Early Warning System

AFDB-P-Z1-HAA-092

Multinational - COMESA Regional Trade and Project Finance Support Facility - Eastern and Southern African Trade and Development Bank (TDB)

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Quick Facts

Financial Institutions	African Development Bank (AFDB)
Status	Completed
Bank Risk Rating	U
Voting Date	2019-07-17
Borrower	Eastern and Southern African Trade Development Bank
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million

Project Description

According to bank documents, the proposed project concerns a US$ 50 million Trade Finance Line of Credit (TFLoC) to Eastern and Southern African Trade Development Bank (TDB). TDB was founded in 1985 as a multilateral, treaty-based financial institution with international immunities and privileges. It was conceived as the financing arm of the Preferential Trade Area for the Eastern and Southern African States, which was later transformed into Common Market for Eastern and Southern Africa (COMESA). TDB is a development finance institution (DFI), with whom the AfDB has an existing relationship spanning over 20 years. The facility is part of a US$ 300 million funding package to Eastern and Southern African Trade Development Bank (TDB), comprising US$ 200 million unfunded Risk Participation Agreement (RPA) and US$ 50 million long-term Line of Credit (LoC). The TFLOC will have a tenor of 3.5 years.The proposed TF package will enhance TDB's capacity to provide trade confirmation services to Issuing Banks in the COMESA region and beyond. This will complement the AfDB's support to TDB on the long-term project finance front. The facility's trade finance component will enhance the TDB's confirmation capacity, support its rapidly expanding forfeiture business, and help it become a globally acceptable confirming bank.

The ultimate objective of the proposed financing package is to provide support to TDB with trade and project finance funding to on lend to projects in high impact sectors including infrastructure, energy, manufacturing, agribusiness and healthcare in the Common Market for Eastern and Southern Africa (COMESA) region. The overarching objective of this financing facility is to provide trade finance funding to facilitate import-export activities of SMEs and local corporates in COMESA member states.

Investment Description

- African Development Bank (AFDB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Eastern and Southern African Trade and Development Bank (Financial Intermediary)

Contact Information

Contact information not provided at the time of disclosure

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at https://www.afdb.org/en/independent-review-mechanism/.