



FUND FOR EXPORT DEVELOPMENT IN AFRICA (FEDA)

African Export-Import Bank
Banque Africaine d'Import-Export

Transforming Africa's Trade



Why FEDA?

The African Export-Import Bank (Afreximbank) has a strong track record in successfully lending to companies throughout Africa and across different sectors, using commercial banks as Trade Finance Intermediaries and also through direct lending. The Bank has played a critical role in mobilising trade finance into Africa by catalysing foreign direct investment (FDI) into critical sectors. To expand its offerings to include vital equity investments, Afreximbank has created the Fund for Export Development in Africa (FEDA).

The need for FEDA has arisen from research which shows that there is equity funding gap of about USD110bn across Africa, and a need to meet a sectoral gap in impact equity investments in sectors which are critical to driving intra-African trade and export development. Thus, FEDA is complementary to the Bank's major initiatives in the areas of Intra-African Trade and Export Development. The ability to provide equity financing to key companies in the value chain of critical industries and sectors will significantly increase the likelihood of success in delivering on the Bank's development priorities and building up the Bank's business

volumes under the main pillars of the Intra-African Trade Strategy (Create, Connect and Deliver) and the Industrialization/Export Development Strategy (Catalyze, Produce, Trade).

FEDA is a development-oriented fund which will provide equity capital, in order to achieve a reasonable financial return, while delivering development impact in Africa. In this way, FEDA will deviate from the traditional private equity model, which simply focuses on risk and reward.

All Afreximbank member countries are eligible for FEDA investment, provided they meet country selection criteria. The Fund Manager will work with set criteria to determine sectors that have the greatest potential for intra-African trade and export development in each member country.

Objectives

The long-term objective of FEDA is the provision of equity capital and related financial, non-financial and support services targeted at operators in Africa's tradables and support sectors, with emphasis on activities that will promote and facilitate intra-African trade and value-added

exports (goods and services).

Taking a cue from the role FDI played in converting Asian economies into export success stories, a key objective of FEDA is to leverage on the role Afreximbank has played in mobilising trade finance into Africa. FEDA is expected to mobilise FDI into the continent.

Fund Size

FEDA is being set up as a wholly-owned subsidiary of Afreximbank, which will implement the Bank's Equity Investment Programme. FEDA will be set up with an initial \$100 million commitment.

Areas of intervention

FEDA will invest across all market segments but with greatest focus on SMEs, which represent about 90% of businesses in Africa. FEDA will also invest in mature companies and startup businesses where there is a gap in the marketplace and where investments have a high level of additionality. FEDA will intervene in the following sectors:

- Agribusiness
- Manufacturing
- Consumer goods and retail
- Financial institutions
- Technology
- Tradable services
- Travel, Tourism, entertainment, healthcare, etc.
- Transportation and logistics

Implementation timeline.

The Fund's implementation is currently ongoing with operations expected to commence after completion of the establishment phase.

For more information on FEDA please contact:

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