implementation of the African Continental Free Trade Area (AfCFTA) agreement has the potential to foster regional integration and intra-African trade that could help spur industrialisation and, in turn, create jobs, increase productivity, and reduce poverty.
The ATDER assesses the contribution made by the Bank towards African trade and development over the past year under three of its key strategic pillars: Intra-African Trade, Industrialisation and Export Development, and Trade Finance Leadership.
Executive Summary

To shield African economies against the ramifications of the COVID-19 pandemic, the Bank intensified its lending operations in support of its member states in 2020. It also put in place a COVID-19 response facility (the Pandemic Trade Impact Mitigation Facility (PATIMFA)) and is scaling up its efforts to build innovative partnerships to support member states. Through its intra-African trade-enabling initiatives and regional projects, the Bank is supporting the implementation of the AfCFTA agreement to help expand social and economic opportunities across the continent.

The Bank’s momentum to deliver impactful projects continues, despite the challenges brought on by the COVID-19 pandemic. In 2020, the Bank deployed 73 financial interventions across the continent, with a total value of US$10.95 billion. These investments are expected to facilitate a nearly US$3.7 billion increase in the value of intra-African trade, create an additional 71,030 jobs, provide 48,960 small and medium-sized enterprises with access to trade finance, and directly add more than US$1 billion to fiscal revenues across Africa.

Chapter 1 of this report describes key opportunities presented by the AfCFTA agreement and outlines Bank’s contribution to unlocking the AfCFTA’s potential. Chapter 2 explores Africa’s progress in building a viable industrial sector and the Bank’s contribution to industrialisation and export development, Chapter 3 examines the impact of the COVID-19 pandemic on trade finance in Africa and the Bank’s contribution to cushioning its effect, and Chapter 4 concludes with a summary of progress made in improving the Bank’s trade development impact in Africa.

**INTRA-AFRICAN TRADE**

The COVID-19 pandemic highlights the longstanding underutilisation of regional markets and provides impetus for accelerating intra-African trade that is essential for regional value chains. The implementation of the AfCFTA agreement is expected to increase intra-African trade by over 50 percent, boost exports by 29 percent (equivalent to US$560 billion, mostly with manufactured goods), and lift 30 million Africans out of extreme poverty. Achieving these outcomes will depend on putting in place significant trade facilitation measures and facilities to ease the AfCFTA’s short-term disruptions. African countries are already strategising on how to benefit from the Agreement. The Bank is scaling up support to facilitate the implementation of the Agreement and help the continent to fully capture its growth-enhancing benefits.

With the onboarding of the central banks of the six West African Monetary Zone countries – The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone – the Bank is closer to the rollout of the Pan-African Payment and Settlement System (PAPSS), which will enable intra-African trade and commerce payments to be made in African currencies (and possibly save the continent US$5 billion annually). In addition, the Afreximbank–African Collaborative Transit Guarantee Scheme, which aims to facilitate the movement of goods under a single transit bond (as opposed to issuing a bond at every border) within regional economic communities under the AfCFTA agreement has the potential of generating US$300 million in savings annually. The scheme will commence operations in the Common Market for East and Southern Africa.

Good progress has been made in developing the statutes and the Resource Mobilisation Plan for the AfCFTA Adjustment Facility that will help African Union member states access financial and technical resources to implement the agreement and mitigate short-term disruptions and associated losses, as mandated by the African Union heads of state at their 33rd Ordinary Session in February 2020. And, work on the development of African standards has seen 29 international automotive standards and 18 African automotive standards harmonised, which will contribute towards the development of a viable automotive sector and facilitate trade and industrialisation under the AfCFTA.

In 2020, the Bank successfully deployed 73 financial interventions across the continent, with a total value of US$10.95bn.
a road resurfacing contract linking the Democratic Republic of the Congo to Uganda through the towns of Beni and Kasindi. In addition, with the help of the Bank, a memorandum of understanding was signed between an Egyptian oil and gas company and the Ministry of Mines and Hydrocarbons of Equatorial Guinea to construct modular refineries (the Kogo refinery project). The support provided by the Bank will enable these firms to provide services to countries across the region at competitive prices.

In addition to supporting its various intra-African trade-enabling initiatives, the Bank also invested in a number of trade-facilitating projects in 2020. For example, it supported the construction of 374 kilometres of cross-border roads between Burkina Faso, Côte d’Ivoire, Guinea, and Mali, and financed the upgrade and expansion of a one-stop border post between Zimbabwe and South Africa to help unlock regional trade and create economic opportunities for communities along the route. These projects are anticipated to increase the volume of trade in West Africa by US$400 million and reduce the pass-through waiting period at the Southern African border for commercial vehicles from 35–39 hours to 2–3 hours.

INDUSTRIALISATION AND EXPORT DEVELOPMENT
African countries are diversifying their economies and strengthening regional ties. The development of industries will enable them to manage their trade balances by increasing export earnings and substituting for imports of manufactured goods. It will also boost productivity, promote prosperity, and enable Africa to catch up with other regions and curtail its reliance on the global economy and external demand.

The Bank is helping to mobilise private and public finance in support of strategic projects. In 2020, it was instrumental in the design of complex financial transactions to crowd in over US$2 billion in international financial flows into Africa through its Syndications Programme. Two-thirds of that amount was invested in 12 trade-enabling infrastructure projects in 10 African countries.

With the onset of the COVID-19 pandemic, the demand for an enduring health care system in Africa has been further heightened. Cognisant of this, and in line with its efforts to promote regional centres of excellence in the health care sector, the Bank approved the deployment of its Project Preparation Facility to finance the expansion of an out-patient project in Liberia to encompass a 100-bed, fit-for-purpose out-patient medical centre and an in-patient medical facility. When completed, the project is expected to create about 800 direct jobs and enhance positive health outcomes.

Harnessing agricultural value chain development is an opportunity for Africa to diversify its exports, accelerate the pace of industrialisation, and enhance the livelihoods of its growing population. Under its strategy to promote the emergence and expansion of export trading companies, the Bank has scaled up support to one of the largest and fastest-growing integrated agricultural conglomerates in Africa. Through this support, the entity will provide smallholder farmers with market access and a range of services to facilitate exports and to ensure that a fair share
of value-added goes to producers. This support is anticipated to create about 400 additional direct jobs in 12 African countries, benefiting 4,500 local farmers, and provide African governments with an additional US$60 million in fiscal revenue.

In 2020, the Bank also invested in Africa’s tobacco value chain by supporting the purchase of green leaf from local farmers in Africa’s three main tobacco-producing African countries (Malawi, Tanzania, and Zimbabwe) for processing, packaging, and exporting tobacco. This intervention is expected to increase tobacco-processing capacity in East and Southern Africa by at least 200,000 metric tons, create about 200 direct jobs, and benefit 100,000 local farmers (mostly women and the youth).

In its efforts to develop industrial parks and special economic zones, the Bank deployed its Project Preparation Facility to help finance the preparation of bankability and feasibility studies and procurement of transaction advisors for two industrial parks in Malawi to be located in Lilongwe and Blantyre. When completed, these projects are expected to attract investments of about US$2 billion (equivalent to 26 percent of Malawi’s GDP), into the labour-intensive agro-processing and light manufacturing sectors in Malawi and create about 21,000 direct and 45,000 indirect jobs. The Bank is also working to develop the Abidjan PK-24 industrial park in Côte d’Ivoire, after securing the development agreement with the Ivorian authorities.

To ensure that African products are manufactured to international standards, the Bank is rolling out internationally accredited African Quality Assurance Centres across Africa. The construction of the first of these centres in West Africa is under way, and studies are advanced towards similar projects in East and North Africa.

In support of intra-African air transport, as envisioned under the African Union’s Single African Air Transport Market Strategy, the Bank is supporting the financing of six additional aircraft for a Southern African airline that currently operates in 58 destinations, to strengthen its regional routes and to assist with aircraft replacement. The project will help facilitate trade across Southern Africa and create about 100 direct jobs and many more indirect jobs.

In the energy sector, the Bank has supported investments in Angola, Niger, Nigeria, Senegal, South Sudan, and Tunisia through the financing of maintenance contracts and capital expenditures as well as imports of oil and gas products to help ensure that industries have reliable access to power.

In the social sector, the Bank’s Creative Africa Nexus programme lays out ambitious plans to scale up job creation and targets small enterprises in fashion, film, music, and arts and crafts (which are mostly in the informal sector) to provide them with access to technical support, finance, investment, and market opportunities.

**TRADE FINANCE**

The shock brought on by the COVID-19 pandemic has led to liquidity constraints in many African countries. African governments and institutions have called for a deferral in debt repayments so that funds that would have been used for debt servicing could be redirected to the procurement of medical supplies and personal protective equipment. Building on its past experiences, the Bank moved rapidly to mobilise African and global partnerships to scale up the size and scope of its support to the continent and help make trade finance accessible and affordable, while helping to narrow the knowledge gap in Africa’s trade finance market.

In 2020, the Bank contributed to narrowing Africa’s trade finance gap by almost 13.5 percent (compared with 10 percent in 2019). Through its Trade Facilitation Programme, the Bank onboarded about 370 African banks and extended letter of credit confirmation lines to 128 banks, benefiting 33 member states. The Bank also granted 286 trade finance lines, amounting to US$6.5 billion, to 20 countries across Africa (predominantly least-developed countries) to meet their trade financing needs. This resulted in 48,960 subloans to small and medium-sized enterprises, benefiting mostly women and the youth. The Bank’s Payment Services Programme also made it possible for 17 banks and 3 corporates in 7 member states to access payment services, benefiting more than 85 subclients.

The Bank’s African Customer Due Diligence Repository Platform (MANSA) was launched on 30 November 2020. In 2020, 251 profiles were published on the platform, comprising financial institutions (53 percent), corporates (18 percent), and small and medium-sized enterprises (29 percent).

**TRADE DEVELOPMENT IMPACT**

The Bank continually seeks to improve its...
performance in supporting development impact. In that vein, The Bank’s Trade Development Impact Assessment framework assists it in achieving its development goals of boosting intra-African trade, value-added exports, and access to trade finance, while creating jobs and generating fiscal revenues for African governments. At the facility level, the Bank, through this framework, sets out to achieve concrete, measurable internal development targets that are specified at the design phase and, if needed, reviewed from time to time. These targets are linked to the Bank’s development objectives through three of its key strategic pillars: Intra-African Trade, Industrialisation and Export Development, and Trade Finance Leadership (the fourth being Financial Soundness and Performance). Progress towards achieving these outcomes is continuously tracked by the Bank’s monitoring system, after which it employs evaluative approaches using multiple methods to assess the impact of interventions. This deliberate, systematic approach allows the Bank to reflect on its performance and identify areas to enhance its efforts. It also helps the Bank to become more results-focused and improve its transparency and accountability to its stakeholders. In addition, the Annual Trade Development Effectiveness Report examines development trends in African trade and considers how the Bank contributes to these changes on an annual basis.
Increased intra-African trade leads to greater exchange of manufactured and processed goods, knowledge transfer, income generation, and poverty eradication. By creating a single, competitive, and richer African market, the African Continental Free Trade Area (AfCFTA) agreement is expected to increase intra-African trade by more than 50 percent, boost exports by 29 percent (equivalent to US$560 billion, mostly in manufactured goods), and lift 30 million people out of extreme poverty. But significant gaps in logistics, cross-border payments, and harmonisation of standards persist. As the COVID-19 pandemic has caused trade and market disruptions, it provides impetus to accelerate intra-African trade that is essential for developing regional value chains. The Bank remains fully committed to supporting the realisation of the African Union’s vision of the AfCFTA agreement.
Intra-African Trade

USHERING IN A NEW ERA FOR INTRA-AFRICAN TRADE AND REGIONAL ECONOMIC INTEGRATION

There are positive trends across Africa towards greater economic integration. Companies are becoming increasingly connected and intra-African investment is becoming an increasingly significant source of foreign direct investment. For example, in the East Africa Community (EAC), Uganda’s share of intra-EAC exports grew from one-tenth in 2005 to over 20 percent in 2019. Similarly, Senegal’s exports to the Economic Community of West African States almost doubled over the same period. Despite these advances, integration is currently underdeveloped in Africa, with the share of intra-regional exports only accounting for 17 percent of total African exports compared with 59 percent in Asia.

The socio-economic impact of the COVID-19 pandemic on African countries has been extensive. Regional supply chains are dislocated, merchandise trade is estimated to have contracted by almost 17 percent in 2020, and job losses and foregone income for self-employed workers are growing. The AfCFTA agreement has the potential to reduce vulnerabilities to COVID-19-related trade and market disruptions while mitigating the impact of the pandemic on the poor. By creating a single, competitive, and richer African market, the AfCFTA agreement could foster regional integration and intra-African trade that could help spur industrialisation.

The main intended benefits of the AfCFTA include:

- Increased intra-African trade
- Greater access to larger markets
- Increased confidence in, and diversity of, 商品 availability
- Increased competitiveness of African products
- Increased economic opportunities, employment, and incomes
- Improved public services
- Increased investment
- Increased efficiency and productivity
- Improved mobility

The socio-economic impact of the AfCFTA on African economies could be considerable. The full potential will only be realised through a serious commitment to implementing the agreement.

### Table 1.1 Effects of the Implementation of the African Continental Free Trade Area (AfCFTA) Agreement on Trade

<table>
<thead>
<tr>
<th>Sector</th>
<th>AfCFTA</th>
<th>Non-AfCFTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>49%</td>
<td>18%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>72%</td>
<td>26%</td>
</tr>
<tr>
<td>Natural resources</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Services</td>
<td>72%</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>81%</td>
<td>27%</td>
</tr>
</tbody>
</table>

**Source:** World Bank

As shown in Table 1.1, the implementation of the AfCFTA agreement could increase the value of intra-African exports by 81 percent (US$239 billion) and extra-African exports by 19 percent (US$321 billion) by 2035. Manufactures exports gain the most, representing some US$506 billion – an increase of US$220 billion within Africa and US$286 billion with the rest of the world. The effect on imports is also substantial, with intra-and extra-African imports increasing, respectively, by 102 percent (US$317 billion) and 27 percent (US$397 billion).

Implementation of the AfCFTA agreement expects to increase employment opportunities and wages for unskilled workers and help to close the gender wage gap. As a result of the agreement, the continent could see an increase in wages by almost 10 percent, with larger gains for unskilled workers and women (thereby reducing inequality). Real income gains could also increase by 7 percent, or nearly US$450 billion (in 2014 prices and market exchange rates). It is also projected that an additional 30 million Africans living in extreme poverty (that is, below the poverty line of US$1.90 a day) and 68 million people in moderate poverty (measured at US$5.50, purchasing-power-parity adjusted, a day) could be lifted out of poverty by 2035.

That said, realising these outcomes will depend on putting in place facilities to ease the AfCFTA’s short-term disruptions as well as significant trade facilitation measures.

**THE BANK’S CONTRIBUTION TO BOOSTING INTRA-AFRICAN TRADE**

Strengthening intra-African trade and supply chains could create a springboard for export-oriented growth. As companies globally rethink their supply chains, Africa could have access to new export opportunities, particularly to geographically proximate regions.

**Supporting the Implementation of the AfCFTA Agreement**

The Bank is at the centre of efforts to ensure that the AfCFTA is a success. In 2020, the Bank approved an institutional support grant of US$3 million to the AfCFTA Secretariat to help accelerate the implementation of the AfCFTA agreement.

Adopted in July 2019 by the African Union heads of state to facilitate the implementation of the AfCFTA agreement, the Pan-African Payment and Settlement System (PAPSS) will soon begin operations with the onboarding of the central banks of the six West African Monetary Zone countries (The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone). The first meeting of the PAPSS Governing Council, held on 3 December 2020, marked the commencement of implementation of the system that will enable intra-African trade and commerce payments to be made in African currencies, making access to inputs and enhanced market access for final products and services easier and more cost effective. The payment system could save the continent more than US$5 billion in payment transaction costs every year and help formalise a significant portion of the estimated US$50 billion of informal cross-border trade in the region. This first continent-wide digital instant payment system will be particularly important for post-COVID-19 recovery. As operator and
main settlement agent for the PAPSS, the Bank will provide settlement guarantee on the payment system as well as overdraft facilities to all settlement agents. An initial sum of US$500 million has been approved by the Bank for settlement support to central banks in the West African Monetary Zone.

The Bank is working with the African Union to support the roll-out of the Afreximbank–African Collaborative Transit Guarantee (AACTG) scheme, which aims to facilitate the movement of goods across regional economic communities under a single transit bond under the AfCFTA agreement. The AACTG scheme will soon become operational in the Common Market for East and Southern Africa, with haulers expected to be able to pass on US$300 million in savings annually (4 percent of the value of goods transited under the scheme).

The Bank is close to finalising the development of the statutes and Resource Mobilisation Plan for the AfCFTA Adjustment Facility, as mandated by the African Union heads of state at their 33rd Ordinary Session in February 2020. When completed, the plan will provide a mechanism for member states of the African Union to access financial and technical resources to implement the agreement and mitigate short-term disruptions and associated losses.

The Bank is working closely with the African Organisation for Standardisation (ARSO) to develop the African Quality Policy and African automotive standards to support the implementation of the AfCFTA, boost intra-African trade, and contribute to African industrialisation. The development of the policy brought together experts from 49 African countries and seven regional economic communities, and it is currently being considered by the African Union for adoption. The project to develop African automotive standards has seen harmonisation of 42 automotive standards, which will contribute towards the development of a viable automotive sector and facilitate trade and industrialisation under the AfCFTA (see Box 1).

The COVID-19 pandemic has highlighted Africa’s need for more essential medical supplies. In 2020, the Bank and the International Islamic Trade Finance Corporation partnered with ARSO to launch a new Arab Africa Trade Bridges Programme initiative (called the Harmonisation of Standards for Pharmaceutical and Medical Devices in Africa), aimed at promoting the quality and safety of medicines and medical devices imported into or produced on the continent. As part of a COVID-19 response, this initiative will facilitate and enhance the distribution of medical supplies across Africa. In the long term, it could lead to the emergence of regional supply chains for pharmaceutical and medical devices.

Connecting African Industries to Markets

Among the Bank’s efforts is the promotion of intra-African investment, given that growing investment leads to enhanced trade and the development of regional value chains. To that end, through its Global Facility for African Multinational Corporations (Intra-African Trade Champions), the Bank has made it possible for African exporters of heavy infrastructure equipment to compete effectively with global players in African markets, enabling them to win construction contracts in African countries, despite stiff competition from international players. In 2020, the Bank supported an Egyptian company in winning a US$35 million contract in the Democratic Republic of Congo for the purpose of financing the engineering, supply, installation, and commissioning of the Kasumbalesa HV substation project. Another US$150 million contract to improve the power distribution grid in Madagascar is under way. The Bank is also facilitating the construction of the

Box 1: The Impact of Harmonised Automotive Standards

The harmonised standards are contributing to the development of the automotive sector within the context of the African Continental Free Trade Area (AfCFTA) agreement.

- Eight international standards and one African standard are contributing to addressing issues related to divergent regulatory frameworks in Africa that restrict manufacturing and encourage imports of used vehicles.
- Five international standards and two African standards are responding to the challenge of unsafe motor vehicles on the market.
- Three international standards and three African standards are resolving the issue of lack of approved and harmonised test methods in Africa.
- Five international standards are spurring the production of quality fuels for modern engine technologies.
- Seven international standards are contributing to the increase certified components/spare parts, given that regional automotive value chains have not developed to a significant extent.
- One standard is assisting African countries to increase their manufacturing capabilities with value addition, which meets the rules of origin under the AfCFTA agreement and creates confidence among member states.
- Six African standards are stimulating the creation of a reliable network of automotive component and spare parts suppliers to service customer needs.
Intra-African Trade

US$30 million Juba-Nimule road in South Sudan by an Egyptian company, and a €120 million contract has been signed between a pan-African company and the government of Côte d’Ivoire for the construction of the Abidjan stadium. The Bank also assisted a Ugandan company in winning a road resurfacing contract linking the Democratic Republic of Congo to Uganda through Beni and Kasindi. In addition, with the help of the Bank, a memorandum of understanding has been signed between an Egyptian oil and gas company and the Ministry of Mines and Hydrocarbons of Equatorial Guinea to construct modular refineries (the Kogo refinery project). The Bank also assisted an Egyptian holding company to expand its activities into Ethiopia, which has contributed to a 1-million hectolitre increase in brewery capacity a year, creating 233 jobs and benefiting 243 Ethiopian small businesses.

The Bank’s Intra-African Trade Fair (IATF) initiative is already enabling an opening up of the African continent, with the second IATF to be held in 2021 in Durban, South Africa building on the successful first IATF held in Egypt in 2018. Of the US$32 billion in trade deals that were struck during the first IATF, 74.6 percent were closed as of December 2020 (7.9 percent are still in process and 17.5 percent did not materialise). The beneficiary countries include Egypt, Ghana, Malawi, Morocco, Namibia, Nigeria, Sierra Leone, and South Africa.

Transforming Intra-African Trade through Innovation

Experiences from the COVID-19 pandemic underscore the importance of digital innovation in improving market access and competitiveness. To seize the new opportunities, the Bank is building a digital ecosystem (the Africa Trade Gateway) (see Box 2). The gateway comprises five digital platforms that will help accelerate intra-African trade through the elimination or significant reduction of major bottlenecks to trade and financial flows across the continent by providing incentives for greater private sector participation in trade through increased access to trade services and intra-African payments and finance. It is estimated that, when completed, this

Box 2. The Africa Trade Gateway: Afreximbank’s Digital Vision Roadmap

To illustrate how these systems facilitate trade, consider an exporter/importer engaged in intra-African trade.

(1) The exporter’s/importer’s journey may start by visiting the Trade Information Portal to identify markets and potential buyers of his/her goods and services.

(2) The exporter/importer may also go to Africa Trade Exchange to trade under the African Continental Free Trade Area agreement market requirements.

(3) Having identified a potential buyer/seller, the exporter/importer is now interested in verifying the buyer/seller and can undertake customer due diligence, a service available under the MANSA Platform.

(4) The exporter/importer may then seek trade financing, country risk guarantees, interstate guarantees and other products provided by the Afreximbank (or other finance providers), which can be accessed through the Customer Online Application or A2F open market under the Trade Information Portal.

(5) The Regulatory Platform serves as a valuable guide with regard to regulations that are applicable to the export/import of goods or services in terms of standards, laws, licenses, permits, and so on in the relevant jurisdictions. The exporter/importer can complete all these within one window, thereby simplifying and improving the efficiency of intra-African trade.

(6) The seller/buyer can receive/send payments once the goods have been delivered/received. The payment/receipt can be facilitated through the Pan-African Payment and Settlement System (PAPSS).
innovative platform will help triple the share of intra-African trade in Africa’s total trade.

**Leveraging for Intra-African Trade Facilitation**

Constraints to African trade are largely attributable to its high costs. As a result, trade facilitation remains crucial for the successful implementation of the AfCFTA agreement. To that end, in 2020, the Bank financed the construction of a 224-kilometre cross-border road within the trade corridor between Côte d’Ivoire, Burkina Faso, Guinea, and Mali, as well as a 100-kilometre road from the Kankan-Mandina border to Côte d’Ivoire and Mali. The road project is expected to boost trade among these countries, increasing their contribution to intra-African trade by 4.4 percent and creating more than 400 jobs.

The Bank is also investing in upgrading and expanding a one-stop border post between Zimbabwe and South Africa to reduce the pass-through waiting time for commercial vehicles from 35–39 hours to 2–3 hours, with potential cost savings of about US$400–US$600 a day (see Box 3).

**Box 3: Upgrade and Expansion of the Beitbridge Border Post in Zimbabwe**

Beitbridge is one of the busiest borders in Southern Africa, with approximately 15,000 people and 500 trucks passing through the border daily and numbers intensifying during peak hours.

The upgrade and expansion of the border post will reduce the waiting period for commercial vehicles from 35–39 hours to 2–3 hours. The other option is the Botswana–South Africa border post, which takes about 3–5 hours. In addition, the introduction of a prepayment facility for truckers will further improve the efficiency of the border post and eliminate the need for truckers to carry cash, thereby reducing potential risks.
Chapter 02

Industrialisation and Export Development

Africa is making progress in industrialisation. The share of manufactured exports has expanded over time, although aggregate trade and production values mask huge variations in performance across firms. Exports are highly concentrated with a few ‘super exporters’ dominating the export bundle. Addressing direct constraints to industrial development would boost participation by exporting firms across all industries, with stronger effects for medium-sized firms. The COVID-19 pandemic has severely strained African industries, threatening to undermine decades of progress and jeopardise long-term goals, but it also presents new opportunities and could lead to a reshaped and more resilient African manufacturing sector after a recovery, provided that constraints to industrialisation are addressed. As a trade development financier, the Bank is playing a facilitative and catalytic role, working with public and private sectors and specialist international organisations to address constraints to industrialisation.
Industrialisation and Export Development

DRIVING INDUSTRIAL DEVELOPMENT ON THE BACK OF THE COVID-19 PANDEMIC

The share of Africa’s manufactured exports has expanded over time from 35.5 percent in 2008 to 48.9 percent in 2018, with exporters having become increasingly integrated into global value chains, but mainly as suppliers of upstream intermediate inputs.

Across the continent, there has been a steady rise in the number of companies that are innovating in their markets and generating real value. However, relative to the share of manufactured exports in other regions (for example, Europe at 89 percent and the Americas at 78 percent), Africa’s manufactures contribute significantly less. Exports are also highly concentrated, with a few ‘super exporters’ dominating the export bundle. In South Africa, for example, about 19–24 percent of manufacturing firms export their goods, but fewer than 10 percent of firms export more than half of their output. This relationship is not unique to South Africa but applies to other African countries as well, such as Lesotho, Madagascar, Zambia, and others (UNIDO, 2020 Industrial Analysis Platform). Hence, the trends in the aggregate data generally reflect the performance of large firms that dominate exports, and not necessarily the smaller manufacturing firms.

Manufacturing requires access to a broad set of intermediate inputs, and imports present the only available option for many firms in Africa to access these production inputs. However, recent studies show that Africa imports approximately 40 cents in inputs from outside the continent for every dollar of manufactured product – higher than most other regions in the world (McKinsey 2020). This made their reliance on global supply chains particularly salient during the peak of the COVID-19 crisis. It also raises costs for African firms and affects export competitiveness. Over five years, a serious push to reduce reliance on global supply chains could add an initial US$10–20 billion to the continent’s manufacturing output if 5–10 percent of imported intermediate goods can be produced within the region (McKinsey 2020).

Notwithstanding its devastating impact on Africa’s manufacturing, the pandemic could be an opportunity to accelerate the pace of inclusive industrialisation and diversify exports. New opportunities are likely to arise as investors look to diversify supply bases to enhance production resilience. The crisis creates an opportunity for African countries to build value chains for medical equipment, pharmaceuticals, and personal protective equipment. The clothing and textile sector could also be restructured to meet the needs of the health care sector while taking advantage of the breakdown in supply chains from China and Europe. As more countries imposed lockdowns to curb the spread of COVID-19, agricultural and processed food supply chains

The Bank’s interventions will make it possible for over a million people in Africa to benefit from investee projects
were disrupted, creating opportunities to build regional supply chains and partner with retailers. There are also opportunities to build productive infrastructure to support trade-carrying industries and intra-African health care tourism.

THE BANK’S CONTRIBUTION TO INDUSTRIAL DEVELOPMENT

The Bank’s support for industrialisation and export development aims to crowd in other public and private investments to mobilise the finance required to help develop Africa’s trade-enabling infrastructure.

The Bank’s interventions will make it possible for more than one million people in Africa to benefit from investee projects in agro-processing (Burkina Faso, Ethiopia, Kenya, Malawi, Mozambique, Nigeria, South Africa, Tanzania, Togo, Uganda, Zambia, and Zimbabwe); trade-enabling infrastructure (Angola, Côte d’Ivoire, Liberia, Malawi, Niger, Nigeria, Senegal, South Sudan, and Tunisia); and small enterprise development (Botswana, Cameroon, Democratic Republic of Congo, Republic of the Congo, Ghana, Nigeria, and Senegal).

Promoting Agribusiness to Diversify Economies

The Food and Agriculture Organization estimates that up to 50 percent of Africa’s agricultural production is lost every year from farm-to-market on account of shortcomings ranging from suboptimal use of inputs to improper post-harvest storage, processing, and transportation facilities. These challenges have been exacerbated by the COVID-19 pandemic, which has disrupted supply chains, heightened price volatility, and could further undermine household consumption.

Under its strategy to promote the emergence and expansion of export trading companies, the Bank, through its investment in one of the largest and fastest-growing integrated agricultural conglomerates in Africa, has scaled up support to provide smallholder farmers in several countries – Burkina Faso, Ethiopia, Kenya, Malawi, Mozambique, Nigeria, South Africa, Tanzania, Togo, Uganda, Zambia, and Zimbabwe – with market access and a range of services to facilitate exports and to ensure that a fair share of value-added goes to producers. This support will help create about 400 additional direct jobs across the continent, benefiting 4,500 local farmers, and provide African governments with an additional US$60 million in fiscal revenue.

In 2020, the Bank also invested in Africa’s tobacco value chain by supporting the purchase of green leaf from local farmers in Africa’s three main tobacco-producing countries (Malawi, Zimbabwe, and Tanzania) for processing, packaging, and exporting tobacco (see Box 4). This intervention is anticipated to increase tobacco-processing capacity in East and Southern Africa by 200,000 metric tons, create about 200 jobs, and benefit 100,000 local farmers (mostly women and the youth).

Box 4: Financing Africa’s Tobacco Value Chains to Boost Value-Added Exports

Producers are the starting point of most value chains. Helping them capture value or produce value-added products improves value chain performance while increasing rural incomes and employment and harnessing economic growth for rural areas. As the product passes through the stages of the value chain, its value increases.

Tobacco is an important crop for Malawi, Tanzania, and Zimbabwe, accounting for about 40–50 percent of their export earnings. Availing support to entities engaged in tobacco production boosts countries’ export earnings and, hence, much-needed foreign exchange. It also creates employment and facilitates export diversification, which, in turn, reduces poverty.

Uganda, Zambia, and Zimbabwe – with market access and a range of services to facilitate exports and to ensure that a fair share of value-added goes to producers. This support will help...
encompass a 100-bed, fit-for-purpose out-patient medical centre and an in-patient medical facility in Monrovia. When completed, the project is expected to create about 300 jobs during the construction phase and about 500 jobs during the operations phase and enhance positive health outcomes.

In its efforts to develop industrial parks and special economic zones, the Bank is supporting member states to leverage their comparative advantages to produce value-added goods and services that can be assimilated into regional and global value chains. In 2020, the Bank deployed its Project Preparation Facility to help finance the preparation of bankability and feasibility studies (technical, financial, market, environmental) and procurement of transaction advisors (legal and financial) for two industrial parks in Malawi to be located in Lilongwe and Blantyre. When completed, these projects are expected to attract investments of about US$2 billion (equivalent to 20 percent of Malawi’s gross domestic product GDP) into the labour-intensive agro-processing and light manufacturing sectors in Malawi and create about 21,000 direct and 45,000 indirect jobs. The Bank is also working to develop the Abidjan PK-24 industrial park in Côte d’Ivoire, after securing the development agreement with the Ivorian authorities.

To ensure that African products are manufactured to international standards and enhance the competitiveness and attractiveness of ‘Made-in-Africa’ products, the Bank is supporting the emergence of internationally accredited African Quality Assurance Centres across the continent. The construction of the first of these centres is under way in Nigeria and studies are advanced towards similar projects in Egypt, Ethiopia, and Tanzania. In 2020, the Bank also approved a grant of US$150,000 to the Southern African Development Community Accreditation Service (SADCAS), which will help further SADCAS’ efforts to assist African manufacturers meet standards, access new markets, attract new investors, and achieve greater buyer satisfaction.

In the transport sector, the Bank is helping Angolan Airlines set the standards for airlines in Africa in operating modern and fuel-efficient fleets in support of intra-African air transport, as envisioned under the African Union’s Single African Air Transport Market strategy. In the short term, six additional aircraft will be added to the airlines, which currently operate in 58 destinations, to strengthen their regional routes and to assist with aircraft replacement. The project will help facilitate trade across Southern Africa and create about 100 direct jobs and many more indirect jobs.

In the energy sector, the Bank has supported investments in Angola, Niger, Nigeria, Senegal, South Sudan, and Tunisia through availing resources for financing of maintenance contracts and capital expenditures as well as imports of oil and gas products to help ensure that industries have reliable access to power. The support to a Tunisian company for strategic imports of gas, mainly from Algeria and Egypt, will assist companies in the country’s mining, manufacturing, and agribusiness sectors increase productivity and capacity utilisation, hence contributing to exports, GDP growth, and foreign currency generation.
Supporting Small and Medium-Sized Enterprise Development

African small and medium-sized enterprises have a fundamental role to play in transforming African economies and accelerating the pace of industrialisation. Currently only 15 percent of Africa’s estimated 90 million small and medium-sized enterprises operate in the formal sector.

The Bank, through its strategy to promote the emergence and expansion of export trading companies is incentivising small and medium-sized enterprises to enter the formal economy by generating market access for them. The Bank’s Creative Africa Nexus programme also assists small and medium-sized enterprises in the fashion, film, music, and arts and crafts industries (which are mostly in the informal sector) to access technical support, finance, investment, and market opportunities.

Furthermore, the Bank continues to support small and medium-sized enterprises in the export supply chain that cannot obtain a viable alternative source of finance to traditional bank funding. In 2020, the Bank approved US$4 million to factoring companies in Africa, benefiting small and medium-sized enterprises in Botswana, Cameroon, the Democratic Republic of Congo, the Republic of the Congo, Ghana, Nigeria, and Senegal. The Bank is also supporting the creation of a facilitative legal and regulatory environment for factoring, providing guarantees and technical assistance, and forming strategic partnerships to promote the development of factoring on the continent. Through the efforts of the Bank and Factors Chain International, three companies from Kenya, Mauritius and Nigeria joined the latter in 2020.

A Fund for Export Development in Africa

Africa’s drive towards diversifying its exports away from commodities cannot be realised without a fund that is able to provide the long-term equity financing that such projects require. The Fund for Export Development in Africa (FEDA), a development-oriented equity investing subsidiary of the Bank, was launched in 2018 and entered into operational phase in 2019. It expands the Bank’s offerings to include equity investments and will facilitate foreign direct investment into the African export sectors to fill the equity funding gap, which amounts to US$110 billion a year in trade-related sectors.

FEDA will invest across all market segments, with greater focus on small and medium-sized enterprises that face substantial funding shortages. It will also invest in mature companies and start-up businesses where there is a gap in the marketplace and where investments have high value-added and development impact in Africa. The Bank has committed US$350 million to FEDA, including commitments for operation of a credit fund and investments in the Bank’s strategic initiatives and those to be deployed under limited partnership frameworks. The Bank and the government of Rwanda, on 22 November 2020, signed key documents related to the establishment of FEDA; the Establishment Agreement creates FEDA and the Headquarters Agreement provides that the Republic of Rwanda will host the headquarters office. The government of Mauritania has also signed an Establishment Agreement.

The Bank approved

US$4m
to factoring companies in Africa, benefiting small and medium-sized enterprises.
As COVID-19 spread, risky asset and commodity prices fell sharply and government bond yields reached all-time lows, consistent with a marked deterioration in risk appetite and in the outlook for global and African economic growth. The crisis called for emergency facilities, such as trade finance lines of credit and risk-mitigation instruments earmarked for trade-related transactions. Building on its successful past experiences, the Bank moved rapidly to mobilise African and global partnerships to scale up the size and scope of its support to the continent and help make trade finance more accessible and affordable, while helping to narrow the knowledge gap in Africa’s trade finance market. Through its diversified innovative programmes, Afreximbank is providing Africa-based solutions to help meet African trade finance needs.
THE IMPACT OF COVID-19 ON TRADE FINANCE IN AFRICA

The trade finance gap in Africa, while contracting, remains unacceptably high. According to the African Development Bank–Afreximbank 2020 Trade Finance Report, over the nine years leading up to 2019, the average size of the trade finance gap in Africa was US$ 91 billion. It decreased slowly, but steadily, from US$120 billion in 2011 to US$70 billion as at the end of 2016. But the downward trend has since reversed. The 2019 gap was estimated at US$81.80 billion. Given that the global trade finance gap was estimated at US$1.5 trillion in 2018, average unmet demand in Africa represents 5.5 percent of the global trade finance gap.

At the same time, the average size of bank-intermediated trade finance in Africa was estimated at US$417 billion (equivalent to 40 percent of Africa’s total trade). In comparison, 80 percent of world trade is bank intermediated, suggesting that African trade is significantly underserved by banks. Competition, new banking regulations on know-your-customer/anti-money laundering, and strict capital requirements introduced after the global financial crises have increased due diligence costs and decreased margins, making small transactions, particularly for small and medium-sized enterprises, unprofitable for banks.

Prior to the COVID-19 pandemic, the trade finance gap in Africa was already large and expanding, and has since been exacerbated. While the crisis creates additional and unique sources of demand, the supply of trade finance is under severe pressure, and trade finance yields are experiencing downward pressure. Furthermore, the combination of the level of foreign currency-denominated debt becoming due, reliance on single-commodity exports, and limited fiscal space, have undermined African governments’ degrees of freedom for crisis response and have weighed on domestic and cross-border correspondent banks’ risk appetite.

The pandemic caused a steep drop in investment flows, hitting Africa hardest. Global foreign direct investment inflows are forecast to decrease by close to 40 percent in 2020 from US$1.54 trillion in 2019, bringing them below US$1 trillion for the first time since 2005 (Figure 3.1). The COVID-19 crisis arrived at a time when foreign direct investment was already in decline, with inflows to Africa having dropped by 10 percent in 2019 to US$45 billion; they are estimated to have contracted by 25–40 percent in 2020. A further expansion in the finance gap will hinder recovery efforts and constrain economic growth and African Continental Free Trade Area potential. Supporting the financial sector’s capacity to extend trade finance will expedite post-pandemic recovery by providing the financing needed to restart business activities and renew trade.

The Bank is helping to fill both financing and knowledge gaps in Africa’s trade finance market.
AFREXIMBANK’S CONTRIBUTION TO NARROWING THE TRADE FINANCE GAP IN AFRICA

The Bank is helping to fill both the financing and knowledge gaps in Africa’s trade finance market. In 2020, the Bank contributed to the narrowing of trade finance gap in Africa by almost 13.5 percent (compared with 10 percent in 2019).

The Bank’s 2020 loan portfolio comprised 73 interventions with total disbursements of US$10.95 billion (see Figures 3.2 and 3.3 for a breakdown by sector and direction of trade). A bias towards extra-African trade in 2020 was mainly due to imports of pharmaceuticals and health care equipment in response to the COVID-19 pandemic. The gap between approvals and disbursements was managed downwards. The Bank’s working funds are from various sources and encourage co-financing opportunities with other development partners and financiers.

Through its Trade Facilitation Programme, which comprises the Letter of Credit Confirmation Programme and the Letter of Confirmation Guarantee Programme, the Bank onboarded 370 African banks in 2020 and extended letter of credit confirmation to 128 banks, benefiting 33 member states.

The Bank also granted 286 trade finance lines amounting to US$6.5 billion to 20 countries across Africa (predominantly least-developed countries) to meet their trade financing needs. Of these lines of credit, 156 were granted to Southern Africa for US$399 million, 94 to West Africa for US$2.1 billion, 22 to Central Africa for US$223.8 million, 8 to North Africa for US$3.6 billion, and 6 to East Africa for US$196 million. These lines of credit resulted in 48,960 subloans to small and medium-sized enterprises, benefiting mostly women and the youth.

The Bank’s African Customer Due Diligence Repository Platform was launched on 30 November 2020. The platform will provide the single trusted source of primary data required to conduct customer due diligence and ‘know-your-customer’ checks on African entities, including financial institutions, corporates, and small and medium-sized enterprises, in accordance with best practices. The platform will also serve to address key trade-related challenges facing the continent, including the lack of market information and the high cost of doing business and discovering African counterparties. In 2020, 251 profiles were published on the platform, comprising financial institutions (53 percent), corporates (18 percent) and small and medium-sized enterprises (29 percent).

Finally, in 2020 the Bank helped develop national and continental export credit structures, through its Country Export Programme, to assist African exporters compete favourably with exporters from other parts of the world. In addition, the Bank assisted the Central Bank of Egypt to establish an export credit risk guarantee company and signed a mandate with the Export Development Fund of Malawi for the re-purposing and repositioning of the fund.
In accordance with its 2017–21 Strategic Plan, the Bank’s efforts are focused on supporting Africa’s economic transformation and, in carrying out this mandate, the Bank seeks to maximise the development impact of its operations and deliver development outcomes as efficiently as possible. To help ensure a high quality of delivery, the Bank employs its Trade Development Impact Assessment (TDIA) framework.
The TDIA framework was developed in 2018 and implemented in 2019 to better monitor and enhance the impact of the Bank’s interventions relative to its development objectives. In 2020, a significant milestone was achieved with the development of the guidelines for TDIA ratings and the adoption of the TDIA roadmap for full implementation. The Bank also adopted its Development Impact Framework for the Fund for Export Development in Africa (FEDA), which will be implemented in 2021.

In addition, in 2020, the Bank issued its first Annual Trade Development Effectiveness Report, through which it reports to management and stakeholders on the contribution of its interventions on Africa’s trade and development.

In 2021, the Bank will apply the TDIA ratings in its initial assessment of facilities to determine how well they can be expected to assist the Bank in achieving its development objectives and guide the optimal portfolio selection. Each onboarding facility will be assigned a TDIA score (high, medium, or low) before it goes for preassessment.

Other initiatives include the development of a monitoring and evaluation framework for the African Continental Free Trade Area Adjustment Facility and the Automotive Strategy, as well as a monitoring and evaluation framework for tracking the performance of integrated agro-food parks for rural industrialisation, in conjunction with other development partners and coordinated by the United Nations Industrial Development Organization.

The realisation of the Bank’s development objectives and support for Africa’s transformation agenda depend on the effective deployment of its programmes and products. As such, the Bank will continue to build its trade development impact evaluation capacity to track its performance against development outcomes, allowing for real-time feedback into operations, validating actual results through evaluation, and using this information to improve the design of future facilities for greater impact.