Early Warning System

EBRD-24551

Gap analysis and benchmarking of the suitability of leasing legal and operating environments in Sub-Saharan Africa (SSA)

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Quick Facts

Countries	Benin, Ghana, Ivory Coast, Kenya, Nigeria, Senegal
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	U
Borrower	Regional
Sectors	Finance, Industry and Trade, Technical Cooperation
Investment Type(s)	Grant

Project Description

According to the Bank’s website, leasing can be particularly effective in supporting SMEs that may lack sufficient collateral or credit history to access traditional bank lending, thereby providing an alternative source of finance. Through capital investment and improved access to productive assets, leasing contributes to economic development and promotes a more inclusive and competitive market by reaching underserved companies.

Leasing has become a well-established part of the financial sector and an important alternative to traditional bank financing in a number of markets. However, leasing markets across SSA remain at varying stages of development and are often constrained by legal, regulatory and operational challenges. The Bank has a long track record of supporting non-bank financial institutions ("NBFIs"), including the leasing sector across its Countries of Operations ("COOs") through a combination of direct investments and technical cooperation. More specifically, the Bank deploys around EUR 400-500 million of financing to NBFIs each year, of which a substantial amount is channelled to leasing companies, with active clients in more than 20 markets.

The proposed market assessment seeks to provide leasing market stakeholders ("Beneficiary") with a framework to benchmark the legal, regulatory and operating environments of EBRD's SSA COOs against other relevant leasing markets, illustrating both successful reform experiences and common challenges. It will identify market constraints and reform opportunities affecting the capacity of leasing providers to serve SMEs, as well as measures that can strengthen market infrastructure, improve access to finance and support sustainable sector growth.

By providing recommendations on how to close the legal and operating gaps in the respective local leasing markets, the assignment will guide the leasing associations' advocacy and educational work both towards the legislator and towards the leasing companies. Ultimately, this will help the leasing companies expand their operations with the private sector (thereby reducing the reliance on state contracts) and finance a broader range of productive assets (beyond vehicles). Addressing the unmet demand for equipment leasing from the private sector will enable leasing companies to grow their on-balance sheet leasing operations and will therefore unlock investment opportunities for EBRD.

TC Services shall include the delivery of a comprehensive assessment of the leasing sectors in the Target Countries of Operation [(1) Nigeria, (2) Kenya, (3) Cote d'Ivoire, (4) Benin and (5) Senegal] and a comparative benchmarking assessment against relevant Benchmark Countries at different stages of market development: Uganda, Malaysia, Pakistan, South Africa and the UK for common law Target Countries, and Kazakhstan, Mexico, Tunisia and France for civil law OHADA Target Countries.

The assignment will also cover Ghana once it becomes an EBRD Country of Operation, subject to project implementation timelines and relevant internal approvals. The TC shall include the following components:
* A gap analysis and recommendations for each of the Target Countries of Operation;
* A presentation of the gaps identified relative to more mature markets and recommendations to improve the efficiency and attractiveness of the leasing market in each of the Target Countries of Operation;
* A benchmarking assessment of the Target Countries of Operation against the Benchmark Countries;
* Capacity building workshop(s) in SSA (Kenya/Nigeria).

Investment Description

- European Bank for Reconstruction and Development (EBRD)

Investment amount not available at the time of disclosure.

Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can request information by emailing: accessinfo@ebrd.com or by using this electronic form: https://www.ebrd.com/eform/information-request

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent.

You can contact the PCM at: pcm@ebrd.com or you can submit a complaint online using an online form at: http://www.ebrd.com/eform/pcm/complaint_form?language=en

You can learn more about the PCM and how to file a complaint at: http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html