

 Early Warning System

AFDB-P-Z1-HAA-093

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



Quick Facts

Financial Institutions	African Development Bank (AFDB)
Status	Approved
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)	\$ 200.00 million



Project Description

According to bank documents, 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 enhance the risk bearing capacity of the TDB, to be able to provide trade finance confirmation to issuing banks in its regional member countries, especially those in transition states.

The proposed project concerns a US\$ 200 million unfunded Risk Participation Agreement (RPA) 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\$ 50 million Trade Finance Line of Credit (TFLoC) and US\$ 50 million long-term Line of Credit (LoC). The RPA will be for 3 years and the tenor of the underlying transactions will not exceed 2 years. The RPA component of this facility package provides a means to crowd in other private sector sources to provide financial support to countries where AfDB is constrained to intervene directly. The facility will be used to secure obligations arising from TF and trade related instruments originated within the COMESA member states such as letters of credit, bank guarantees, avalized obligations from documentary collections, bankers' acceptance, pre and post import financing, factoring and forfeiture among others. The RPA facility will also provide a capital relief to TDB, which is crucial in cushioning its investment grade status and effectively enhance its profile as a confirming bank for African Issuing Banks and making its confirmation acceptable to international counter parties, allowing TDB to play a meaningful role in facilitating trade on the African continent. This is in line with the Bank's strategy to support regional financial institutions to play a meaningful role in African development.



Investment Description

- African Development Bank (AFDB)



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/>.