

**ITFC PROGRESS REPORT ON ENHANCING  
INTRA-OIC TRADE**



**34<sup>th</sup> Meeting of the Follow-up Committee of the COMCEC**

**9– 10 May 2018**

**Ankara, Turkey**



**١٠ سنوات** في تعزيز  
التجارة من أجل حياة أفضل

**10 years** in advancing  
trade and improving lives

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## A. Introduction

### **Message from ITFC CEO**

It is my pleasure to present to the 34th Ministerial Session of the COMCEC this report on the progress achieved by ITFC to enhance trade and trade cooperation among OIC Member Countries and to support the implementation of the relevant resolutions of the 33rd Ministerial Session of the COMCEC.

ITFC was established with a mandate to enhance trade among OIC Member Countries through providing trade finance and trade-related technical-assistance. Pursuant to this mandate, ITFC aims to be a recognized provider of trade solutions for OIC Member Countries' needs. During the first decade, the Corporation achieved commendable results in both trade finance and trade development arenas. Total cumulative approvals and disbursements reached US\$40.2 billion and US\$31.01 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$24.4 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of Member Countries. Despite the recurring global financial and economic slowdown, ITFC succeeded to increase its trade finance approval, while focusing on creating impact on Member Countries' trade and economic development. In this regard, I am pleased to inform that ITFC continue to measure the development impact of its ITFC's interventions through the Development Impact Framework (DIF).

This report also elucidates as to how, supporting trade development and cooperation amongst OIC Member Countries remained the primary focus of ITFC. In this regard, ITFC expanded its partnerships with international, regional, and national institutions to design and deliver trade related technical assistance to Member Countries through its various Flagship Programs. The interventions fall under the domain of capacity building, trade promotion, trade facilitation, development of strategic commodities and trade mainstreaming.

ITFC has, like always, worked closely with the OIC Institutions to create the required synergy among for developing and implementing programs and to further capitalize on mutual strengths and experiences to contribute to the accomplishment of the objectives set by the OIC Plan of Action-2025 and COMCEC Strategy.

The strategic framework of ITFC in the coming years will focus on several objectives. These objectives include building partnership to create sustainable development impact through providing integrated trade finance and trade development solutions to Member Countries. Furthermore, as an active player on the global front, ITFC remains committed to the achievement of the SDGs.

ITFC will continuously make efforts to develop customized Shariah compliant trade solutions programs, facilitate knowledge & experience transfer between Member Countries, diversify ITFC's trade finance, and support OIC trade development and cooperation initiatives. Finally, ITFC is

pleased to note the confidence reposed by the member countries and its development partners in attainment of its vision and mission.

Eng. Hani Salem Sonbol

Chief Executive Officer

### **Brief about ITFC**

<b>Commenced Operations on</b>	January 10, 2008
<b>Headquarter</b>	Jeddah, Saudi Arabia
<b>Member</b>	The Islamic Development Bank Group
<b>Mandate</b>	Contribute to economic development of Member Countries through trade advancement
<b>Authorized Capital</b>	US\$3 billion (2017)
<b>Subscribed Capital</b>	US\$856.2 million (2017)
<b>Paid- Up Capital</b>	US\$735.0 million (2017)
<b>Cumulative Approved Trade Finance Operations (2008– 2017)</b>	603 operations, totaling US\$40.2 billion
<b>Cumulative Disbursements (2008 – 2017)</b>	US\$ 31.01 billion
<b>Cumulative Approvals by Sector (2008 – 2017)</b>	Energy Sector = US\$ 29,709 million Agriculture Sector = US\$ 4,875 million Industrial Sector = US\$ 2,131 million Line of Financing (SMEs) = US\$ 3,588 million
<b>Cumulative Approvals by Region (2008 – 2017)</b>	ASIA/CIS = US\$ 23.03 billion MENA = US\$13.41 billion Sub-Saharan Africa = US\$ 3.81billion
<b>Total Number of Clients Served (2008 – 2017)</b>	455
<b>Total Number of Member Countries Served (2008 – 2017)</b>	42
<b>2017 Approved Trade Finance Operations</b>	US\$ 4.9 billion
<b>2017 Number of Operations</b>	53

## **Key Achievements in 2017**

- 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’.
- Completion of Organizational Migration – ITFC completed an Organizational Migration and Redeployment exercise gearing up the Corporation towards the new 10 Year Strategic Plan.
- 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 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.
- Assignment of Credit Rating by Moody’s – Moody’s Investor Service assigned a first-time long-term issuer rating of A1 to ITFC with a stable outlook. The credit rating is a stellar achievement, which will enable ITFC to gain better access to borrowing on the external markets at attractive rates. At the same time, this will facilitate the mobilization of resources from financial institutions. Moody’s also assigned first-time short-term issuer rating of P-1. This historic milestone reflects ITFC’s strong capital position, moderate leveraging scenarios, prudent treasury investment practices and adequate liquidity management policies.
- 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 ITFCs in-house Development Impact Framework.
- Adaption 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.
- Launching of Arab Africa Trade Bridges 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.

### **Excerpts from Resolution of the 33<sup>rd</sup> Session of the COMCEC**

- The 33rd Session of COMCEC encourages ITFC to continue its support to trade and trade cooperation among OIC Member Countries and Notes with appreciation that the “3rd Meeting of the OIC Member States Trade Promotion Organs” was hosted by the Kingdom of Morocco and organized by ICDT on 11-12 October 2017 in Casablanca, Kingdom of Morocco in collaboration Exports Promotion Centre of Morocco (Maroc-Export) and ITFC.
- Also expresses its appreciation to the Republic of Cote d’Ivoire for hosting and ICDT and ITFC for organizing the “Buyers-Sellers Meeting on Pharmaceuticals and Related Industries” on 2-3 November 2017 in Abidjan, the Republic of Cote d’Ivoire.
- Requests the Member States to actively participate in the trade related activities to be organized by the COMCEC Coordination Office, SESRIC, ICDT, IDB Group (ITFC), ICCIA, and SMIIC in 2018 and also requests these institutions to send invitations and documents to the Member States sufficiently in advance of their meetings so as to ensure the widest possible participation.
- 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.
- Takes note with appreciation that ITFC’s cumulative approvals and disbursement in trade finance reached, since its inception until now, US\$38.6 billion and US\$28.8 billion respectively, and its total approvals and disbursement in 2016 reached US\$4.5 billion and US\$4.8 billion respectively.
- Also takes note with appreciation IDB Group’s (ITFC and ICIEC) increased regional presence through the Dakar Regional Office and Country Gateway Offices in Dhaka, Istanbul, Jakarta and Dubai which brought ITFC and ICIEC closer to clients and enabled it to serve member countries' needs.
- Commends the efforts of ITFC in financing SMEs and Least Developed Member Countries 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.
- 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.
- Also takes note of the efforts of the ITFC to organize a Trade Development Forum to raise awareness of the private sectors of the Member States on the trade development and finance facilities of the ITFC and encourages the private sector organizations of the Member States to actively participate in the Forum.
- 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), Arab Africa Trade Bridge Program (AATB), Trade Knowledge Network and Trade Development Forum to raise awareness of the private sectors on the activities of the ITFC.

- Takes note of the efforts of the ITFC in implementing integrated Trade Programmes for commodity development through blending its trade finance facilities with its trade related technical assistance interventions and requests ITFC to develop similar programs for other strategic commodities.
- 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.
- Welcomes the organization of the launching Forum of the Arab-Africa Trade Bridges (AATB) on 22-23 February 2017 in Rabat in collaboration between Kingdom of Morocco and ITFC.
- Appreciates the ITFC's introduction of the Development Impact Framework as a tool to measure the impact of all ITFC interventions in the OIC Member Countries.

## **B. 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 financing for funding trade to sovereign governments, private 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\$40.2 billion and US\$31.01 billion, respectively. On the other hand, total cumulative funds mobilized from partner banks and financial institutions reached US\$24.4 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 2017, ITFC performed remarkably well. It remained resilient in 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, 35% was allocated to Least Developed Member Countries. In addition 88% of approvals supported trade between OIC member countries.

In terms of year-on-year comparison, trade finance approvals were higher by 10% in 2017, increasing from US\$4.44 billion in 2016 to US\$4.90 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.

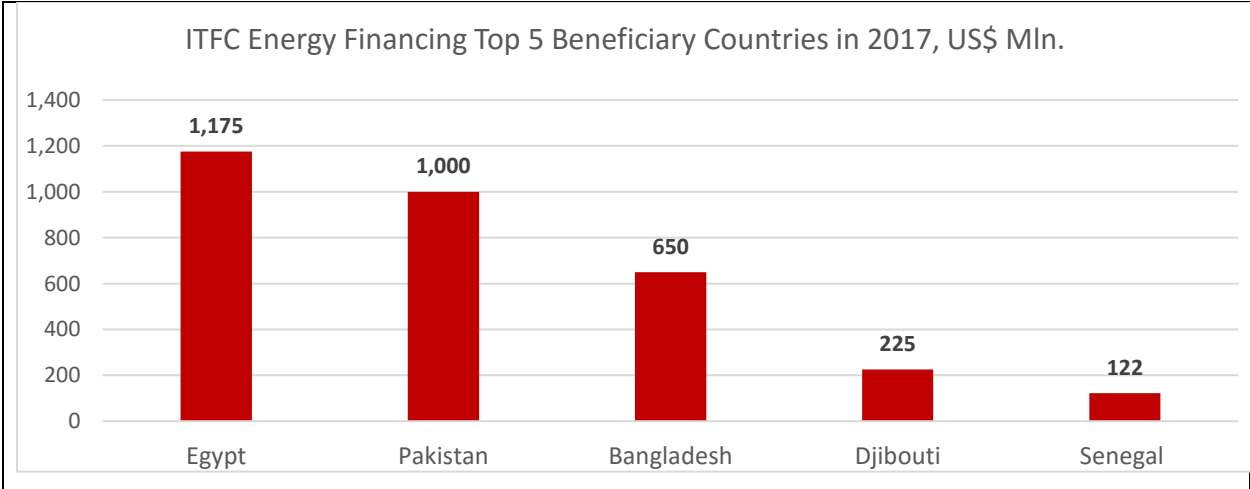
In 2017, ITFC continued to enhance its development impact by illustrating noticeable achievements in moving away from transaction-based model of trade support to a program-based approach, where trade finance operations are integrated with trade development and capacity building in order to multiply the development impact. In addition, the Corporation continued to deliver on its commitments and maintain its solidarity with Member Countries on sectors that are key to economic and social development, particularly energy and agriculture and access to finance to SMEs.

**Sustaining access to Energy**

Access to energy is a key driver of economic and social development. The energy supply has multiple impacts on productivity, people’s health, education, food security, and so on. According to estimates, 3 billion people around the world are without electricity and more than 95% of these people are in Sub-Saharan Africa or developing Asia, and 84% are in rural areas. A lack of infrastructure and access to energy are the main reasons for the sector’s underperformance in these regions.

Therefore, improving access to energy is crucial to unlocking the potential for faster economic and social development. In this context, ITFC considers supporting the energy sector as one of the main pillars of its strategy in its interventions in Member Countries. As such, ITFC remains a steadfast partner for providing financing to secure fuel supplies in order to maintain stability for electricity generation and reaching large number of the disadvantaged populations. (See graph below).

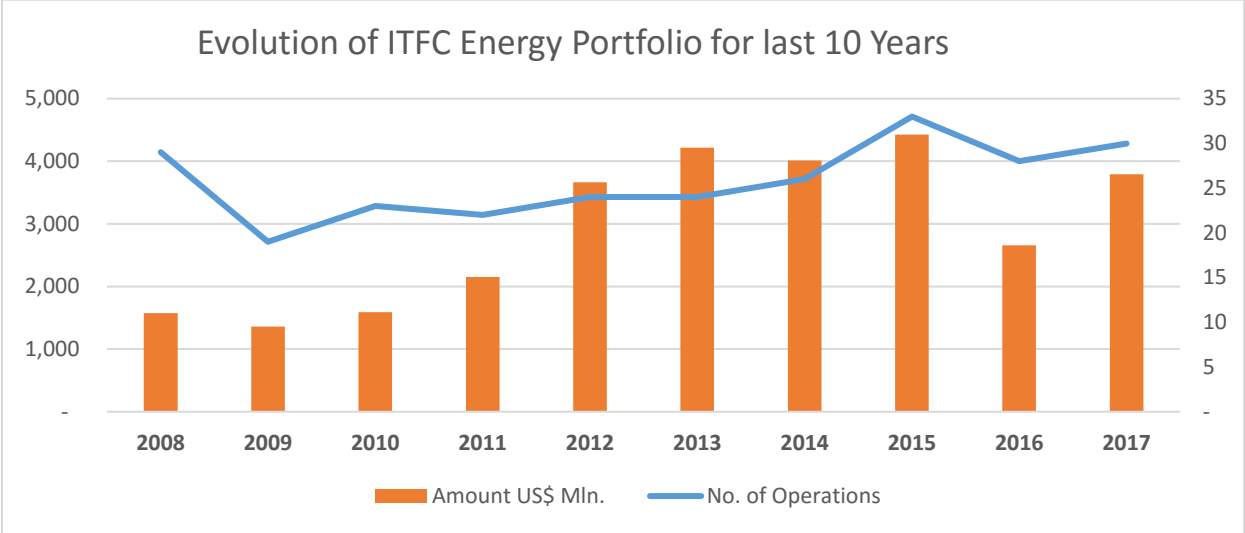
Figure 1: ITFC Energy Financing Top 5 Beneficiary Countries in 2017





In many Member Countries where not many financiers are willing to fund large size energy projects, ITFC’s support plays a crucial role in which it mobilizes resources from International markets to fund these large-ticket syndicated energy deals. Over the years, ITFC has gained substantial experience in this sector.

Figure 2: ITFC Energy Financing Portfolio 2008 - 2017



In 2017, 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:

- Energy products financing represented 77% of total approval in 2017, balanced between crude oil and petroleum products financing
- The bulk of the energy-related financing are for countries in MENA, Asia and Sub-Saharan Africa

**Agriculture & Food Security**

ITFC’s interventions in agriculture continued to cover commodities that helped 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 farmers. 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.

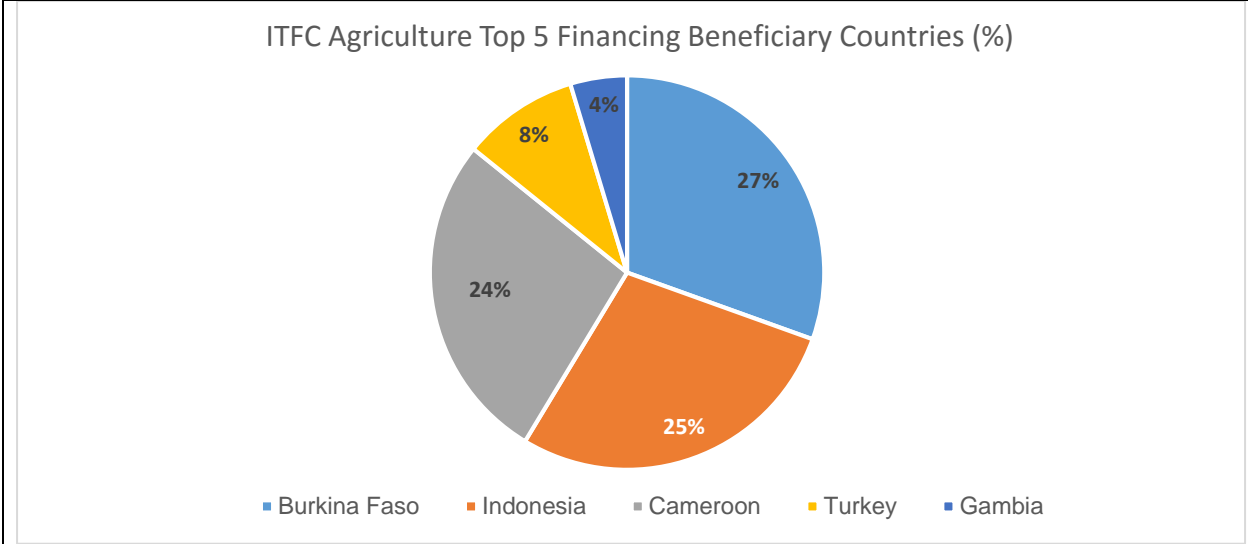
In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding for sugar and palm oil (Indonesia), as well as rice and cotton (Turkey).

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 2017, overall approvals for the agriculture sector reached 9% of the portfolio, which received the third largest allocation after the energy and SMEs. During the year, ITFC approved 15 operations for the agriculture sector in 6 Member Countries. See figure 11 for breakdown by countries.

Figure 3: ITFC Agriculture Financing Beneficiary Countries for 2017



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) and
- Africa and Asia accounted for the largest share in this portfolio with Burkina Faso, Cameroon, Cote d’Ivoire, Gambia and Indonesia being the main beneficiaries.

**Access to Finance for SMEs**

Small and Medium Sized Enterprises (SMEs) segment is considered as one of the major components of real economy in Member Countries, particularly as SMEs play a crucial role in job creation and revenue generation. Given the obstacles faced by them to access financing and

given the challenges faced by the Corporation to reach SMEs directly (lack of proximity, cost of credit due diligence and processing, monitoring, etc.), ITFC endeavors to provide trade solutions to SMEs through partnerships with local financial institutions by extending lines of financing. As such, partnership with the financial institutions for SMEs development has been identified as one of the cornerstones of ITFC's 10 Year Strategy.

In order to reach a larger number of SMEs in Member Countries, ITFC provides Murabaha Financing to local financial institutions 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.

### **Mobilizing resources for funding Trade**

The year 2017 was an exceptional year in terms of the new realities of the markets, representing emerging challenges for funding of trade finance operations with the same pace previously experienced.

The increasing demand by ITFC's large sovereign clients for "fast" financing as well their efforts to raise funds from the capital markets through issuance of Sukuk, the competition with financing offered by other financial institutions and banks, pressures on the financing costs, coupled with continuing low prices for main commodities all represented challenges that ITFC faced and resulted in difficulty to mobilize the targeted funds from its partners in the market during 2017.

Despite the above challenges, during 2017, ITFC was successful to mobilize a total of US\$3 billion from within IDBG and its Syndicate Partners in the market for funding 23 syndicated operations in favor of 12 Member Countries. This level of mobilized funds represents almost 81% of the total trade financing provided by ITFC to its clients this year.

Going forward, ITFC using its decade-long experience will further strengthen its long-standing relationship with strategic partners, explore new innovative mechanisms for raising funds from the markets, target new markets and untapped new types of investors with interest in trade finance assets.

### **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), International Labor Organization (ILO) 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.

## C. Trade and Business Development

Regarding the trade development area, and within its newly adopted strategy 2016-2025, ITFC offers integrated program based interventions, combining trade finance with trade development & capacity building, 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, 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 regards, IDB President has created the IDB AATB Steering Committee to coordinate IDB entities and complexes' interventions under the AATB Program. In addition, ITFC is now exerting efforts for the implementation of various projects and activities, which include organizations of B2B Meetings, preparation of capacity building programs for trade support institutions and SMEs and Reverse Linkage Programs. The following activities are examples, while other activities are being designed and/or implemented:

- 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”,

- Afro-Arab Trade Finance Forum
- Africa SME Trade Development Project,

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

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) and Foreign Trade Training Center (FTTC) of Egypt are implementing agencies of the Program. Projects proposed and executed by implementing 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.

To date, 23 projects are under implementation for 19 Arab countries, (4 Least Developed Countries, 9 Middle Income Countries and 6 Higher Income Countries). The program is currently undergoing an independent evaluation, following which a second phase will be opened.

### **Youth Training and Employment for International Trade – an example under AfTIAS**

“Training Program for Export and Employment-TREE” Program is a solid example of how ITFC designs long-term sustainable capacity development program with its partners under the AfTIAS. This program is being implemented by the Foreign Trade Training Center (FTTC) and co-financed by the Industrial Training Council (ITC) of Egypt. The training program aims at improving knowledge and skill sets of youth and certify them as Export Specialists that will enable them to find competitive jobs in international trade and establish their own business. The training program will enhance export culture among the companies and improve their knowledge in matters related to international quality, standardizations, multilateral trading rules, export marketing, branding, and product & quality development.

A series of training courses will be given to 1000 university fresh graduates. The project has been under implementation since March 2016. In one year, 6 training programs were organized, and 150 youth successfully completed the training programs. Almost one third of the trained youth

were already employed by the companies, which are partnering with FTTC. Under the program, 1000 youth are targeted to receive training. ITFC envisages the replication of this training program in other Member Countries in case recipient countries contribute to the budget of the project.

### **Medina Dates Program – an example under AftIAS**

In April 2017, ITFC engaged the third active agricultural commodity development program, which is the Development of Dates Sector in Medina Al Munawwara, KSA. Total dates production of Medina Region is around 1.1 million ton. The project aims at helping farmers and SMEs to establish a cooperative(s) to upgrade the quality and their marketing capabilities to add more value to their production. The project also aims at supporting Medina Dates quality and develop a brand identity for it, improving SMEs compliance to standardization, quality requirements of international and regional markets.

### **Reverse Linkage Initiative in Guinea: “Recovery of the Private Sector”**

Reverse Linkage is IsDB Group’s Technical Assistance design and delivery modality, whereby the IsDB Group facilitates knowledge, and experience transfer from one Member Country to another. Tunisia, with its extensive experience in supporting private sector development through various government policies and programs was chosen as the provider country, represented in this project by Tunisian Agency of Technical Cooperation (ATCT). The project will tackle 4 areas in the Guinean agricultural export sector: Institutional support, product development, trade infrastructure and access to finance.

This project is one of the first examples of IsDB Group’s trade related technical assistance interventions to be implemented under the AATB Program, which is in line with overall objective of the program of facilitating establishment of new trade and business partnership among the countries of the targeted region.

As a result, the project is expected to upgrade business and marketing capacities of selected SMEs, by offering them quality and product development support on one side, and also share Tunisian experiences and know-how in SMEs support services and programs offered by the Tunisian Trade Support Institutions.

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

Export Launchpad is a Training of the Trainers Program prepared in cooperation with Trade Facilitation Office (TFO) of Canada to support development of human capacity in the domain of international trade. Partnership Agreement with TFO Canada was signed on 23rd January 2017 in Dakar, Senegal and the implementation of the project started in March 2017. The facts finding mission to identify participating SMEs and their training needs was conducted by TFO in July 2017. As a result, a customized training program was designed and implemented. The first

component aims to establish an exporter training platform for ASEPEX (Agence Sénégalaise de Promotion des Exportations) and other Trade Support Institutions (TSIs) in Senegal. As a result, TSIs will be expected to deliver trade related training and support services to Senegalese exporters in various sectors to help them grow their export activities. The first graduation ceremony of the Training the Trainers took place in October 2017.

The second component of the proposed initiative is currently being implemented and focuses on preparing and strengthening the capabilities of the Senegalese SMEs. This component will equip them with the necessary tools and knowledge that will contribute to introduce their products into the Canadian market, in an efficient and effective way, in order to position them against other competitors and allow them to take advantage of new potential export opportunities.

### **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 Center", which is based on the stakeholder consultation phase conducted by a contracted local NGO. As part of this program, ITFC will carry out an ambitious training program for the coffee farmers in 2018.

The Training Center will be a Center of Excellency in coffee farming with its coffee plantation garden and coffee plantation farm, where farmers will have opportunity to develop hands on experiences based on field trainings. Besides, farmers will have in class training on coffee cultivation covering different aspects of farming. The Training Center will provide additional services such as offering coffee seedlings, soil and plant tests. The center will be connected to Farmers Field Schools, allowing lead farmers to replicate the trainings they receive in the Center.

Furthermore, ITFC will organize business-matching events to provide direct access to some new export destinations, mainly from OIC Member Countries. In the mid-terms, ITFC plans to design a Farmers Cooperatives (FCs) Capacity Development Program to enable FCs to play an active role in the input purchase, direct coffee marketing/exporting, undertaking post harvesting processes and managing training centers.

### **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 project will include dissemination of tools such as capacity building for partner financial institutions as well as SMEs, support in loan acquiring procedures, and placement of trade finance lines in partner banks. With the recent approval of a US\$20 million line of finance to CORIS Bank Senegal, a pilot project will be executed with CORIS in Senegal and Burkina Faso as of Q2 2018 for 8 months.

### **Aflatoxin Mitigation Program in the Gambia**

This project is an integrated project combining trade finance with technical assistance to support The Gambia's groundnut sector. The project concerns the purchase of 100 tons of Aflasafe and application on 5,000 ha of groundnuts fields during planting seasons 2018-2019. When verified as aflatoxin-free, the harvested groundnuts will be purchased from the farmers with a 10% premium on the declared farm gate price. The processed groundnuts—about 20% of the total volume harvested—will be exported to the EU for a price per ton 30% higher compared to 2016.

The project development objective is to improve the livelihoods of The Gambian groundnuts farmers through increase in the export value of groundnuts revenues thanks to reduction in aflatoxin contamination along the groundnut value chain.