

Issue Brief: IFC Global Trade Finance Program

AT A GLANCE:

- Trade is vitally important in an integrated world, and can be an effective tool in private sector development. The \$1 billion IFC Global Trade Finance Program (GTFP) facilitates trade by providing guarantees to support both import and pre-export financing to cover the payment risk in trade transactions with local banks in emerging markets.
- The GTFP extends and complements the capacity of banks by providing risk mitigation to encourage trade with new and challenging markets.
- Since its inception in October 2005, GTFP has issued over \$2.8 billion in guarantees to support more than 3,700 individual trade transactions.
- 55 percent of the dollar volume of guarantees has supported trade with IDA countries.
- 47 percent of the dollar volume of guarantees has supported trade with sub-Saharan Africa.
- Over one third of total guarantees has supported trade between emerging markets.
- 70 percent of dollar volume of guarantees covered shipments of less than \$1 million, serving small business importers and exporters.
- Banks participating in the GTFP have access to an extensive global network of more than 200 partner institutions. The network now includes 122 issuing banks in 65 countries and 144 confirming banks in 70 countries.
- The GTFP reaches banks and their customers in underserved markets. Banks that have recently joined the program include Bank of Palestine in the West Bank and Gaza, Prior Bank in Belarus, and Ficohsa in Honduras.

Current Achievements

- **Strong Support for IDA and Post-Conflict Markets:** The GTFP has a strong development impact in countries where no documentary credit has previously been available and where trade lines with international banks have been insufficient to support the growing demand for imports and exports. Trade has been supported in post-conflict countries such as Lebanon, Liberia, and most recently Haiti where banks have received advisory services and training courses.
- **Support for South-South and Multiple Transactions:** Other notable transactions include guarantees issued for the sale of dairy products from Ukraine to Tajikistan, the import of textile machinery into Bangladesh, dry yeast from Turkey to Burundi, and medicines from China to Argentina.
- **Advisory Services and Training Build Capacity:** The GTFP has been providing training and advisory services aimed at strengthening the capacity of banks. Since 2006, more than 700 participants from 252 banks across 47 countries have benefited from the 45 training and advisory services programs. Basic and intermediate training courses have been carried out in Senegal, Cameroon, Ghana, Kenya, Nigeria, Sierra Leone, Tanzania, Ethiopia, South Africa, Rwanda, Mozambique, Nicaragua, Mexico, Peru, Haiti,

Trinidad & Tobago, and Bangladesh. Additionally, extended on-site advisory services were carried out in Sierra Leone, Liberia, Nicaragua, Uganda, Haiti, Mongolia, and Papua New Guinea.

- **Expanding Trade Finance through Smaller Banks:** Beyond the benefits to IDA countries, the GTFP offers benefits for small banks in the middle income emerging markets, a segment which is traditionally underserved by the international banking community. Data from individual client banks indicates that participation in the program allows them to expand their number of correspondent banks, increase their volume of trade and attract new customers.

Please visit www.ifc.org/GTFP for updated country coverage.

Updated September 2008

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