

# **AFRICAN DEVELOPMENT BANK**



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## **PROJECT SUMMARY NOTE**

**BANQUE POUR LE COMMERCE ET L'INDUSTRIE (BCI) MAURITANIE**

**TRADE FINANCE FACILITY TO SUPPORT SMES IN MAURITANIA**

**MAURITANIA**

**JULY 2021**

**PROJECT SUMMARY NOTE**

<b>Project Description /Use of Funds</b>	Provision of an EUR 10 million Trade Finance Line of Credit (TFLOC) to Banque pour le Commerce et l’Industrie (BCI). The facility will help meet the trade financing needs of SMEs in key sectors of the country's economy, under the challenging situation caused by the COVID-19 pandemic. It will support the procurement of machinery, inputs, equipment, consumer goods, foodstuffs and materials for fish and food processing, manufacturing, construction, agriculture, health and handicraft sectors.
<b>Client</b>	Established in 1999, BCI is one of the leading trade finance bank in Mauritania.. The bank’s network of international correspondent banks enables it to effectively support local SMEs and corporate clients to finance and confirm international trade transactions. BCI has been able to put in place an effective governance system for prudent management. The capital is held by Mauritanian nationals and non-national individual investors. BCI’s selection as beneficiary of the proposed facility was based on its local roots and support to SMEs in the country's key economic sectors, as reflected in its portfolio and trade finance track record. BCI has subsidiaries in Mali, Guinea and Senegal and aims to consolidate its role as an active trade finance banking group in the sub-region.
<b>Financing Plan</b>	The loan will help BCI expand its trade finance activities in Mauritania. Various other sources of funding, internally generated resources, inter-bank refinancing and standby lines of credit and correspondent bank refinancing will support this expansion.
<b>Role of the Bank</b>	Provision of a EUR 10 million trade finance facility to BCI.
<b>Market</b>	Access to trade finance for SMEs and local corporates in Mauritania remains a challenge due to inadequate resources and high country risk perception.. The situation has been compounded by the sharp decline in economic activities as a result of the COVID-19 pandemic. The economy is heavily dependent on imports and exports. The country imports basic foodstuffs (wheat, rice, sugar, etc.), equipment, health and energy products, capital goods and construction materials, while it exports fishery products and minerals. The low level of foreign exchange earnings and scarcity of stable funds constrain the ability of local banks to meet the growing demand for TF instruments of SMEs and local businesses engaged in international trade. As one of the leading banks, BCI is among the most active providers of trade finance.. The overall capacity of local banks falls short of the high demand of SMEs and indigenous corporates for trade finance instruments, creating an expanding trade finance gap.

<p><b>Strategic Alignment</b></p>	<p>The Bank's intervention through the facility will strengthen access to finance for the private sector. The proposed intervention is in line with the Bank's operational priorities and the Financial Sector Development Strategy that promotes: improved access to finance for SMEs and broadening/deepening of the financial systems. The facility is consistent with three of the High 5s namely (i) Improve the quality of life for the people of Africa, (ii) Feed Africa and (iii) Industrialize Africa. Furthermore, the facility aligns with Mauritania's Country Strategy Paper (CSP), which underscores the need to develop the private sector as the engine for economic growth and job creation.</p>
<p><b>Development Outcomes</b></p>	<p>The proposed facility is expected to deliver good development outcomes, mainly in: (i) private sector development through better access to trade finance resources for local SMEs and businesses; (ii) Regional integration and economic resilience thanks to the support of a local bank that operates in 3 countries of the sub-region and thus participate in strengthening economic resilience and supporting intra-African trade; and (iii) Gender and social effects through support for the population and the employment of women in the target sectors of activity of the facility. The facility will also contribute to inclusive growth given its support to SMEs operating in key sectors of the country's economy and therefore its contribution to economic diversification.</p>
<p><b>Additionality and Complementarity</b></p>	<p>The additionality of the Bank is primarily financial, resulting from the provision of medium-term resources in foreign currency to support the trade finance activities of SMEs and local businesses. The proposed facility will enable BCI to access much needed resources at an affordable cost, diversify its funding base and finance its activities more effectively. It will provide stable foreign exchange essential for financing SMEs. The facility will also give international banks the incentive to provide more confirmation lines to BCI. Furthermore, the facility is expected to strengthen BCI's financial resilience, credibility and position on the market as a local bank and will allow it to continue expanding its network of partners and consolidating its confirmation and refinancing lines through entry into relationship with new international confirming banks.</p>