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**itfc**  
International  
Islamic Trade  
Finance Corporation



ITFC PROGRESS  
REPORT ON  
ENHANCING  
INTRA-OIC TRADE

**ITFC REPORT  
TO THE  
35th MEETING  
OF THE FOLLOW-UP  
COMMITTEE OF THE  
COMCEC**



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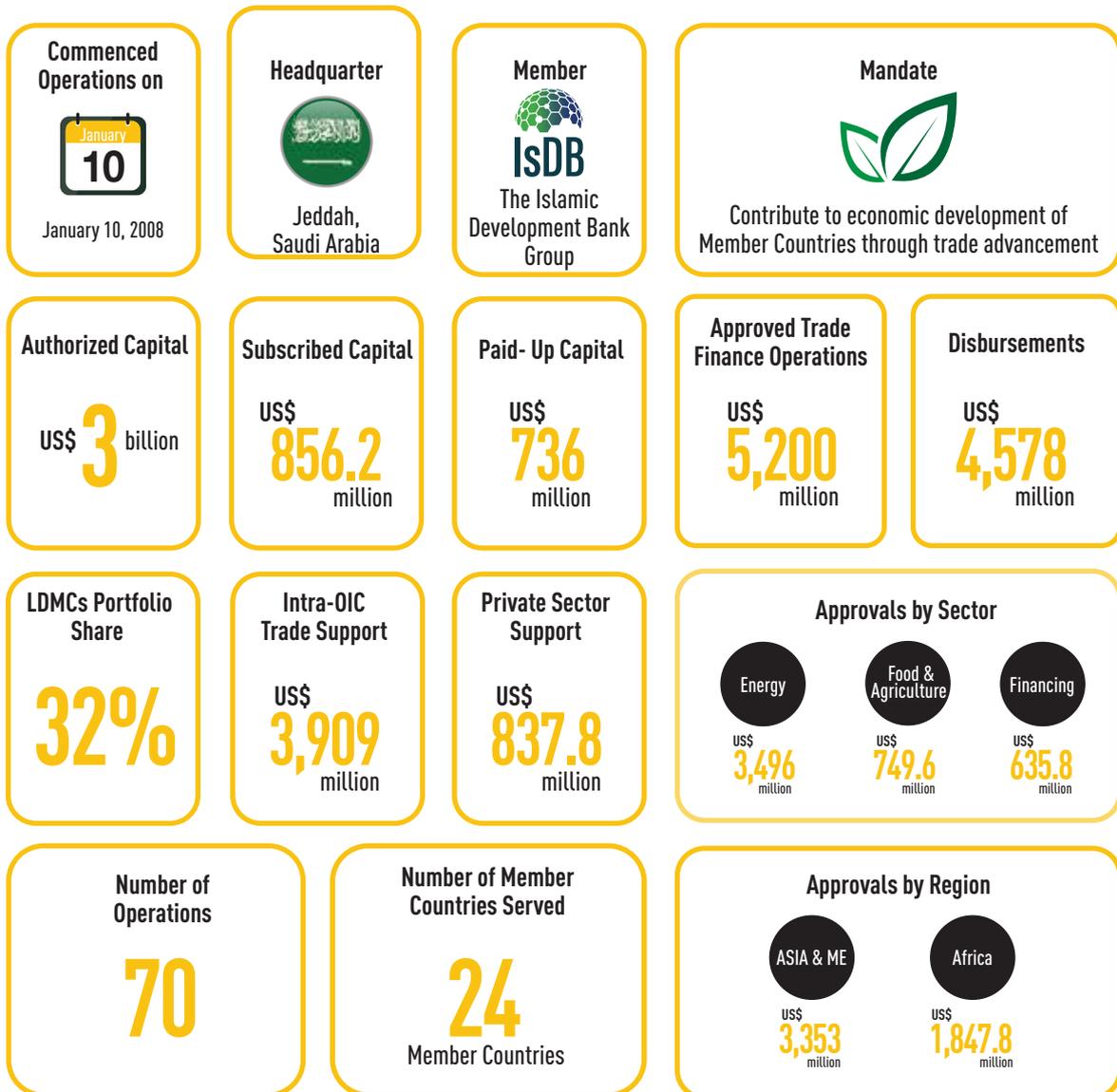


# INTRODUCTION

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# ITFC at a Glance

## 2018 Financial and Operational Highlights



# Key Achievements

## up to March 31st, 2019

### **ITFC STRATEGY**

Launch of ITFC 10 Year Strategic Plan – ITFC new 10 Year Strategic Plan highlights the vision to become ‘The Leading Provider of Trade Solutions for OIC Member Countries Needs’.

### **BPR**

Implementation of Business Process Reengineering (BPR) – The BPR project reviewed and assessed all core business processes, and a detailed gap assessment was conducted to validate, align and enhance processes to ensure they are relevant to the future operating model of ITFC.



Implementation of Transformational Strategy – ITFC reached another milestone achievement with the start of the implementation of a 3 Year (2017-2019) transformational roadmap. The move aims to build a structurally new business model capable of generating sustainable returns, growth across trade finance markets, development of new products and new lines of business, good visibility on global platforms and achieving organizational excellence.



Moody's Investor Service reaffirmed long-term issuer rating of A1 and short-term issuer rating of P-1 to the International Islamic Trade Finance Corporation (ITFC), with stable outlook. The assigned credit rating will further strengthen ITFC position in financial markets and facilitate the mobilization of resources from financial institutions. The continuous achievement of this paramount milestone reflects ITFC's relentless efforts – despite challenging market conditions – to achieve its development mandate by maintaining strong capital position, moderate leveraging scenarios, prudent treasury investment practices and adequate liquidity management policies.



Launching of Arab Africa Trade Bridges (AATB) Program – ITFC launched a flagship trade development program, which is designed to enhance trade as a tool to expand economic opportunities and support inclusive and sustainable growth across the Arab and sub-Saharan OIC member countries.



Adoption of Integrated Trade Programs - ITFC is innovating in the way operations are structured through the introduction of Integrated Trade Programs. The Projects are defined as an approach that includes trade financing with a soft intervention component such as capacity development.

Introduction of Development Impact Framework – ITFC has taken a leap forward in fulfilling its mandate of Advancing Trade and Improving Lives in alignment with the Sustainable Development Goals through ITFC's in-house Development Impact Framework.

Launching of the West Africa SMEs Program – ITFC has launched this flagship program in 2018, aiming at building the capacity of the SMEs in selected Member Countries to enable them to benefit from the lines of financing extended by ITFC to partner banks in those countries.

Building on its achievements of the first 11 years, ITFC this year, as at end of Q1 2019, reached Approvals and Disbursements of US\$1.95 billion and US\$1.58 billion respectively, which are in line with annual targets set at US\$6.2 billion and 5.0 billion respectively.

# Excerpts from RESOLUTION OF THE THIRTY FOURTH SESSION OF THE COMCEC

(Istanbul, 26-29 November 2018, OIC/COMCEC/34-18/RES)

- 16- The committee expressed its appreciation to the COMCEC Coordination Office, SESRIC, ICDT, IDB Group, ICCIA, and SMIIIC for their efforts towards the implementation of the COMCEC Strategy.
- 21- The committee requested the OIC Institutions working in the economic and commercial fields to continue coordination with the COMCEC Coordination Office, including through the Sessional Committee, in order to ensure progress and complementarity in the implementation both of the COMCEC Strategy and the OIC 2025: Program of Action, especially in the areas of trade and investment.
- 35- The committee requested the concerned Member States to actively participate in the activities to be organized by the COMCEC Coordination Office, SESRIC, ICDT, IDB Group (ITFC), ICCIA, and SMIIIC in the field of trade and calls upon these institutions to send invitations to the Member States sufficiently in advance of the meetings so as to ensure their active participation.
- Trade Financing Activities**
- 56- Appreciates the trade finance, promotion and development activities of ITFC and the mobilization of funds from the international market and development partners for funding the trade operations in the Member States, contributing towards the achievement of intra OIC trade target of 25 percent.
- 57- Takes note with appreciation that ITFC's cumulative approvals and disbursement in trade finance reached, since its inception in 2008 until now, US\$43.9 billion and US\$34.5 billion respectively, and its total approvals and disbursement in 2017 reached US\$4.9 billion and US\$3.4 billion respectively.
- 58- Commends the efforts of ITFC in financing SMEs and the Least Developed Member States and takes note of its efforts to diversify its portfolio and extend more financing for agriculture sector that has direct and prominent impact on improving productivity, job creation, increasing export revenues and alleviating poverty.
- 59- Calls upon the Member States to complete their membership requirements for the institutions of the IDB Group (ITFC and ICIEC) so that the IDB Group implements its mandate successfully.
- 60- Takes note of the trade promotion and capacity development initiatives being implemented by ITFC under its various flagship programs including Aid for Trade Initiative for Arab States (AFTIAS), Special Programme for Central Asia (SPCA), Arab Africa Trade Bridge Program (AATB), Trade Development Fund, West Africa SMEs Program and Trade Development Forum to raise awareness of the private sectors on the activities of the ITFC.
- 61- Takes note of the efforts of the ITFC in implementing integrated Trade Programmes for commodity development including Indonesia Coffee Development Programme, Guinea Reverse Linkage Programme and the Cotton Bridge Programme.
- 62- Also takes note of ITFC's efforts for the diversification of Islamic Financial Instruments, supporting training programs on Islamic finance and promoting Islamic Finance solutions at international fora.
- 63- Takes note of the ITFC's high level Capacity Building Program provided to CIS countries and Afghanistan on Market Intelligence as part of its trade-related Technical Assistance Programs provided to Member Countries and calls upon the relevant OIC Institutions to join and support these efforts.
- 64- Commends the ITFC for organizing the 1st Governing Board meeting of the "Arab Africa Trade Bridges" (AATB) Program in Morocco, which calls upon the ITFC to continue the successful implementation of the action plan to boost the trade flows between the Arab and African Regions, and calls upon the Member Countries in both regions to support and cooperate with ITFC for the implementation of this program.
- 65- Commends the efforts of the ITFC for implementing the Gambia Aflatoxin Mitigation Programme.



# ITFC TRADE FINANCE OPERATIONS FOR DEVELOPMENT

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## ITFC Trade Finance Operations for Development

ITFC fulfills its mandate through two main lines of business: 1) Trade Finance, and 2) Trade Development. On the trade finance side, ITFC extends trade financing to sovereign governments, private & public sector companies, and Small & Medium Enterprises (SMEs) through lines of financing extended to local and regional Banks.

ITFC's achievements since its inception in 2008 (1429H) have been remarkable in both trade financing and trade development arenas. ITFC's achievements since its inception in 2008 (1429H) have been remarkable in both trade financing and trade development arenas. Total cumulative approvals and disbursements reached US\$45.4 billion and US\$35.6 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$27.3 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of Member Countries. Furthermore, ITFC continues to extend financing to a number of Member Countries under the multi-year framework agreements in place for many of the large-ticket sovereign clients. Regional initiatives such as the Africa Initiative continues to make noticeable progress.

Despite numerous challenges faced in 2018, ITFC performed remarkably well. It remained resilient in the delivery of its mandate by sustaining its support, as evidenced by the impact and additionality of its intervention in Member Countries. As such, out of the total trade finance approvals, 32% was allocated to Least Developed Member Countries. In addition, 75% of approvals, representing US\$3.9 billion, supported trade between OIC member countries.

In terms of year-on-year comparison, trade finance approvals were higher by 6% in 2018, increasing from US\$4.90 billion in 2017 to US\$5.20 billion, although some Member Countries from SSA and the CIS continued to face the challenge of lingering negative impact of 2015-2016 low commodity prices and foreign currency

shortages. Nevertheless, the increase in trade finance approvals reflects the modest improvements in market environment, particularly the increase and stabilization of oil prices in 2017 and continuing into 2018.

ITFC continues to enhance its development impact by illustrating noticeable achievements in moving away from transaction-based model of trade support to a program-based approach, where trade finance operations are integrated with trade development and capacity building in order to multiply the development impact. In addition, the Corporation continues to deliver on its commitments and maintain its solidarity with Member Countries on sectors that are key to economic and social development, particularly energy, agriculture and SMEs' access to finance.

As we look forward, while taking the market conditions into consideration, ITFC is **"gaining momentum"** and stepping into 2019 with vigor and confidence to deliver on its mandate to serve its member countries by **"advancing trade and improving lives"**.

## Sustaining Access to Energy

Sustainable and uninterrupted supply of energy is the key to economic and social development. ITFC helps the MCs, particularly the LDMCs, to combat poverty through providing needed financing for ensuring adequate supply of energy, which has multiple impacts on productivity, health, education, sustainable employment, food and energy security.

Therefore, improving access to energy is crucial to unlock the potentials for faster economic and social development in MCs. In this context, ITFC considers supporting the energy sector as one of the main pillars of its strategy and objectives. As such, in 2018 ITFC remained a reliable and steadfast partner in providing financing to secure fuel and electricity supplies in order to maintain stable electricity generation and reaching large number of the populations including those residing in rural areas.

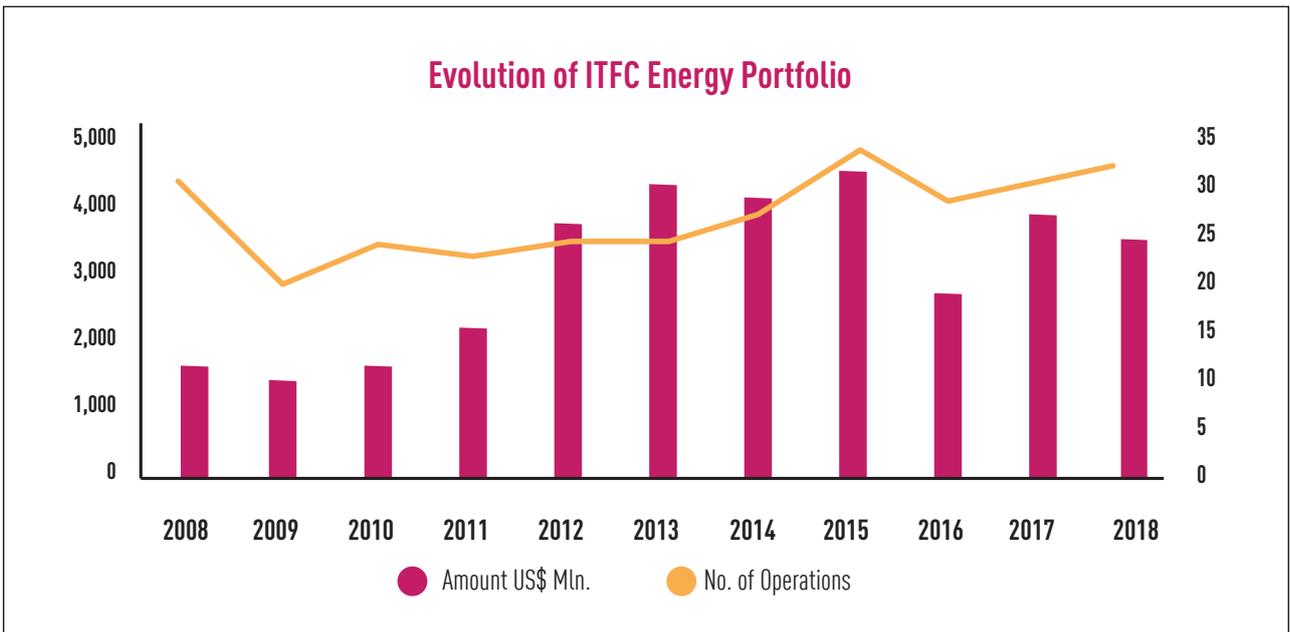


**Figure 1: ITFC Energy Financing Top 5 Beneficiary Countries in 2018 (US\$ Mil)**



In many Member Countries where there are only limited financiers willing and able to fund energy sector-related transactions, which often require sizable funding, ITFC acts as a catalyst in mobilizing resources from international markets to fund large size syndicated deals.

**Figure 2: ITFC Energy Financing Portfolio 2008 - 2018**



In 2018, the financing for the energy sector rebounded in dollar terms, reflecting the more stable oil prices, as well as increased demand for oil financing from some Member Countries. However, historically the volume of financing was much higher during the period of high oil prices (2012-2015). This environment impacted ITFC's financing towards the energy sector with the following outcomes:



## Agriculture & Food Security

ITFC's interventions in agriculture continues to cover commodities that help the Member Countries to create jobs, improve productivity, alleviate poverty, and bolster food security. It is worth mentioning that ITFC provides significant support to food security in Sub-Saharan Africa, where a large portion of the trade finance portfolio is allocated to the agricultural sector, which has strong impact on enhancing food security for the countries. In fact, agriculture accounts for the largest share (59%) of ITFC's trade financing portfolio for Sub-Saharan Africa. Although agriculture financing is primarily for cash crops (namely cotton and groundnuts), it nonetheless helps boost food security as farmers use part of the agricultural inputs funded by the financing to grow food crops. Also, the funding allows farmers to receive timely payments for their crops, thereby enhancing their household income.

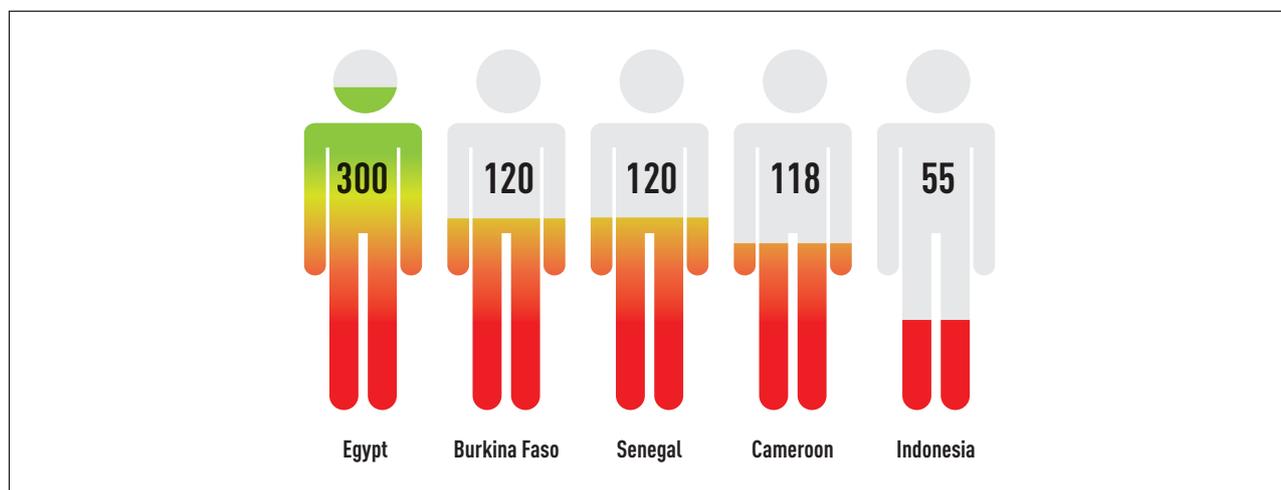
In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding for sugar and palm oil (Indonesia), as well as rice and cotton (Turkey).

### The following are some of the measures taken to enhance food security and further support the agriculture sector:

- Synergy and partnership with IsDB Agriculture Department to collaborate on boosting financing to the agriculture sector in Member Countries
- Partnership with the new OIC Islamic Food Security Organization
- Providing Integrated Trade Solutions
- Linking of producers directly with buyers in Member Countries.

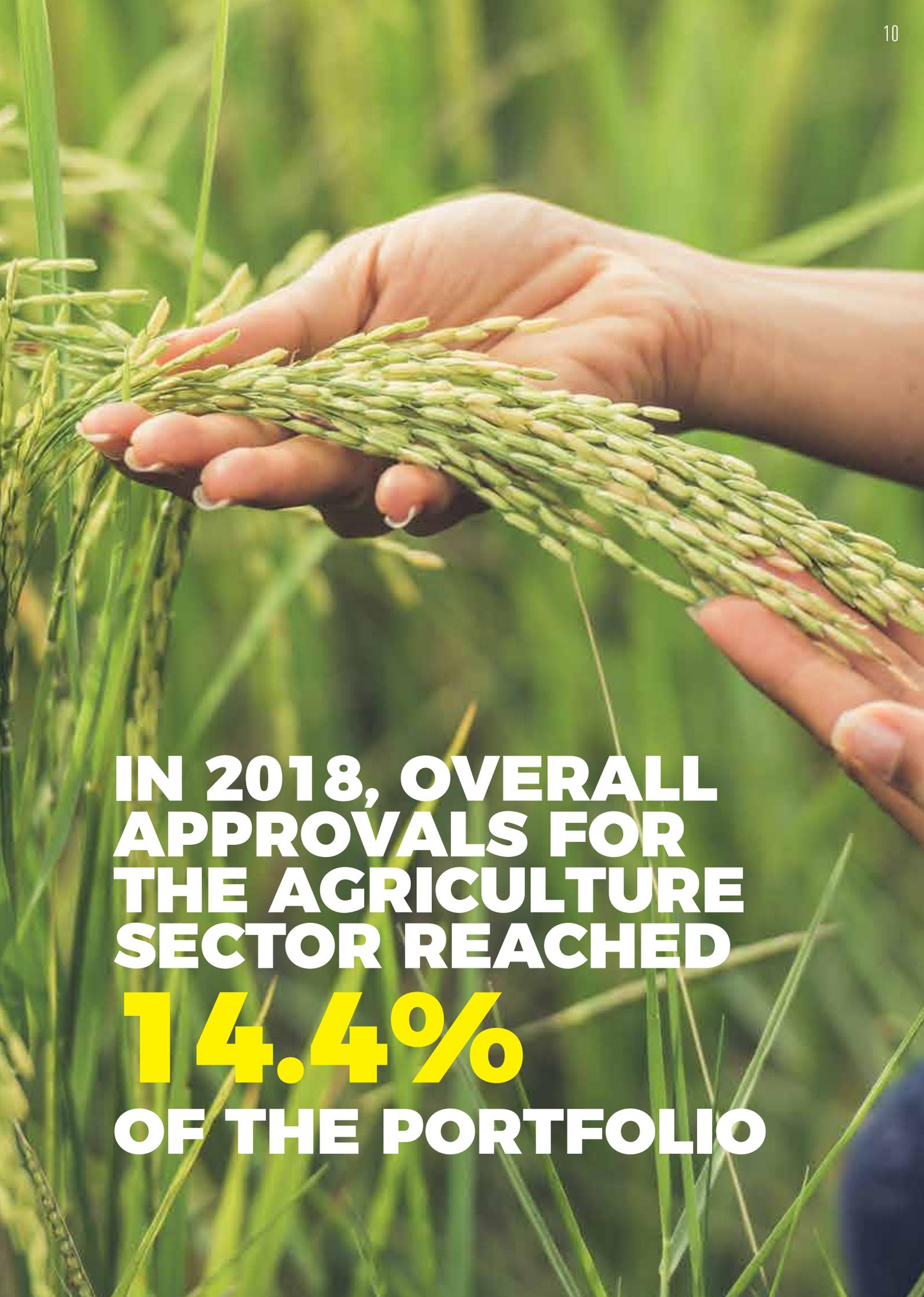
In 2018, overall approvals for the agriculture sector reached 14.4% of the portfolio, which received the second largest allocation after the energy. During the year, ITFC approved 12 operations for the agriculture sector in 6 Member Countries. See figure 3 for breakdown by countries.

**Figure 3: ITFC Agriculture Financing Beneficiary Countries for 2018**



### The following are the key features of ITFC's financing in this segment:

- The agriculture portfolio is balanced between the important import commodities (such as raw and refined sugar, fertilizers and other agriculture inputs) and support of key export commodities (such as cotton, groundnut and grains);
- Africa and Mena accounted for the largest share in this portfolio with the main beneficiaries being Egypt, Burkina Faso, Cameroon, Cote d'Ivoire, and Indonesia.
- In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding in support of agriculture-related products such as rice (Comoros), coffee beans and palm oil (Indonesia), wheat and sugar (Tajikistan), as well as edible oil and soya beans (Egypt).



**IN 2018, OVERALL  
APPROVALS FOR  
THE AGRICULTURE  
SECTOR REACHED  
14.4%  
OF THE PORTFOLIO**

## Access to Finance for SMEs

Small and Medium Sized Enterprises (SMEs) are considered one of the major components of the economy, as SMEs play a crucial role in job creation, poverty alleviation and revenue generation. However, limited access to finance among the SMEs still remains a major obstacle for their business expansion and growth. As such, in its 10-year Strategy, ITFC has further prioritized the importance of establishing partnerships with regional and local Financial Institutions (FIs) for the provision of alternate sources and modes of financing for private sector support, with a particular focus on SMEs.

In line with the above, in 2018 ITFC continued to enhance its cooperation with existing partnerships and made fresh efforts to establish new partnerships with FIs aimed at enabling SMEs so that they can access needed financing for their trade operations. In order to reach a larger number of SMEs in MCs, ITFC provides Murabaha Financing to local financial institutions through Two-Step Murabaha Financing (2SMF) and Lines of Financing mechanisms to banks which, in turn, extend the financing to SMEs and private sector clients. This not only contributes to creating needed access to finance, but it also helps promote Islamic banking as partner banks are introduced to Islamic financing instruments.

### ITFC Provides more than US\$380 Million through Turk Eximbank for Supporting Turkish SMEs

Realizing the importance of supporting the private sector, specifically SMEs and their needs, ITFC signed a Murabaha Financing Facility with total amount of US\$380.5 million with Turk Eximbank to finance exports of Turkish SMEs on 21 March 2019. Turk Eximbank has been an active outlet for IsDB's Trade Finance Programs since 1987. Within the framework of this relationship, a significant amount of IsDB Group trade financing has been extended through Turk Eximbank –US\$2,880.5 million since inception of ITFC in 2008 of which US\$2,336 million mobilized. It is worth mentioning that ITFC has provided total amount of US\$4.67 billion of trade financing in favor of Turkey, making it one of the major beneficiaries of IsDB Group. Together with this syndication, ITFC has arranged and financed US\$2.88 billion for Turk Eximbank which has been totally used for financing Turkish exporters.

## Mobilizing resources for funding Trade

The year 2017 was an inflection year as it represents the bouncing back of the financial markets from low-level interest rates environment, reversing the trend upward. The fundamental interest rates environment including the Fed fund rate was increased twice, and LIBOR increased by almost one and half times. This increase was coupled with other market dynamics such as increase of crude oil prices. These dynamics put growing pressures on the markets and borrowers, increasing the cost of borrowing for both ITFC's clients and syndicate partners. That, in turn, increased demands on ITFC to mobilize additional resources to satisfy the rising financing volumes to cater for higher import bills of energy products as well as other commodities.

Despite the above challenges, during 2018, ITFC had been successful to mobilize a total of US\$2,983 million from within IsDB Group and its Syndicate Partners in the market for funding 36 syndicated operations in favor of 15 Member Countries. The mobilized funds from the market represents 58% of the total of the total trade financing provided by ITFC this year.

## Mobilizing resources for Trade Development

Trade Development resource mobilization sources include mobilization of resources for the Trade Development Fund, allocation of percentage of net Income from ITFC to trade development activities, other contributions from ITFC, IDB and other donors, project-oriented donations and sponsorships. Partners such as the Enhanced Integrated Framework (EIF), Arab Bank for Economic Development in Africa (BADEA) and other nontraditional partners such as think tanks and foundations will be key in the coming years to increase ITFC mobilization of funds for Trade Development interventions. In 2017, ITFC successfully mobilized resources for the Trade Development initiatives in the amount of US\$950,000.



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# TRADE AND BUSINESS DEVELOPMENT



## Trade and Business Development

Regarding the trade development area, and within its newly adopted strategy 2016-2025, ITFC offers Trade Integrated Solutions, combining trade finance with trade development components, designed to address some of the trade development challenges of its Member Countries. In this regard, ITFC blends its trade development interventions, including its Trade Related Technical Assistances (TRTAs), with its trade finance solutions in designing and implementing thematic and regional trade integration and development programs.

Some examples of the trade integrated programs include, (i) the Indonesian Coffee Export Development Program, (ii) Arab Africa Trade Bridge Program, (iii) the Aflatoxin Mitigation Program in the Gambia, (iv) the West Africa SMEs Program. All projects incorporate trade development and trade finance components, with the aim to address twin challenges of the sectors and countries such as limited access to finance and international markets, development of sectorial and regional competitiveness through implementation of capacity development programs and trade facilitation measures.

Below is an overview of the initiatives and projects currently in the Trade and Business Development portfolio.



### Arab-Africa Trade Bridges Program (AATB)

The intra-regional trade between Arab States and African Member countries of OIC does not reflect the trade potentials between both regions. As a result, the International Islamic Trade Finance Corporation (ITFC), Saudi Export Program (SEP), Arab Bank for Economic Development in Africa (BADEA), and the Islamic Corporation for the Insurance of the Investment and Export Credit (ICIEC), agreed to form a partnership platform to address this issue by developing a regional trade promotion program to boost intra-trade between the two regions.

Following the official launch during 22-23 February 2017, the emphasis was given to establish a sound governance structure at IsDB Group level to integrate different programs and initiatives of the Group Members under this Program. In this regard, IsDB President has created the IDB AATB Steering Committee to coordinate IDB entities and complexes' interventions under the AATB Program. Moreover, the 1st meeting of the AATB Governance Board was held on 1&2 November 2018 with the participation of the countries members of the Board as well as the Member organizations. In addition and since the launching of the program, ITFC has been leading the efforts for the implementation of various projects and activities. The 2nd AATB Executive Committee meeting was held on 5th April 2019 in Marrakech. The meeting discussed and approved a number of documents and decisions related to the management and implementation of the program. The following activities are examples, while other activities are being designed and/or implemented:

- 1st Edition of Sectoral B2B Meeting for Pharmaceuticals and Medical Equipment,
- Sectoral B2B Meeting for food products,
- ECOWAS – Agadir Technical Unit (ATU) Business Forum,
- Forum on “Promoting Arab Exports to Africa”,
- 1st Afro-Arab Trade Finance Forum,
- 2nd Edition of Sectoral B2B Meeting for Pharmaceuticals and Medical Equipment (Dec 2018).



## Aid for Trade Initiative for Arab States (AfTIAS) Program

With a view to enhance the trade cooperation & integration among Arab States and with the rest of the world, ITFC has taken the initiative to design and implement a Regional Trade Development Program with a particular focus on “enhancing regional integration” to fuel the economic growth and development. The AfTIAS Program was prepared and launched in December 2013.

### More specifically, AfTIAS Program objectives are:

- Enhance regional competitiveness through trade policy reforms and strengthening Trade Support Institutions (TSIs) institutional capacities;
- Strengthen trade supply side and value chain integration;
- Strengthen regional and sub-regional trade cooperation organizations’ capacity to better administer trade integration policies & programs.

Five UN Agencies (ILO, ITC, UNCTAD, UNDP and UNIDO), The League of Arab States (LAS), the Permanent Missions of Arab Countries in Geneva, the Arab Regional Organizations, Islamic Corporation for Private Sector Development (ICD), Foreign Trade Training Center (FTTC) of Egypt, Société Nationale de Transports et de Logistique (SNTL) of Morocco and Arab Academy for Science Technology & Maritime Transport had been selected as Executing Agencies of the Program.

Projects proposed and executed aim to help Member Countries develop their national export strategies and improve their institutional and human capacities in the area of trade promotion and trade facilitation. In this perspective, 28 projects were adopted for 19 Arab countries, (4 Least Developed Countries, 9 Middle Income Countries and 6 Higher Income Countries). In 2018, AfTIAS Program was subject of an independent and external evaluation conducted by the Consortium formed by Ghubril Ltd. and Trade Facilitation Office (TFO)-Canada.

The 4th Arb Economic Summit held in Beirut on 20 January 2019, adopted a decision calling ITFC to prepare and launch the 2nd phase of AfTIAS Program in cooperation with the League of Arab States (LAS) and the Arab Member Countries.

The 6th and last Meeting of the Board of AfTIAS Program, which took place in Jeddah on 22nd of January 2019, expressed its satisfaction with the results of the evaluation of the AfTIAS program and stressed on lessons learned from the current phase.

In that respect, the Board called upon also the ITFC to prepare a Roadmap for the design and preparation of the 2nd phase of the AfTIAS Program as well as the plan to mobilize the required financial resources in cooperation with the LAS, the Regional and International Organizations, partners of AfTIAS Program at its current stage. The International Executing Agencies of the AfTIAS Program (UNIDO, UNCTAD, ITC and ILO) expressed their commitment to support the ITFC’s efforts in preparing the 2nd phase of AfTIAS Program (design of the program and resource mobilization).

ITFC and LAS met on 28 February 2019 in Cairo and adopted the indicated Roadmap for the preparation and launch of AfTIAS II, which includes the following 04 phases:

1. Promote the Economic Summit resolution to mobilize support for the 2nd Phase of AfTIAS program.
2. Preparation and adoption of AfTIAS II Program Document.
3. Mobilizing the required financial resources.
4. Preparing management and financial arrangements and launching the program (By October 2020).

ITFC started already the preparation of the Terms of Reference (TOR) for the design of the Program Document, planned to be validated by Arab States by September 2019.

## Reverse Linkage Project between Guinea and Tunisia on Enhancing the Value Chain for Exporting Agricultural Products of Guinea:

### Background:

- During the visit of H.E Pr. Alpha Condé, President of the Republic of Guinea to IsDB HQs in August 2017, he requested the support of ITFC in developing the export sector, particularly the agricultural products.
- Following this request, the IsDB and ITFC collaborated to support Guinea for the enhancement of the value chain for exporting agricultural products through the Reverse Linkage mechanism. Tunisia was selected to be the provider of knowledge and expertise given the sound experience of Tunisian institutions in agricultural products export.

### Project Goal and Objective:

- The main objective of the project is to contribute to the efforts of the GoG towards developing and improving the whole value chain for exporting Mango and Cashew.
- The specific objectives of the project are: (i) Strengthen the technical and organizational capacities of the institutions in charge of promoting exports of the mango and cashew; (ii) Establishment of the inter-profession for the two mango and cashew sectors and the strengthening of their capacity in the development of strategies and plans for the development of market-oriented value chain; (iii) Diversify the exportable supply of the mango sector thanks to the development of dried mango activity; (iv) Upgrade of the Guinean Packaging and Carton Society and the Kankan Packaging Station; and (v) Supporting institutions and economic operators of two value chains in the market access process and training of export advisers.
- The project's components are: (i) Improving the ecosystem of the export value chain by strengthening the capacities of the export support institutions and linking the stages/components of the value chain by establishment of two the inter-professional organizations; (II) Strengthening the value chain activities for mango preservation and processing; (iii) Providing tools and instruments for support to market access; and (iv) Coordination, communication and monitoring of project implementation.



## Indonesian Coffee Export Development Program (ICEDP)

Under its new strategy to offer trade integrated solutions to member countries, ITFC's Indonesian Coffee Export Development Program (ICEDP) addresses the twin challenges faced by the Indonesian Coffee Industry. Within the scope of the program, ITFC will extend US\$100 million financing to exporting SMEs in 3 years period that will enhance their competitiveness in global markets and make cash ready for small farm holders as return for their crop.

In 2017, ITFC started to work closely with its local partners to prepare "Five Years Business Plan for Coffee Farmers Training", which is based on the stakeholder consultation phase conducted by a contracted local NGO. As part of this program, ITFC started the implementation of an ambitious training program for the coffee farmers in September 2018.

The Training, which is being implemented in phases, will provide the opportunity to the farmers to acquire the best farming practices in coffee farming, with the final aim to increase the production of Coffee. For this purpose, ITFC is partnering with the related NGOs and cooperatives in the country to deliver farmers trainings.





## Export Launchpad – International Trade Capacity Building and Market Access Support Program in Senegal

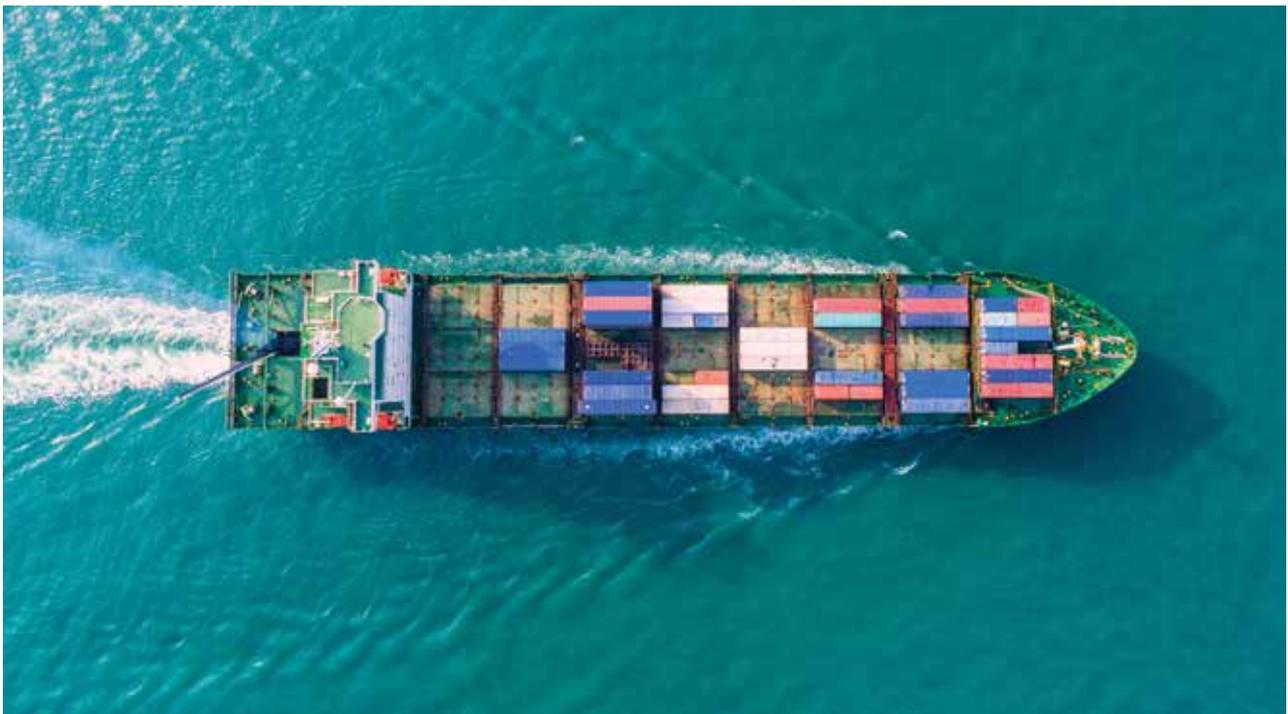
Export Launchpad Senegal is a joint initiative of the Trade Facilitation Office Canada (TFO Canada), ITFC, the Government of Canada, through Global Affairs Canada, and in collaboration with the Senegalese Export Promotion Agency (ASEPEX). This Train-The-Trainer and Canadian market access program aims to consolidate and expand the export assistance services offered by trade support institutions to SME exporters in Senegal, as well as to assist Senegalese SMEs to better access the Canadian market.

The Export Launchpad Senegal program has a following overarching objective: Develop human resources in the field of international trade and equip the ASEPEX (Agence Sénégalaise de Promotion des Exportations) with the capacity to deliver trade training and support services to Senegalese exporters and potential exporters. This goal is to support these firms grow their export activities and contribute to the sustainable economic development and poverty alleviation in Senegal.

The first training program was conducted from October 18th to 27th, 2017, where 17 out of the 30 participants were trained. Following the Senegalese SME training program, 20 SME representatives were selected for a field visit to Canada with the purpose to:

- Understand the structure and dynamics of the Canadian market
- Explore consumer needs
- Assess competitor product ranges, prices, promotion methods
- Engage with distributor directly with a view to secure export deals

Following the field visit to Canada, 01 agro food SME reported CAD 16,300 in sales during the trade mission. One other agro food SME and one cosmetics SME reported sales of undisclosed



## West Africa SMEs Program

The West Africa SME Program is an integrated program between Trade & Business Development (T&BD) and Trade Finance (TF) designed to offset the trade finance gap for SMEs and facilitate access to finance. ITFC conducted an exploration and fact-finding mission to West Africa in August 2017 to get a clear understanding of the reasons why SMEs do not benefit as much as expected from the lines of finance provided to Banks. During this fact-finding mission, ITFC delegation met with over twenty (20) stakeholders in Togo, Benin, Burkina Faso, Senegal and Cote d'Ivoire to better understand the needs of SMEs in the region and how ITFC's interventions could be relevant to add more value. The key findings of the mission have indicated a clear need (business as well as development wise) to design and launch an ITFC's West Africa SMEs Program.

The Program will have a positive impact both on banks and SMEs alike. For Banks, it will increase, among others, trade finance products offering; provide training and SMEs assessment tools to start or strengthen their SMEs lending practices. For SMEs, it will increase substantially the number of bankable SMEs that access financing and build their capacity to decrease default rate on Bank loans. The pilot is structured in two clusters: a Bank and SME cluster whose implementation expects to result in additional Banks' approval and disbursement of financing for SMEs and reduction in rejection of SMEs lending proposal. The program was launched on 5 September 2018 in Burkina Faso with Coris Bank, as part of the implementation of SME Cluster, 26 out of 50 flash diagnostics have been completed and 9 SMEs for a target of 20 were selected to benefit for technical training and business plan update. The remaining 24 diagnosis and 11 firms to be chosen is currently ongoing. The Banking cluster is expected to start end of Q2 2019. With the recent approval of a line of finance to CORIS Bank Senegal, a pilot project will now be executed with CORIS in Senegal.



## Aflatoxin Mitigation Program in the Gambia

### Background:

- Groundnuts are of paramount importance to The Gambia. About 45% of agricultural land is devoted to production. The sector employs nearly 70% of the workforce, and exports account for 66% of the total exports of agricultural products.
- Aflatoxins (Aflatoxin) counts as the principal trade risk. It has prevented Gambian groundnuts to access premium markets in the European Union (EU), where permitted limits of aflatoxins are capped between 4 parts per billion (ppb) and 10 ppb, while The Gambian groundnuts have remained equal or above 20 ppb.
- Consequently, production has scaled down, resulting in low prices being earned on export, unattractive prices to producers and reduction in farm participation.
- Annual economic losses over the period 2000 - 2015 is estimated at USD\$20 million.
- The Aflatoxin Mitigation Program (AMP) was developed in response to this issue. It concerns the purchase of Aflasafe, a biological control product that has proven effective in reducing aflatoxin in groundnuts.
- When verified as aflatoxin-free, the groundnuts will be purchased from the farmers at a 10% premium on the declared farm gate price, processed and exported to the EU for a minimum 35% premium price.
- In this context, the Ministry of Finance & Economic Affairs requested ITFC's support for the implementation of the AMP, in collaboration with National Food Security Processing and Marketing Cooperation (NFSPMC). Thus, the Aflatoxin Mitigation Program (AMP) was designed to enhance the quality of Groundnuts for export into the European and other international markets.

### AMP Expected Outcome:

- Reduction of Aflatoxin contamination in groundnuts to levels of zero and less than 10 ppb in order to export large volumes and generate high returns and income for the producers.

### AMP Expected Outputs:

- Reduction of Aflatoxin contamination to levels of zero and below 10ppb
- Increase export value of groundnuts revenues
- Enhance capacities of farmers and SMEs to produce high quality products in line with international market standards and clients' requirements;
- Reduce Aflatoxin contamination along the groundnut value chain.

### Main Achievements (2018):

- **June 2018:** 700 farmers were selected by NFSC in collaboration with "Cooperative Produce Marketing Societies" and Farmers Associations, to benefit from the project.
- **July 2018:** The selected farmers were trained on the use of the Aflasafe (safe natural solution to the problem of aflatoxin) by an international Expert from the International Institute of Tropical Agriculture (IITA).
- **August 2018:** 50 metric tons of Aflasafe was supplied by Bantaare services of Senegal.
- **A total of 4730 hectares** were treated by Aflasafe under supervisor of NFSC and agricultural extension staff.
- **November – December 2018:** The sampling of farmers has been conducted and results showed very good results

