Early Warning System

AFDB-P-Z1-HAB-073

Regional - Attijariwafa Bank - Partnership for Trade Development in Africa

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Quick Facts

Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2019-07-17
Borrower	Attijariwafa Bank
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 11.23 million

Project Description

According to bank documents, the project consists of a partnership between the African Development Bank (AfDB) and Attijariwafa Bank (AWB) for the development of trade in Africa in the form of a EUR 10 million unfinanced Risk Participation Agreement (RPA) under which both banks agree to share the default risk on a portfolio of eligible trade transactions initiated by African issuing banks (IBs). AWB SA is a Moroccan banking group and a Pan-African multinational based in Casablanca, born of the merger between Banque Commerciale du Maroc founded in 1911 (private bank deemed the first in Morocco) and Wafabank in 2003. The Bank's share of risk will be at most 50% for every transaction except for five (5) IBs from Mauritania and Guinea-Conakry (Mauritania: Banque pour le commerce et l'industrie et Banque populaire de Mauritanie || Guinea Conakry: Banque Islamique Guinee, Orabank, and Banque pour le commerce et l'industrie) where coverage may be up to 75%. Under this Agreement, AWB will place TF resources at the disposal of local banks in Africa and guarantee their financing commitments by confirming their letters of credit (L/C). AfDB will then guarantee up to a maximum of 50% of the value of these transactions confirmed by AWB. This mechanism will serve to guarantee obligations arising from TF instruments such as credit confirmation letters, acceptance letters, export loans (pre-shipment), import loans, the financing of export and import bills, warranty cards, etc. The RPA ceiling will be in EUR, but related transactions can be either in EUR or USD. The duration of the mechanism will be 3 years and the maturity of each transaction cannot exceed 2 years, mindful that most transactions will be for 90 days, in line with standard practice in TF operations.

This RPA aims to: (i) contribute in reducing the TF deficit in Africa; (ii) promote inclusive economic growth and diversification through support for industrialisation; and (ii) increase intra-African trade and strengthen regional integration. The proposed mechanism will help meet the growing demand for TF in Africa, particularly in RMCs and States in transition, providing support to external trade in vital economic sectors like agriculture through fertiliser imports and exports. It will promote regional integration by stimulating intra-African trade and Africa's industrialisation while ensuring imports of high value-added equipment and machines.

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.

- Attijariwafa Bank S.A. (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/