International
TRADE FINANCE

# Africa Energy Bank to launch by mid-year

A major initiative to support investments in Africa's hydrocarbon system, the creation of an African Energy Bank (AEB), is poised to launch by 30 June.

Marking one of Africa's more keenly-awaited financing developments, the AEB would go some way to mitigating an international financing squeeze for the continent's oil and gas projects in recent years. It is designed to help provide funding that Western lenders are increasing shying away from because the concept of fossil fuel financing now runs counter to key themes of the ongoing global energy transition – and tends to trigger huge opposition from local and international civil society organisations in cases where it goes ahead.

The AEB will move one step nearer to inauguration with the choice of its headquarters by end-March, according to Omar Farouk Ibrahim, the secretary-general of the African Petroleum Producers Organisation (APPO). The APPO has worked with the African Export-Import Bank (Afreximbank) to establish the new bank, which has a targeted initial capitalisation of $5bn to be deployed for championing energy-related projects for the development of the African continent.

"We have already started receiving funds from our member countries," said Mr Ibrahim, in comments reported by S&P Global Commodity Insights on 12 March. "By the end of this month we expect a decision on who will host the headquarters. By 30 June we expect the bank to be set up," he noted, speaking on the sidelines of an energy conference in Accra, Ghana.

Mohamed Aoun, Libya's oil minister, is chairing the committee to select the headquarters. This body met on 11 March. It appears to have been subject to strong lobbying to influence the hosting award. Although Nigeria's role as the largest oil producer on the continent makes it a strong candidate for the AEB headquarters, at least half a dozen countries have mounted resistance against this choice, the Nigerian daily This Day reported on 12 March. These include Ghana, South Africa, Egypt, Benin, Ivory Coast, and Algeria. Matthew Opuko Prempeh, Ghana's energy minister, told S&P Global that Ghana was one of the only countries that fulfilled all the criteria, adding that site visits had already taken place.

Citing anonymous sources, the S&P Global report said that that only Nigeria and Angola had so far supplied initial funds to the project, at around $20m each. The AEB is seeking $83m from each of its 18 signatories, which would bring in nearly $1.5bn from Africa's oil-producing countries. Mr Ibrahim underlined that "a number of investors and countries in the Middle East that believe that the oil and gas industry has a future" were "waiting in the wings" to supply further financing.

The AEB is seen as an essential facilitator for the future of the African energy industry. In a sector with an estimated $80trn requirement the AEB's mandate would include both improving developed oil assets while also helping to develop new infrastructure such as refineries, logistics, pipelines and storage facilities.

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**Kevin Godier**
**Publishing Editor**
**http://www.intltradefinance.co.uk**

# Editor’s letter

At a time when many Western export credit agencies are withdrawing from fossil fuel business, the Export-Import Bank of the US (EXIM) has extended a $500m loan guarantee to help finance more than 400 oil and gas wells in Bahrain. While NGOs and other critics have argued that EXIM is contravening US President Joe Biden’s commitments to cease backing overseas projects that expand fossil fuel use, EXIM said the transaction is consistent with its remit to bolster American exports and jobs. Nevertheless, shortly before board approval, six US lawmakers called upon EXIM not to move ahead with the financing facility, given the project’s negative effects on the climate.

Elsewhere in the US, NGOs have bemoaned the withdrawal of four major banks – Bank of America, Citi, JP Morgan and Wells Fargo – from the Equator Principles, the guidelines set up by the International Finance Corporation to assess environmental and social risks in project-related finance.

In Latin America, Ecuador is eyeing a second debt-for-nature deal, after exchanging $1.63bn of its international bonds in May 2023 for a $656m ‘blue loan’ linked to marine conservation in the Galapagos Islands. “We will use the experience with the Galapagos bond to do other things in terms of financial innovation that will be an advantage for our country and for the sustainability of the finances of our country,” said Juan Carlos Vega, Minister of Economy and Finance.

Supporting a rise in trade business at Ukraine’s state-owned Privatbank, the European Bank for Reconstruction and Development (EBRD) has established a $25m trade finance line for the Kyiv-headquartered lender, under its Trade Facilitation Programme. “With a strong franchise across Ukraine and a focus on business with agricultural producers, Privatbank has the potential to find its own niche in the trade finance business and support the EBRD’s efforts to restore the food supply chain,” said EBRD First Vice President Jurgen Rigterink. The key beneficiaries are expected to include Ukrainian importers of production equipment, agricultural machinery, machines and machine tools.

One of Africa’s long-awaited financing developments, the creation of an African Energy Bank, is moving closer. “By the end of this month (March) we expect a decision on who will host the headquarters,” said Omar Farouk Ibrahim, the secretary-general of the African Petroleum Producers Organisation (APPO). “We have already started receiving funds from our member countries.... By 30 June we expect the bank to be set up,” he noted. The APPO has worked with the African Export-Import Bank to establish the new bank, which has a targeted initial capitalisation of $5bn to use for championing energy-related projects across the African continent.

Kevin Godier

## Organisation index

**Some of the organisations, banks and companies referred to in this issue of ITF**

Critically, it could be expected to step in behind projects such as the East African Crude Oil Pipeline project and a huge LNG project in Mozambique, both of which have seen the key sponsor TotalEnergies casting around for finance as its former project banks have stepped back from the fossil fuel arena, due to the potential damage to their corporate reputations (ITF 865/3).

### Afreximbank role

The first landmark in the AEB's genesis came in in May 2022, when Afreximbank and the APPO signed a memorandum of understanding for the joint establishment of what they then referred to as an African Energy Transition Bank (ITF 827/1). Mr Ibrahim emphasised that although Afreximbank has increasingly emerged as a key player in hydrocarbon project funding across the continent, the issues that this has caused among some of its shareholders makes the case for the AEB even stronger. "Afreximbank cannot continue the way it is, funding oil and gas projects. There is a lot of pressure on it from other investors in the bank who do not share the vision," he was quoted as saying. "Financers of Afreximbank are not just Africans or people who share our vision."

### Global demand

The APPO secretary-general – a former Nigerian OPEC governor – expressed bullishness about global oil demand in coming decades, notwithstanding the predictions of peak oil in 2030 by the International Energy Agency. "The fact is the global population is increasing, cities are growing, and this will require a lot of energy," he said.

He argued that the focus in Africa should begin to shift from exporting oil and gas to wealthy external nations, towards greater domestic consumption – at a time when over 600m Africans lack access to electricity and some 900 million are without access to clean cooking fuels. "We export 75 per cent of our oil and 45 per cent of our gas, not because we don't need it but because we get big money selling it internationally," Mr Ibrahim said. "The point we are making is, give access to the people for energy and they will transform the economy. Exporting has not worked and it won't work."

# Finance

## AfDB chief criticises Africa's resource-backed borrowing

The chief of the African Development Bank (AfDB) has urged an end to loans provided in exchange for the continent's oil and critical minerals supplies, as one way to help some African countries regain control of their finances and wider sovereignty.

The call from AfDB President Akinwumi Adesina comes against a background of escalating public debt in African nations that has deepened global discussions regarding the sustainability within the region. The concerns, which have been building for well over a decade, stem to a large degree from China's increasing role as a significant financier of African projects, raising fears that Beijing might be deploying debt to gain geopolitical leverage by ensnaring impoverished nations in unmanageable loan agreements.

A World Bank study found that around 10 per cent of loans to countries across the continent between 2004 and 2018 were backed by natural resources. While China's policy banks and state-linked companies provide more loans than any other external source, Western commodity traders and banks have also funded major oil-for-cash deals, notably with the Republic of Congo, Chad and Angola. The three countries have all approached the IMF for support in renegotiating their natural resource-backed loans.

In recent years, the longstanding trend of pre-export commodity financing linked to African hydrocarbons has found a new dimension via the global shift to renewable energy and electric vehicles, which has caused soaring demand for critical minerals. Here, market observers have highlighted a multi-billion-dollar deal between China and the Democratic Republic of Congo (DRC) that has enabled Beijing to tap into the world's largest reserves of cobalt, a mineral required to make lithium-ion batteries.

### Adesina views

According to Mr Adesina, these types of arrangements bring myriad problems. Speaking in an interview with The Associated Press (AP) in Lagos, he underlined the difficulties in asset pricing. "If you have minerals or oil under the ground, how do you come up with a price for a long-term contract? It's a challenge," he said, reported by AP on 12 March. He also pointed to negotiating situations in which lenders often dictate terms to cash-strapped African nations, leading to a lack of transparency and the potential for corruption. "These are the reasons I say Africa should put an end to natural resource-backed loans," Mr Adesina was cited as saying.

He contended that for the AfDB and its peer multilateral development banks (MDBs), which promote sustainable debt management, loans secured with natural resources may pose a challenge. He said that client countries may struggle to obtain or repay MDB loans because they already have to use the vital income from their natural resources to pay off resource-secured debts. "The capacity to negotiate at the country level, the capacity to plan, the capacity for debt management is very important," he emphasised.

As one example of debt-based imbalances, Mr Adesina mentioned Chad, which owes one third of its external debt to commercial creditors, and almost all of that to Glencore in oil-for-cash deals dating back to 2013 and 2014.

### China spotlight

In the DRC, President Felix Tshisekedi has promised to use $7bn in cash from a renegotiated Chinese copper and

**Nigeria-Niger rail funding taps Chinese money**

Nigeria has secured $1.3bn in funding to complete a railway project connecting Kano, the largest city in its north, to Maradi in neighbouring Niger, the transport ministry said on 13 March. Funding will come from a consortium led by the China Civil Engineering Construction Company, which will contribute 85 per cent of the project costs, the ministry said in a statement.

The remaining 15 percent will be covered by the Nigerian government alongside institutions like the Africa Export-Import Bank and African Development Bank. Securing the funding "signifies a monumental step forward in the completion of this critical infrastructure," said Transport Ministry spokesperson Jamilu Ja'afaru. The railway line is aimed at boosting trade as well as economic and social ties between the two countries.

cobalt mining deal to build roads and infrastructure. However, critics of the January 2024 deal argue that the revised agreement lacks transparency and is generally unfavourable towards Congo, whose government was concerned that it drew too few benefits from the original 2008 arrangement. Elsewhere, bauxite, the main mineral in aluminium manufacturing, features in China's recent resource-backed loan contracts with Guinea and Ghana.

Mr Adesina nevertheless emphasised that there was no "fixation" on China as the heaviest purveyor of these loans. "It is not about one country or the other; any country can exploit when you don't know what you are doing," he said.

Mr Adesina argued that the new Alliance for Green Infrastructure in Africa initiative could help limit the growth of problematic financing. Led by the AfDB, African Union Commission and Africa50, the goal of the Alliance is to raise $500m of early stage blended finance capital to catalyse up to $10bn to help countries finance "bankable" sustainable infrastructure, including in the energy and transport sectors.

# Finance

## Ecuador targets second debt-for-nature swap

Ecuador intends to build on the success of its debut debt swap for ocean conservation by implementing a second deal, according to its finance minister. "We are looking at all alternatives with the experience we had with this debt swap for conservation," said Juan Carlos Vega, Minister of Economy and Finance. "It would be used in big areas where we have big necessities, and also compromised to green growth," Mr Vega told LatinFinance on 7 March.

Marking the largest debt-for-nature transaction on record, Ecuador exchanged $1.63bn of its international bonds in May 2023 for a $656m 'blue loan' linked to marine conservation in the Galapagos Islands (ITF 848/3). Such debt-for-nature swaps enable sovereign debts to be purchased by investors and replaced with cheaper debt, usually facilitated by credit and political risk guarantees from major official financial institutions. The structure allows the government involved to spend the savings on specific conservation commitments to conserve ecosystems of high significance, while the old bondholders, for their part, avoid the risk of bigger losses.

"We will use the experience with the Galapagos bond to do other things in terms of financial innovation that will be an advantage for our country and for the sustainability of the finances of our country," Mr Vega was quoted as saying, in comments made at the Inter-American Development Bank's (IDB) annual meeting in the Dominican Republic.

He declined to provide any timeframe. "It is hard to tell right now, but eventually we will have a debt swap like that in the right time," he said. "Ecuador is on the right track to go the international markets with more security."

Joan Prats, principal financial specialist at the IDB's Connectivity, Markets and Finance division, said earlier this year that around nine banks are looking actively at debt-for-nature deals in Latin America (ITF 862/1). The IDB has been a key player in arranging the swaps.

Other regional sovereigns using the mechanisms have included Barbados and Belize. However there has been NGO opposition to the deals, on the grounds that they provide insufficient mitigation to both debt and climate issues.

# Project finance

## Commerzbank/Serv facilitate Turkmen power project

Turkey's Çalık Enerji has secured a $586.25m guarantee package from Commerzbank and Swiss Export Risk Insurance (Serv) to build a modern power plant in Turkmenistan. The unfunded guarantees were provided in relation to the construction by Çalık Enerji of a state-of-the-art 1,574MW combined cycle power plant in Kiyanly, on Turkmenistan's western border, which is planned to replace old-technology power plants.

Under the agreement, Commerzbank's Zurich branch provided the guarantee agreements for Calik Enerji Swiss AG, which has an engineering, procurement and construction contract for the scheme, located within the oil refinery complex in Turkmenbashi. Serv extended a counter guarantee behind this facility, backing exports to the project from Switzerland including two new gas turbines.

The guarantee facility, which reportedly involves a 40-month tenor, involves Commerzbank providing a project bond on behalf of Calik Enerji to the beneficiary, Turkmenistan's state power corporation Turkmenenergo. Çalık Enerji started construction of the power plant in late 2023. According to the contract, the project will be delivered completely ready for operation in 18 months.

Baker McKenzie acted as the sole legal counsel to Commerzbank on all Swiss law aspects of the transaction. "This groundbreaking international structured finance transaction…will make a significant contribution to reducing CO2 emissions in Turkmenistan," said Riko Vanezis, a partner at WFW, which advised Çalık Enerji Swiss AG.

Among previous business with export credit agencies, Çalık Enerji secured a €40m loan from ING last year covered by Italy's SACE, designed to help the company boost procurement from Italy (ITF 850/19).

### Chilean copper mine expansion taps $2.5bn loan

A consortium of public and private financiers have put together a $2.5bn loan for an expansion of Chile's Centinela copper mine, a joint venture between Japanese trading house Marubeni and its UK-based partner Antofagasta plc.

Announcing the deal on 18 March, Japan Bank for International Cooperation (JBIC) said it will extend $950m of the loan, supporting Japanese firms that are expected to secure copper offtake from the estimated $4bn mine expansion. Other public sector co-financiers include Export Development Canada, the Export-Import Bank of Korea and Germany's KfW Ipex-Bank. From the private sector Japan's Sumitomo Mitsui Banking Corporation, Crédit Agricole Corporate and Investment Bank, Société Générale S.A., and Natixis S.A are providing finance.

The deal comes amid rising global demand for copper, which has become a focus for electric vehicle manufacturers and a growing component of economic security strategies globally. The loan is expected to support a production capacity increase of about 140,000 tonnes at the mine, where annual production is around 250,000 tonnes. The expansion will involve the construction of a new concentrator plant located 7km south of the mine's existing concentrator, which will double Centinela's copper concentrate capacity. Marubeni has said it anticipates commercial operations from the expansion commencing in 2027. The mine is located in Antofagasta, in northern Chile's Atacama Desert.

### Leading US lenders eschew Equator Principles

Four major US banks have withdrawn from the Equator Principles (EPs), the industry benchmark set up to assess environmental and social risks in project-related finance. According to the Equator Principles website, Bank of America, Citi, JP Morgan and Wells Fargo are no longer signatories to the guidelines, which were created by the International Finance Corporation in 2003 to help identify, assess and manage potentially adverse impacts created by large infrastructure and industrial projects.

127 entities remain signed to the 10 EPs, which cover aspects of projects ranging from initial due diligence to grievance mechanisms. Spokespeople for JPMorgan, Citi, Bank of America and Wells Fargo have all said that their banks would continue to be informed by those principles, Reuters noted in a 5 March report.

In this, Citi and Wells Fargo both attributed the move to organisational restructurings. Wells Fargo said in a statement that its due diligence process "will incorporate consideration of the Equator Principles for project financing, where we deem appropriate". A Citi representative cited by Reuters said that the bank's "commitment to implementing best practices in our evaluation of environmental and social risks in project-related finance transactions has not changed".

Bank of America said in a statement that the EPs objectives would stay in their risk policy framework, which underlines the bank's "ability to make independent risk decisions about clients and transactions".

At JPMorgan, a spokesperson said that because the bank has invested in environmental and social risk expertise and in-house processes, it was no longer necessary to maintain membership, although its in-house standards would remain aligned with the principles. "While we may collaborate with coalitions or join organizations to further our goals, we always maintain our autonomy and are never bound by third-party dictates or approvals," the spokesperson was quoted as saying.

The moves by the four banks follow the departure of other major financial services companies from corporate environmental initiatives in the wake of suggestions by US Republican politicians that participation could breach antitrust rules.

Among NGOs, the feeling is often that although the EPs have been in place for 21 years, the guidelines constitute a minimum set of standards that still require considerable work to improve their effectiveness in protecting the rights and interests of communities and preventing adverse environmental impacts. The latest iteration of the principles, known as EP4, "made only minor improvements, falling far short of our vision of an EPs that finally deliver on protecting human rights and the climate", said the BankTrack NGO, after the latest version was delivered in 2020.

## Agencies

### SACE extends 5- and 7-year cover for food player

SACE, Italy's export credit agency (ECA), has guaranteed a $500m commercial bank loan extended to Olam Food Ingredients (ofi), in a move aimed at shoring up natural food supplies for Italian buyers. A subsidiary of global commodities giant Olam Group, ofi said on 12 March that the proceeds of the medium-term deal - its first ECA-backed financing – will be used for general corporate purposes.

SMBC and Citi were the lenders on the dual-currency facility, which is split into a five-year $250m tranche and a seven-year ¥37.38bn ($250m) tranche, the latter marking SACE's first "Samurai" facility. SMBC acted as mandated lead arranger (MLA), bookrunner, coordinator and facility agent, with Citi occupying an MLA role.

SACE provided an 80 per cent guarantee under its Push Strategy, initially designed to boost Italian goods and services exports by helping foreign corporations tap medium to long-term loans, but subsequently broadened to include support for strategic imports of commodities and other goods to Italy (ITF 861/5; 856/7; 844/8). The new transaction follows a number of SACE-backed loans for major commodities traders of metals and fossil fuels, also signed under the Push Strategy.

Rishi Kalra, ofi's executive director and group chief financial officer, said the deal "forms a part of our financing strategy to diversify sources of capital and extend our debt maturity". He added that the deal should deepen ofi's "engagement with Italian customers and suppliers".

Olam Treasury Pte Ltd is the borrower on the deal, which is initially guaranteed by Olam Group Limited. The guarantee will transfer to ofi Group Limited after a planned demerger of ofi, which is involved in supplying cocoa, coffee, edible nuts, spices and dairy products.

## EXIM board greenlights Bahraini oil and gas guarantee

The board of directors of the Export-Import Bank of the United States (EXIM) has approved a $500m loan guarantee for Bahrain's Bapco Energies, a transaction which critics have described as out of step with US President Joe Biden's commitments to cease backing overseas projects that expand the use of fossil fuels.

Although the deal will finance more than 400 oil and gas wells in Bahrain, EXIM has stressed that its charter stipulates that it remain sector-agonistic across all its products (ITF 864/5).

Announcing the deal on 14 March, EXIM said the transaction is consistent with its mission to bolster American exports and jobs, stressing that Bapco's ongoing drilling programme should mean lucrative contracts for American engineering and construction management firms. From an environmental angle, the loan will "play a crucial role in ensuring Bapco Energies is able to achieve its climate goals of enhanced grid interconnectivity, more efficiency, decarbonization, and investments in large-scale solar projects", said EXIM president and chair Reta Jo Lewis.

An EXIM statement noted that Bapco Energies is a signatory to the COP28 Oil and Gas Decarbonization Charter, in which it commits net-zero operations by 2050 at the latest, and ending routine flaring by 2030, as well as near-zero upstream methane emissions. It underlined that the project underwent a feasibility review and a check for alignment with EXIM's environmental and social due diligence procedures and guidelines, which must be adhered to throughout the life of the transaction.

It said the project will also include measures intended to reduce greenhouse gas emissions, including implementation of leak detection and gas recovery systems, on-site solar energy production to directly reduce the carbon footprint associated with grid supplied electricity, elimination of higher emitting process equipment, and elimination of all non-emergency flaring.

Shortly before the board vote, six US lawmakers led by Senator Jeff Merkley called upon EXIM not to move ahead with the financing facility, given the project's negative effects on the climate. In February, the plans to finance the Bahrain project prompted two of EXIM's climate advisers to resign, at a time when many observers are criticising the Biden administration for breaking 2021 pledges to "lead by example" on climate change.

EXIM is reportedly weighing support for fossil fuel projects in Papua New Guinea and Guyana, with votes due later this year. In the past year, EXIM has backed the expansion of an Indonesian oil refinery (ITF 848/7). It has also helped boost purchases of US LNG for customers in Europe. Data produced by Oil Change International indicates that the agency approved at least $910m worth of international fossil-fuel finance in 2023.

## CESCE supports green loan.....

Banco Sabadell has extended an approximately €22m green loan covered by Spain's CESCE for the refurbishment of a former Nissan factory in the Free Zone of Barcelona. CESCE said on 1 March that Acciona – a subsidiary of electric scooter company Scutum – will use the loan proceeds to reform and readapt part of the factory for the production of power bikes and rechargeable electric vehicle batteries.

CESCE said the five-year loan – which carries a one-year grace period – falls within the framework of the Loan Market Association's Green Loan Principles. It has also been rated as green under Acciona's Sustainable Impact Financing Framework, as it will be used to support the manufacture of zero-emission transport. After the renovation, Scutum will move and concentrate its current facilities located in nearby Sant Boi de Llobregat to the new, 30,000 square metre location in Barcelona, in order to expand its current production of electric vehicles and removable batteries.

### ......as UKEF backs renewable energy developer

Renewable energy developer Hive Energy has secured a £19m export finance package from Santander, guaranteed by UK Export Finance (UKEF). Hampshire, England-based Hive Energy develops solar power, battery storage and green hydrogen projects around the world. It will use the capital to support an array of new and ongoing renewable energy projects in Turkey, Serbia and other countries.

UKEF's guarantee fell under its General Export Facility scheme, which it said has helped UK firms – mostly SMEs

## OECD export credit rates

**Minimum interest rates for officially supported export credits**

| | 15 Mar 14 Apr | 15 Feb 14 Mar |
|---|---|---|
| Australian dollar 3 yrs | 4.70 | 4.56 |
| Australian dollar 10 yrs | 5.14 | 4.98 |
| Canadian dollar 3 yrs | 4.95 | 4.78 |
| Canadian dollar10 yrs | 4.50 | 4.35 |
| Czech koruna 3 yrs | 4.53 | 4.87 |
| Czech koruna 10 yrs | 4.72 | 4.81 |
| Danish krone 3 yrs | 3.59 | 3.37 |
| Danish krone 10 yrs | 3.46 | 3.37 |
| Euro 3 yrs | 3.49 | 3.28 |
| Euro 10 yrs | 3.43 | 3.29 |
| Hungarian forint 3 yrs | 6.95 | 7.00 |
| Hungarian forint 10 yrs | 7.05 | 6.74 |
| Japanese yen 3 yrs | 1.14 | 1.05 |
| Japanese yen 10 yrs | 1.72 | 1.66 |
| Korean won 3 yrs | 4.35 | 4.27 |
| Korean won 10 yrs | 4.43 | 4.35 |
| N. Zealand dollar 3 yrs | 5.66 | 5.50 |
| N. Zealand dollar 10 yrs | 5.77 | 5.66 |
| Norwegian krone 3 yrs | 4.73 | 4.44 |
| Norwegian krone 10 yrs | 4.70 | 4.50 |
| Polish zloty 3 yrs | 6.05 | 5.98 |
| Polish zloty 10 yrs | 6.40 | 6.29 |
| Swedish krona 3 yrs | 3.67 | 3.43 |
| Swedish krona 10 yrs | 3.43 | 3.23 |
| Swiss franc 3 yrs | 1.93 | 1.85 |
| Swiss franc 10 yrs | 1.83 | 1.83 |
| UK pound 3 yrs | 5.06 | 4.77 |
| UK pound 10 yrs | 5.12 | 4.93 |
| US dollar 3 yrs | 5.33 | 5.11 |
| US dollar 10 yrs | 5.21 | 5.06 |

**Following the CIRR reforms, ITF will publish the shortest tenor (3-year) and longest tenor (10-year) CIRR rate for each participant in the OECD Consensus. The CIRR rates for the full range of government bond maturities (over 3, 4, 5, 6, 7, 8, 9 and 10 years) can be found at http://www.oecd.org/trade/topics/export-credits/documents/cirrs.pdf**

**Rates published monthly, normally around mid–month. A premium of 0.2 is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.**

**A CIRR is fixed for each currency, including the euro, that is used by participants in the Consensus. CIRRs are subject to change on the 15 of each month.**

to access over £325m in working capital since its launch in 2020. The guarantee will allow Hive Energy to fund ongoing projects in Turkey – where it has already developed 11MW of photovoltaic power generation plants– and extend into new markets such as Serbia.

# Insurance

### Coface launches strategic plan, unveils 2023 results

Coface has launched its 2024-2027 strategic plan, entitled Power the Core, as a framework for evolving its suite of risk management products. The launch followed the publication of 2023 results showing group turnover and income rises.

Announcing the new plan on 4 March, Coface said that Power the Core will build upon its previous strategic plans for the 2020-2023 period, Fit to Win and Build to Lead. Among other achievements, these have helped Coface to simplify its operating model, notably by reducing the number of IT systems by 40 per cent and by decreasing its IT complexity index by 25 per cent. A key business underpinning, Coface's solvency, "has constantly remained above its target range", the company said,

It stressed that Power the Core will "deepen and broaden the quality" of its data and technology franchise, via investments in building new differentiating data and scoring capabilities, integrating state-of-the-art modelling techniques, using data science and artificial intelligence in particular. The plan also aims to maintain disciplined trade credit insurance underwriting while investing for further growth, especially on the SME and mid-market segments, while continuing to simplify customer experience, Coface said. Two further aims are to pursue profitable double-digit growth in business information services; and to maintain Coface's "strong commitment to sustainability".

Coface's chief executive Xavier Durand said: "We have demonstrated that our businesses complement each other, allowing for the development of a credit risk management ecosystem of reference to increase our value proposition to our customers."

Power the Core will also give Coface ambitious financial targets for 2027 and beyond, including an undiscounted combined ratio of 78 per cent through-the-cycle that would mark a 2 percentage points (ppts) improvement over the previous plan. Other targets include a return on average tangible equity (RoATE) of 11 per cent through-the-cycle; a solvency ratio towards the upper end of the 155-175 per cent target range with a payout ratio of at least 80 per cent of net income; and an additional contribution from business information services to group RoATE of 50 basis points, starting in 2027.

Coface acknowledged that its business information services "were still relatively immature" in 2019. It said: "Since then, they pursued their development and confirmed their growth potential. This activity has strong synergies with trade credit insurance and relies on the same risk infrastructure. It is currently profitable despite significant growth investments. The growth of this pure service activity, which requires no regulatory capital, reached 13 per cent on average between 2019 and 2023."

### 2023 results

The strategic plan was released six days after Coface published its FY-2023 results, showing a €240.5m net income, which Mr Durand attributed to "an excellent underwriting margin, leading to an annualised RoATE of 13.4 per cent despite the negative impact of the fall of certain foreign currencies (Argentina, Turkey) and a drop in real estate prices."

Turnover lifted to €1,868m, up 6 per cent at constant FX and perimeter and up 3.8 per cent on a reported basis. Coface said trade credit insurance premiums increased by 5.4 per cent, while growth in client activities was negative in the second half of the year as a result of falling inflation and economic slowdown. Client retention nonetheless stood at a record high of 93.1 per cent, while business information and debt collection showed double digit growth in business information. Factoring income rose by 2.6 per cent.

Coface posted reductions in its net loss ratio (37.7 per cent, down by 2 ppts) and its net combined ratio (64.3 per cent, down by 3.3 ppts). The gross loss ratio came in at 35.8 per cent, up 0.3 ppts "in a risk environment now close to historical averages", Coface said. Its estimated solvency ratio of 199 per cent at year-end showed a "solid balance sheet", the credit insurer said.

According to Mr Durand, who is mandated with a further four years at the helm, "Coface delivered another strong year in a volatile and relatively weak global economic environment in 2023". Looking ahead, Mr Durand spoke at the start of this year of a coming "wall of debt" involving major 2025 due dates (ITF 863/8).

## Allianz Trade enhances e-commerce offering

Supporting the rapid growth of B2B e-commerce, Allianz Trade has introduced a new service suite to revamp how businesses insure and manage their online transactions. Announcing Allianz Trade pay on 6 March, the Paris-headquartered underwriter said the payment solution combines existing tools with new services dedicated to B2B e-commerce activities, including real-time trade credit insurance protection, a fraud prevention module, a digital buyer onboarding solution, and instant financing options provided via financial institution partners.

"With Allianz Trade pay, we are now covering the entire B2B e-commerce value chain, from KYB (Know Your Buyer) to payment, and addressing the needs of the whole ecosystem, from e-merchants to BNPL (Buy Now, Pay Later) players, banks and marketplaces," said François Burtin, global head of e-commerce at Allianz Trade.

Allianz Trade said that financing solutions are available for both domestic operations and multinational operations, offering immediate payment to e-merchants for online transactions using Allianz Trade's API connections with BNPL partners and leveraging its database covering over 83 million companies globally.

"We aim to go even further," said Anil Berry, an Allianz Trade board member in charge of commercial underwriting, distribution, e-commerce and marketing. Future improvements to the new offering could include "live and consolidated views, dedicated and dynamic dashboards and automated alerts, for instance", he noted.

### Allianz Trade ties up with Nuvo

B2B trade credit tech platform Nuvo announced a strategic integration with Allianz Trade in North America. The collaboration will see key elements of Allianz Trade's trade credit insurance policies administered from within Nuvo's platform, enabling Allianz Trade customers to track approval policy adherence, and to benefit from native anti-fraud measures and KYC/KYB protocols. "Integrating with Nuvo will enable our shared customers to manage their policies more simply, and to protect their operations from unforeseen risk events," said Aaron Lindstrom, Allianz Trade's regional head of transformation and digital partnerships, Americas.

# Risk report

## Marsh warns of economic, political turmoil in 'biggest election year'

Businesses face a "more volatile and riskier" year amid shifting geopolitical and macroeconomic trends that will "reshape structures of international politics, trade and finance", according to Marsh Specialty's annual Political Risk Report. Released on 13 March, the report contended that 2024 is the "biggest election year in history", when a record 40 per cent of the world's population is anticipated to cast their vote in more than 60 elections.

"The outcomes of the elections taking place this year are set to direct the course of global events for the next decade and beyond," said Robert Perry, global political risks & structured credit leader at Marsh Specialty. According to the report, voters globally are likely to focus on internal economic and international security concerns. In addition, the weaponisation of artificial intelligence by non-state groups, adversarial states, politicians, and individuals to amplify misinformation and disinformation will further exacerbate policy uncertainty and political violence risks for organisations and investors.

The report annually outlines the major trends in the global political and economic landscape that will impact multinationals and investors in the year ahead. The new edition also stressed that state-led economic policies and geopolitical insecurity are giving rise to more frequent disruptions to global trade, making operational planning "unusually volatile". Trade barriers introduced over the past five years by governments to protect domestic industries are ramping up "the frequency and severity of trade disruption and distortion", Marsh highlighted. Further, a "greater economic divergence between sectors and economies" is set to occur amid increasing government interventions and a rise in less predictable security disruptions, it forecast.

The report also emphasised that fragile macroeconomic conditions in the wake of the 2024 elections will be further stressed by high debt levels among companies and governments, especially in many emerging countries, where high debt-to-GDP ratios is expected to bring difficulties in repaying. Unsustainable debt burdens in advanced economies will also be an issue, said the report, citing the US, Italy and Japan as examples. The report predicted that these burdens may discourage further subsidy implementation and restrict trading.

The Marsh report additionally flagged up clashes between market forces and the international consensus on energy transition, worsening climate events and rising food and water insecurity as areas of concern.

The report echoed many themes of a recent study by Allianz Trade, indicating that political risk and violence is perceived to be rising globally (ITF 862/8). In early January, private (re)insurer Chaucer highlighted widespread company concerns that cash-strapped governments could renege on commercial contracts (ITF 861/8).

# Multilaterals

## EBRD broadens Ukrainian trade finance activity

Supporting the growing trade business of Ukraine's state-owned Privatbank, the European Bank for Reconstruction and Development (EBRD) has established a $25m trade finance line for the Kyiv-headquartered lender. Described by EBRD as Ukraine's "biggest systemically important bank" – and its largest by assets – Privatbank will join eleven other banks in Ukraine which are partners under the London-based multilateral's Trade Facilitation Programme (TFP).

By providing the trade finance limit for Privatbank, the EBRD said it is helping to facilitate continued trade activities in Ukraine. "This is critical not only for keeping the flow of essential goods moving but also for generating revenue for the country," said EBRD, announcing the move on 13 March.

Privatbank, which generated around 43 per cent of the Ukrainian banking system's net profit in 2023, has started to develop its own trade finance business. EBRD began a strategic cooperation with Privatbank in 2023, through its Resilience and Livelihood Guarantee arrangement to guarantee lending by Ukrainian partner banks. This facility covered €240m of new loans to private business, mostly micro-, small- or medium-scale enterprises operating in agribusiness or other critical industries.

Signing the trade finance agreement in Kyiv, EBRD First Vice President Jurgen Rigterink said: "With a strong franchise across Ukraine and a focus on business with agricultural producers, Privatbank has the potential to find its own niche in the trade finance business and support the EBRD's efforts to restore the food supply chain."

Gerhard Boesch, PrivatBank's chief executive, stressed that EBRD guarantees, via the TFP, reduce the cost of banking services for documentary operations "significantly" below standard loans. He commented: "This new agreement allows us to issue confirmed letters of credit with post-import financing, which in turn gives opportunities for our clients to increase the period of payment deferral for foreign economic contracts." He indicated that Ukrainian importers of production equipment, agricultural machinery, machines, machine tools, aggregates, along with small and medium consumer goods businesses will be the key beneficiaries.

Since Russia invaded eastern Ukraine in 2022, access to trade financing for Ukrainian firms has severely shrunk, as international confirming banks have shied away from risk exposure on Ukrainian banks. In the subsequent two years, the TFP has supported €972m in 355 trade transactions for the Ukrainian economy.

At a broader level, Ukraine has dominated EBRD's priority list since Russia invaded its neighbour on 24 February 2022. EBRD has made €4bn available to Ukraine in the first two years of the war. It also recently secured a €4bn capital increase to continue lending at these levels (ITF 861/8).

### Privatisation hint

Looking ahead, Mr Rigterink hinted that moves may be afoot to take Privatbank back to the private sector in the medium- to long-term. He said that the new partnership "will also effectively align Privatbank's operations with EBRD standards, thus enhancing its privatisation prospects in the future."

In December 2016 Privatbank was taken over by the state, after Ukraine's central bank accused the bank of lending too much money to entities connected with its shareholders and management. Privatbank owed Cargill $70m at the time, according to Ukrainian press reports. EBRD supported the nationalisation as a necessary step to protect depositors at Ukraine's largest bank.

## MIGA official warns on MDB guarantee proliferation

A senior official at the Multilateral Investment Guarantee Agency (MIGA) has expressed concern that a potential increase in credit guarantees provided by multilateral development banks could be detrimental to the existing market.

"If it (credit guarantee market) gets fragmented we will be fighting each other on pricing and not be able to deliver the power of the guarantee instrument," said Junaid Kamal Ahmad, MIGA's vice president for operations, during an Atlantic Council webinar.

Cited by Reuters on 11 March, his comments follow recently unveiled World Bank plans to consolidate its loan and investment guarantee structure in a bid to triple its annual guarantees to $20bn by 2030 (ITF 865/9). However, other leading multilateral development banks (MDBs) have also been eyeing an increase in their guarantee facilities.

# Forfaiting newsbrief and country list — 1st Quarter 2024

## EUROPE

| Country | Years Max |
|---|---|
| Austria | 5 |
| Belarus | 1 |
| Belgium | 5 |
| Bosnia-Herzegovina | 2 |
| Bulgaria | 3 |
| Croatia | 3 |
| Cyprus | 0 |
| Czech Republic | 3 |
| Denmark | 5 |
| Estonia | 2 |
| Finland | 5 |
| France | 5 |
| Georgia | 1 |
| Germany | 5 |
| Gibraltar | 5 |
| Greece | 1 |
| Hungary | 2 |
| Iceland | 1 |
| Ireland | 3 |
| Italy | 3 |
| Latvia | 2 |
| Liechtenstein | 5 |
| Lithuania | 2 |
| Luxembourg | 5 |
| Macedonia | 3 |
| Malta | 5 |
| Netherlands | 5 |
| Norway | 5 |
| Poland | 3 |
| Portugal | 3 |
| Romania | 3 |
| Russia | 1 |
| Serbia | * |
| Slovakia | 2 |
| Slovenia | 1 |
| Spain | 5 |
| Sweden | 5 |
| Switzerland | 5 |
| Turkey | 1 |
| Ukraine | * |
| UK | 5 |

## ASIA PACIFIC

| Country | Years Max |
|---|---|
| Australia | 5 |
| Bangladesh | 1 |
| Brunei | 3 |
| China | 5 |
| Hong Kong | 5 |
| India | 5 |
| Indonesia | 3 |
| Japan | 5 |
| Kazakhstan | 2 |
| Macau | 5 |
| Malaysia | 5 |
| Mongolia | * |
| New Zealand | 5 |
| Pakistan | * |
| Philippines | 3 |
| Singapore | 5 |
| South Korea | 5 |
| Sri Lanka | * |
| Taiwan | 5 |
| Thailand | 5 |
| Uzbekistan | 1 |
| Vietnam | 2 |

## AMERICAS

| Country | Years Max |
|---|---|
| Argentina | * |
| Bahamas | 3 |
| Barbados | 3 |
| Bermuda | 3 |
| Bolivia | 1 |
| Brazil | 3 |
| Canada | 5 |
| Cayman Islands | 3 |
| Chile | 5 |
| Colombia | 5 |
| Costa Rica | 1 |
| Dominican Republic | 1 |
| Ecuador | 1 |
| El Salvador | * |
| Guatemala | 1 |
| Honduras | * |
| Mexico | 5 |
| Nicaragua | * |
| Panama | 2 |
| Paraguay | 1 |
| Peru | 5 |
| Puerto Rico | * |
| Trinidad & Tobago | 1 |
| Uruguay | 2 |
| USA | 5 |
| Venezuela | * |

## MIDDLE EAST

| Country | Years Max |
|---|---|
| Bahrain | 3 |
| Iraq | * |
| Jordan | 3 |
| Kuwait | 3 |
| Lebanon | * |
| Oman | 3 |
| Qatar | 3 |
| Saudi Arabia | 3 |
| UAE | 3 |
| Yemen | * |

## AFRICA

| Country | Years Max |
|---|---|
| Algeria | 2 |
| Angola | 2 |
| Benin | * |
| Botswana | 1 |
| Burkina Faso | * |
| Cameroon | * |
| Cote d'Ivoire | 2 |
| Equatorial Guinea | 1 |
| Egypt | 1 |
| Ethiopia | * |
| Gabon | * |
| Ghana | * |
| Kenya | 1 |
| Libya | * |
| Mali | * |
| Mauritania | * |
| Mauritius | 3 |
| Morocco | 3 |
| Namibia | 2 |
| Niger | 1 |
| Nigeria | 2 |
| Rwanda | 1 |
| Senegal | 2 |
| South Africa | 3 |
| Tanzania | 1 |
| Togo | * |
| Tunisia | * |
| Uganda | 1 |
| Zambia | * |

## CONTACT

lfc@forfaiting.com

## LONDON OFFICE

**Tel :+44 20 7397 1510**
**Fax: +44 20 7397 1511**

Detailed above, is an updated list of countries and credit periods which can currently be considered. For your ease of reference, recent changes are indicated in brackets either (deteriorated) or (improved).

In addition to being able to discount bills of exchange, promissory notes and deferred payment letters in these markets, London Forfaiting can also consider adding their silent confirmation to unconfirmed letters of credit dependent on specific transaction details. For many exporters, premium increases, market rate additions, non availability and additional restrictions continue to make silent confirmations of unconfirmed letters of credit a cost effective alternative to credit insurance.

Please contact London Forfaiting at the office below to discuss indicative terms for any of your current and future business. Alternatively, you can always visit their website at www.forfaiting.com, to check the latest Country List on line or obtain general information on forfeiting and the other services they provide.

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# Emerging markets risk indicators

## Africa — World Bank approves $520m for Tunisia

The World Bank has approved two loans worth $520m to fund projects in Tunisia to address food security challenges and reduce regional disparity. "The two loans are in line with the World Bank's strategic partnership with Tunisia for the period 2023-2027, which aims to strengthen human capital and increase economic opportunities throughout the country," Tunis Afrique Presse quoted World Bank resident representative in Tunisia Alexandre Arrobio as saying. Mr Arrobio said the larger loan, worth $300m, would be added to an emergency food security project to help address the repercussions of four consecutive years of drought in Tunisia. A $220m loan aims to reduce economic disparity between various regions by developing infrastructure, especially roads. Moody's Ratings lifted Côte d'Ivoire's local and foreign currency long-term issuer ratings and foreign currency senior unsecured ratings to Ba2 from Ba3. Moody's said the early March upgrade reflects the country's "increased economic resiliency supported by growing economic diversification, rising income levels from a low level and robust economic prospects, all driven by rising private sector investments and a track record of steady improvements in governance." Kenya tapped the international bond market on 12 February to raise a $1.5m bond, using the proceeds to buy back a 10-year, $2bn Eurobond that matures in June. The new bond, which will mature in 2031, was oversubscribed four times. Credendo said Kenya's FX reserves cover around 3.5 months of imports, below the 4.5 months cover recommended by the East Africa Community. According to the IMF and World Bank, Kenya remains at high risk of external debt distress and at a high overall risk of debt distress. Servicing external debt took up nearly 20 per cent of export revenues in 2023.

Moody's downgraded Niger's long-term foreign and local currency issuer ratings to Caa3 from Caa2. Moody's said on 9 February that the downgrade "reflects the continued accumulation of payment arrears on debt service because of the sanctions from the Economic Community of West African States and West African Economic and Monetary Union that prevent cross-border payments, which points to higher losses for private sector creditors than Moody's assumed previously." Credendo downgraded Burundi's short-term political risk from 6/7 to its lowest 7/7 category, reversing a September 2022 upgrade. Credendo cited FX reserves that have declined since an October 2021 peak, to cover about two weeks of imports. Malawi has improved its FX situation via a $178m, four-year Extended Credit Facility from the IMF. Credendo noted FX reserves of below 1 month of import cover since 2020.

Fitch estimated that the Congo-Brazzaville's imputed international reserves declined to $871m in 2023 from $938m in 2022, primarily driven by external debt service and the accumulation of funds in escrow accounts associated with servicing Chinese debt. "We expect international reserves to increase only marginally to $955m by 2025 on account of lower government debt repayments and stronger net FDI inflows," Fitch said. It predicted reserve coverage will remain weak at 1.3 months of current external payments in 2024-2025.

| Country | Preferred payment terms | Coface grading | Moody's sovereign rating | Fitch country ceiling | Credendo short-term political risk rating | Credendo medium- to long-term political risk rating | D&B rating |
|---|---|---|---|---|---|---|---|
| Algeria | CLC | D | — | — | 3 | 5 | 5 |
| Angola | CLC | C | B3 | B- | 5 | 6 | 5 |
| Benin | ILC | B | B1 | BB- | 5 | 6 | – |
| Botswana | OA | A4 | A3 | — | 1 | 3 | 4 |
| Burkina Faso | CLC | D | — | — | 6 | 7 | – |
| Burundi | CLC | D | — | — | 7 | 7 | – |
| Cameroon | CLC | C | Caa1 | B+ | 5 | 6 | 6 |
| Central African Republic | CIA | D | — | — | 7 | 7 | – |
| Chad | CLC | D | — | — | 5 | 7 | – |
| Comoros | CLC | — | — | — | 5 | 7 | – |
| Congo (Republic) | CLC | C | Caa2 | B- | 5 | 7 | 6 |
| Cote d'Ivoire | CLC | B | Ba2 | BB | 4 | 5 | 5 |
| Djibouti | CLC | C | — | — | 4 | 7 | – |
| DR Congo | CLC | D | B3 | — | 6 | 7 | |
| Egypt | ILC | C | Caa1 | B- | 6 | 6 | 5 |
| Equatorial Guinea | CLC | D | — | — | 5 | 7 | – |
| Eritrea | CIA | E | — | — | 7 | 7 | – |
| Eswatini | CLC | — | B3 | — | 4 | 5 | – |
| Ethiopia | CLC | C | Caa3 | B- | 6 | 6 | 6 |
| Gabon | CLC | C | Caa1 | B | 5 | 7 | 6 |
| Gambia | CLC | — | — | — | 6 | 7 | – |
| Ghana | CLC | C | Ca | B- | 6 | 6 | 6 |
| Guinea | CLC | C | — | — | 6 | 7 | – |
| Guinea-Bissau | — | — | — | — | 5 | 7 | – |
| Kenya | ILC | C | B3 | B | 5 | 7 | 5 |

# Emerging markets risk indicators

## Africa (continued)

| Country | Preferred payment terms | Coface grading | Moody's sovereign rating | Fitch country ceiling | Credendo short-term political risk rating | Credendo medium- to long-term political risk rating | D&B rating |
|---|---|---|---|---|---|---|---|
| Liberia | CLC | D | — | — | 7 | 7 | – |
| Libya | CIA | E | — | — | 7 | 7 | 7 |
| Madagascar | CLC | C | — | — | 4 | 7 | – |
| Malawi | CLC | D | — | — | 7 | 7 | 6 |
| Mali | CLC | D | Caa2 | — | 6 | 7 | – |
| Mauritania | CLC | C | — | — | 4 | 6 | – |
| Mauritius | OA | A4 | Baa3 | — | 2 | 3 | 4 |
| Morocco | ILC | B | Ba1 | BB+ | 2 | 4 | 5 |
| Mozambique | CLC | D | Caa2 | B- | 7 | 7 | 6 |
| Namibia | ILC | C | B1 | BB | 3 | 6 | 4 |
| Niger | CLC | D | Caa3 | — | 5 | 7 | – |
| Nigeria | CLC | C | Caa1 | B- | 5 | 6 | 6 |
| Rwanda | ILC | B | B2 | BB- | 4 | 7 | – |
| Senegal | ILC | B | Ba3 | — | 5 | 5 | 5 |
| Seychelles | ILC | — | — | BBB- | 3 | 5 | – |
| Sierra Leone | CLC | D | — | — | 5 | 7 | 6 |
| South Africa | ILC | C | Ba2 | BB | 3 | 4 | 6 |
| Sudan | CIA | E | — | — | 7 | 7 | 7 |
| Tanzania | ILC | B | B2 | B+ | 4 | 6 | 5 |
| Togo | ILC | C | B3 | — | 5 | 6 | – |
| Tunisia | CLC | C | Caa2 | B- | 6 | 7 | 6 |
| Uganda | ILC | C | B2 | B+ | 4 | 6 | 5 |
| Zambia | CLC | D | Ca | B- | 5 | 7 | 5 |
| Zimbabwe | CIA | E | — | — | 7 | 7 | 6 |

## Americas – Moody's upgrades Nicaragua, Uruguay

Moody's Ratings upgraded Nicaragua's long-term local and foreign currency issuer ratings to B2 from B3, maintaining a stable outlook. Moody's attributed the ratings hike to its view that "the sovereign's credit profile has structurally strengthened due to the accumulation of substantial fiscal and external buffers above Moody's prior expectations, as a result of the authorities' concerted policy efforts to mitigate challenges from international sanctions." Moody's said this limits the sovereign's reliance on borrowing from multilateral development banks to cover its financing needs. It said FX inflows from remittances will likely lift the external reserve buffer to 30 per cent of GDP by the end of 2024. On 15 March, Moody's upgraded Uruguay's long-term issuer and senior unsecured bond ratings to Baa1 from Baa2, changing the outlook to stable from positive. "The key drivers of the upgrade include strong institutions that support the implementation of structural reforms and continued compliance with fiscal and monetary policy frameworks, which in turn point to higher sustained growth rates than in the past, supported by strong investment," Moody's said.

Ecuador has been in preliminary talks with the IMF and expects to start formal negotiations on a new funding agreement, said Juan Carlos Vega, Minister of Economy and Finance. The government expects 2 per cent economic growth this year and up to 6 per cent annually in coming years, he added. Saúl del Real, director of Fitch's sovereign ratings team, pointed to low systemic liquidity. "Banks are very conservative in the terms of the liquidity buffers they maintain and at times like the present they choose not to lend or to slow down the growth of credit portfolios," he noted.

Fitch Ratings upgraded Jamaica's long-term foreign-currency and local-currency issuer default ratings to BB- from B+, while lifting the country ceiling to BB from BB-. It said the 5 March moves mirror "significant progress with debt reduction, backed by a sound fiscal framework and a strong political commitment to deliver large primary surpluses." Official FX reserves increased nearly threefold to $4.9bn in 2023 from a $1.8bn low in 2013. Credendo downgraded Argentina's short-term political risk rating to its lowest category (7/7), attributing the move to "severe deterioration of the liquidity situation, the quick deterioration of Credendo's payment experience and large downside risks". Argentina and the IMF recently finalised agreement on releasing $4.7bn as part of a debt restructuring plan. Tensions in Bolivia's congress escalated when the lower house sought to approve five multilateral loans worth around $700m. Brawls erupted while legislators were discussing the financing that was finally approved by the lower house on 1 March. Venezuela posted its smallest consumer price increase for January in more than a decade. The rate of 1.7 per cent was underpinned by a drastic cut in government spending and additional dollar supply by Chevron Corporation.

# Emerging markets risk indicators

## Americas (continued)

| Country | Preferred payment terms | Coface grading | Moody's sovereign rating | Fitch country ceiling | Credendo short-term political risk rating | Credendo medium- to long-term political risk rating | D&B rating |
|---|---|---|---|---|---|---|---|
| Anguilla | ILC | — | — | — | 5 | 6 | – |
| Antigua | ILC | — | — | — | 5 | 7 | – |
| Argentina | CLC | D | Ca | B- | 7 | 7 | 6 |
| Aruba | ILC | — | — | BBB- | 2 | 5 | – |
| Bahamas | ILC | — | B1 | — | 4 | 4 | – |
| Barbados | CLC | C | B3 | B | 3 | 4 | – |
| Belize | CLC | C | Caa2 | — | 3 | 5 | – |
| Bermuda | 30/SD | — | A2 | AA | 2 | 3 | – |
| Bolivia | ILC | D | Caa1 | B- | 6 | 7 | 5 |
| Brazil | ILC/OA | B | Ba2 | BB+ | 2 | 4 | 5 |
| Cayman Islands | SD | — | Aa3 | — | 2 | 3 | – |
| Chile | OA | A4 | A2 | A+ | 2 | 3 | 4 |
| Colombia | ILC | C | Baa2 | BBB- | 3 | 5 | 5 |
| Costa Rica | ILC | C | B1 | BBB- | 3 | 3 | 4 |
| Cuba | CIA/CLC | E | — | — | 7 | 7 | 6 |
| Dominica | ILC | — | — | — | 4 | 6 | – |
| Dominican Republic | ILC | B | Ba3 | BB- | 2 | 4 | 4 |
| Ecuador | CLC | C | Caa3 | B | 4 | 6 | 6 |
| El Salvador | CLC | D | Caa3 | B- | 5 | 7 | 5 |
| Grenada | ILC | — | — | — | 4 | 6 | – |
| Guatemala | ILC | C | Ba1 | BBB- | 2 | 4 | 5 |
| Guyana | CLC | D | — | — | 4 | 4 | – |
| Haiti | CIA/CLC | E | — | — | 7 | 7 | – |
| Honduras | ILC | C | B1 | — | 2 | 4 | 6 |
| Jamaica | ILC | C | B2 | BB | 3 | 5 | 5 |
| Mexico | OA | B | Baa2 | BBB+ | 1 | 3 | 4 |
| Montserrat | ILC | — | — | — | 4 | 7 | – |
| Netherlands Antilles | OA | — | — | — | 2 | 5 | – |
| Nicaragua | CLC | D | B2 | B- | 5 | 6 | 6 |
| Panama | OA | B | Baa3 | AA- | 3 | 4 | 3 |
| Paraguay | ILC | B | Ba1 | BBB- | 3 | 4 | 5 |
| Peru | OA | B | Baa1 | A- | 1 | 3 | 5 |
| Puerto Rico | CLC | — | B2 | BB | 2 | 2 | – |
| St Kitts | SD | — | — | — | 4 | 5 | – |
| St Lucia | ILC | — | — | — | 4 | 7 | – |
| St Vincent | ILC | — | B3 | — | 5 | 5 | – |
| Suriname | CLC | D | Caa3 | CCC | 5 | 6 | – |
| Trinidad & Tobago | ILC | B | Ba2 | — | 2 | 3 | 5 |
| Turks & Caicos Islands | SD | — | — | — | 2 | 2 | – |
| Uruguay | ILC | A4 | Baa1 | A- | 3 | 3 | 4 |
| Venezuela | CIA | E | C | CC | 7 | 7 | 6 |

# Emerging markets risk indicators

## Asia — EXIM inks $500m Vietnam MoU

The Export-Import Bank of the US (EXIM) and Vietnam Development Bank signed a $500m memorandum of understanding to facilitate the financing of US exports to Vietnam. EXIM said the MOU will support US export financing that advances green economy transition, infrastructure development projects and climate-related projects. Fitch predicted Vietnam's coverage of external payments will average about 2.7 months in 2024. GDP growth is expected by Credendo to reach 5.8 per cent this year, supported by infrastructure spending and fiscal stimuli. India's Finance Minister Nirmala Sitharaman said on 1 March that many countries are negotiating to start trade denominated in rupees. He said the currency has been "mostly stable" in international markets. India has been encouraging partner countries, including Russia, to adopt rupee-denominated trade, to help cut transaction costs associated with currency conversions. In Indonesia, defence minister Prabowo Subianto won presidential elections by a landslide in mid-February, obviating any need for a second voting round. He is expected to emulate the president Joko Widodo's economic policies, keeping GDP growth at around 5 per cent in coming years. Bangladesh's central bank increased the all-in-cost ceiling for short-term trade finance in foreign currencies to 4 per cent over benchmark rates on 31 January. The previous rate, SOFR plus 3.5 per cent, was set in September 2022. Fitch has forecast FX reserves averaging 4.7 months of current external payments, in 2023-2024.

Businesses in South Korea will be able to pay ASEAN trade partners in Korean won, starting in H2 2024 at the earliest. Seoul is seeking to cut transaction fees for converting won, usually to US dollars or vice versa, and to curb risks associated with fluctuating exchange rates. Although Pakistan's external position has improved, with the State Bank of Pakistan reporting net FX reserves of $8bn as of 9 February 2024, Fitch expects external funding needs to outstrip reserves "for at least the next few years". Papua New Guinea has experienced civil unrest and rioting across the country since early 2024. "This can largely be explained by poor socio-economic conditions and fuel shortages," said Credendo. State fuel supply company Puma PNG attributed fuel shortages to constrained access to FX reserves, which sit above four months of import cover. Despite China's GDP for Q4 rising officially by 5.2 per cent, Moody's predicted pan-Asian GDP growth will slow to 4 per cent this year, from 6 per cent averaged across 2014-23.

| Country | Preferred payment terms | Coface grading | Moody's sovereign rating | Fitch country ceiling | Credendo short-term political risk rating | Credendo medium- to long-term political risk rating | D&B rating |
|---|---|---|---|---|---|---|---|
| Afghanistan | CIA | E | — | — | 7 | 7 | 7 |
| Bangladesh | ILC | C | B1 | BB- | 4 | 4 | 6 |
| Brunei | ILC | — | — | — | 2 | 2 | – |
| Cambodia | CLC | C | B2 | — | 3 | 6 | 6 |
| China | ILC | B | A1 | A+ | 1 | 2 | 4 |
| Fiji | ILC | — | B1 | — | 3 | 5 | 5 |
| Hong Kong | OA | A3 | Aa3 | AAA | 1 | 2 | 3 |
| India | ILC | B | Baa3 | BBB– | 2 | 3 | 4 |
| Indonesia | OA | A4 | Baa2 | BBB | 1 | 3 | 4 |
| Korea (North) | CLC | E | — | — | 7 | 7 | – |
| Korea (South) | OA | A2 | Aa2 | AA+ | 1 | 1 | 3 |
| Laos | CLC | D | Caa3 | B- | 6 | 7 | – |
| Macau | ILC | — | Aa3 | AAA | 1 | 2 | – |
| Malaysia | OA | A3 | A3 | A | 2 | 2 | 4 |
| Mongolia | CLC | C | B3 | B+ | 5 | 7 | – |
| Myanmar (Burma) | CLC | D | — | — | 6 | 6 | 7 |
| Nauru | ILC | — | — | — | 3 | 5 | – |
| Nepal | CLC | C | — | — | 3 | 6 | 6 |
| New Caledonia | ILC | — | — | — | 2 | 4 | – |
| Pakistan | CLC | D | Caa3 | B- | 5 | 7 | 6 |
| Palau | ILC | — | — | — | 6 | 4 | – |
| Papua New Guinea | CLC | B | B2 | — | 4 | 5 | 5 |
| Philippines | OA | A4 | Baa2 | BBB+ | 2 | 3 | 4 |
| Singapore | OA | A2 | Aaa | AAA | 1 | 1 | 3 |
| Sri Lanka | CLC | D | Ca | B- | 6 | 7 | 6 |
| Thailand | OA | A4 | Baa1 | A- | 2 | 3 | 4 |
| Vanuatu | ILC | — | — | — | 3 | 4 | – |
| Vietnam | ILC | B | Ba2 | BB+ | 2 | 4 | 4 |

# Emerging markets risk indicators

## Eastern Europe/CIS — EBRD maintains Ukrainian push

Adding to 11 existing Trade Facilitation Programme (TFP) partner banks in Ukraine, the European Bank for Reconstruction and Development (EBRD) has established a $25m trade finance line for Privatbank (see page 9). EBRD said the line will help support continued trade activities in Ukraine, keeping the flow of essential goods moving and "generating revenue for the country". Since Russia invaded eastern Ukraine in 2022, the TFP has supported near to €1bn in trade transactions for the Ukrainian economy. Lloyd's of London underwriters recently expanded a marine war insurance programme backed by Ukraine to include all non-military cargo.

Russia's economy grew officially by 3.6 per cent in 2023, outpacing both US and European growth despite being subject to fulsome economic sanctions. Growth was partially driven by spending on the war with Ukraine, although Russian President Vladimir Putin has said the economy is successfully transitioning away from Western markets. The government forecast a 2.3 per cent increase in GDP this year, while the IMF predicted 2.6 per cent. Uzbekistan has targeted increasing bilateral trade turnover with China to $20bn "in the near future," following a January meeting between Uzbek President Shavkat Mirziyoyev and Chinese leader Xi Jinping. Bilateral trade in 2023 hit $14bn. In August Fitch highlighted FX reserves covering 9.4 month of current account payables.

The EBRD added three banks in Kyrgyzstan to its $50m Green Economy Financing Facility, bringing in Demir Kyrgyz International Bank, FINCA Bank Kyrgyzstan and Kyrgyz Investment and Credit Bank. EBRD vice president Mark Bowman said the new partner banks "will participate in our third green financing facility in the Kyrgyz Republic to help address pressing environmental challenges". The three lenders are expected to target SMEs and energy-saving technologies. Credendo downgraded Kyrgyzstan's short-term political risk to category 6/7, citing risks related to sanctions on Russia. Credendo upgraded Albania's medium- to long-term political risk rating from 5/7 to 4/7. It said "macroeconomic fundamentals, notably external debt sustainability, have gradually strengthened, allowing greater resilience to external shocks". FX reserves cover 6 months of imports. Fitch Ratings upgraded Greece's long-term foreign currency issuer default rating to BBB- from BB+. Fitch said on 1 December that it anticipates general government debt/GDP "to remain on a sharp downward trend, thanks to solid nominal growth, budget over-execution and a favourable debt-servicing structure".

| Country | Preferred payment terms | Coface grading | Moody's sovereign rating | Fitch country ceiling | Credendo short-term political risk rating | Credendo medium- to long-term political risk rating | D&B rating |
|---|---|---|---|---|---|---|---|
| Albania | CLC | C | B1 | — | 3 | 4 | 5 |
| Armenia | ILC | B | Ba3 | BB | 3 | 6 | – |
| Azerbaijan | ILC | B | Ba1 | BB+ | 3 | 4 | 5 |
| Belarus | CIA/CLC | D | C | — | 7 | 7 | 6 |
| Bosnia and Herzegovina | CLC | C | B3 | — | 5 | 6 | 6 |
| Bulgaria | OA | B | Baa1 | A- | 1 | 2 | 4 |
| Croatia | OA | A3 | Baa2 | AA+ | 1 | 3 | 3 |
| Estonia | OA | A3 | A1 | AAA | 1 | 1 | 4 |
| Georgia | CLC | C | Ba2 | BBB- | 5 | 5 | 5 |
| Greece | OA | A4 | Ba1 | AA- | 1 | 5 | 3 |
| Hungary | OA | A4 | Baa2 | A | 2 | 4 | 4 |
| Kazakhstan | ILC | B | Baa2 | BBB+ | 3 | 5 | 5 |
| Kosovo | CLC | — | — | — | 3 | 6 | – |
| Kyrgyzstan | CLC | C | B3 | — | 3 | 6 | 6 |
| Latvia | OA | A4 | A3 | AAA | 1 | 2 | 4 |
| Lithuania | OA | A4 | A2 | AAA | 1 | 1 | 4 |
| Moldova | CLC | C | B3 | — | 6 | 6 | – |
| Montenegro | ILC | C | B1 | — | 2 | 6 | – |
| North Macedonia | CLC | C | — | BBB- | 3 | 5 | 5 |
| Romania | OA | B | Baa3 | BBB+ | 1 | 2 | 4 |
| Russia | CIA/CLC | D | Ca | BBB | 7 | 7 | 6 |
| Serbia | ILC | C | Ba2 | BBB- | 2 | 4 | 5 |
| Slovenia | OA | A3 | A3 | AAA | 1 | 1 | 5 |
| Tajikistan | CLC | D | B3 | — | 5 | 7 | 6 |
| Turkmenistan | CIA/CLC | D | — | B+ | 6 | 7 | 6 |
| Ukraine | CIA/CLC | D | Ca | B- | 4 | 7 | 6 |
| Uzbekistan | ILC | B | Ba3 | BB- | 3 | 5 | 6 |

*WR = withdrawn rating

# Emerging markets risk indicators

## Middle East — Fitch lifts Turkey's IDR

Fitch Ratings upgraded Turkey's long-term foreign currency issuer default rating (IDR) to B+ from B, with a positive outlook. It said on 8 March that the move reflects increased confidence in the durability and effectiveness of policies implemented since June 2023 in reducing macroeconomic and external vulnerabilities. "Inflation expectations have eased and external liquidity risks have moderated," said Fitch. International reserves stood at $131bn at the beginning of March, $32bn higher than June 2023. Fitch forecast reserves increasing to $148bn at end-2024 and $159bn by end-2025, raising reserve coverage to 4.5 months of current external payments. The foreign trade deficit continued to shrink in February, with preliminary data from the Trade Ministry showing a year-on-year decline of 42.3 per cent, to $7bn. Oman was upgraded by the OECD in February to country risk class 4, from 5. The change was mainly motivated by an improved public financial position with a falling government debt (as a share of GDP) via steady budget surpluses which have also strengthened the current account and savings. In mid-December, Moody's Ratings upgraded Oman's long-term issuer and long-term senior unsecured ratings to Ba1 from Ba2.

Moody's downgraded Israel's credit rating from A1 to A2 on 9 February, citing material political and fiscal risks stemming from its war with militant group Hamas. The conflict's impact raises political risk and weakens Israel's executive and legislative institutions, and its fiscal strength for the foreseeable future, said Moody's, which began a downgrade review in October. The credit outlook was kept at negative, mirroring the risk of escalation involving Hezbollah in northern Israel. The ratings agency expects Israel's debt burden to be "materially higher" than projected before the conflict and defence spending to nearly double the 2022 level by end-2024 in its baseline scenario. FX reserves at end-January 2024 stood at $206.1bn. The level of reserves relative to GDP was 39.8 per cent.

Moody's upgraded Qatar's local and foreign currency long-term issuer and foreign currency senior unsecured debt ratings to Aa2 from Aa3. Moody's said the late January move mirrors its view that "the significant improvement in Qatar's fiscal metrics, achieved during 2021-23, will be sustained in the medium term", based on Doha's fiscal prudence in parallel with lifting liquefied natural gas production, on track for 2026-28.

| Country | Preferred payment terms | Coface grading | Moody's sovereign rating | Fitch sovereign rating | Credendo short-term political risk rating | Credendo medium- to long-term political risk rating | D&B rating |
|---|---|---|---|---|---|---|---|
| Bahrain | ILC | D | B2 | BB+ | 3 | 6 | 4 |
| Iran | CIA/CLC | E | — | — | 7 | 7 | 6 |
| Iraq | CLC | E | Caa1 | B– | 7 | 7 | 6 |
| Israel | OA | A3 | A2 | AA | 3 | 3 | 4 |
| Jordan | ILC | C | B1 | BB | 5 | 5 | 5 |
| Kuwait | OA | A4 | A1 | AA+ | 4 | 3 | 4 |
| Lebanon | CLC | D | C | CCC+ | 7 | 7 | 6 |
| Oman | ILC | C | Ba1 | BBB- | 3 | 4 | 4 |
| Palestine | CLC | D | — | — | 7 | 7 | – |
| Qatar | OA | A3 | Aa2 | AA+ | 2 | 2 | 3 |
| Saudi Arabia | OA | A4 | A1 | AA- | 2 | 3 | 3 |
| Syria | CIA | E | — | — | 7 | 7 | 7 |
| Turkey | ILC | C | B3 | B+ | 5 | 5 | 5 |
| United Arab Emirates | OA | A3 | Aa2 | AA+ | 2 | 3 | 3 |
| Yemen | CIA/CLC | E | — | — | 7 | 7 | 7 |

## Glossary

**CAD = Cash against documents**
**CIA = Cash in advance**
**CLC = Confirmed letter of credit**
**ILC = Irrevocable letter of credit**
**NA = Not available**
**OA = Open account**
**SD = Sight draft;**
**30/SD to 180/SD — days sight draft**
**WR = Withheld rating**

## Sources

**Coface, EDC, Fitch, Moody's, Credendo, D&B.**

# Development finance update

### AFRICA: Shareholders of the European Bank for Reconstruction and Development (EBRD) approved Ghana and Senegal's membership.

The two West African countries applied for EBRD membership in October 2023. The bank's board of governors has approved the first stage in the membership process. Ghana and Senegal must meet some final pre-membership requirements before the process concludes. Both countries have also requested to become recipients of EBRD financial and advisory services, which the bank will address once the statutory amendments are in force. The successful applications follow the approval of Benin and Cote d'Ivoire's memberships in October 2023.

### DEMOCRATIC REPUBLIC OF CONGO: The African Development Bank (AfDB) approved a $117.9m agriculture-linked loan.

The bank said the proceeds will be used to implement a project to support governance and skills development in support of the Agriculture Transformation Programme. The financial support came from the African Development Fund, the AfDB's concessional lending window. It includes $78.6m from the Transition Support Facility, aimed at countries in fragile and conflict situations. The project will facilitate a feasibility study on establishing a one-stop shop for issuing permits and licenses for climate-smart agricultural investments and help set up a digital platform to structure agricultural inter-professional organisations.

### GERMANY: Deutsche Investitions- und Entwicklungsgesellschaft (DEG) provided a record €1.9bn in funding in 2023 (2022: €1.6bn).

In a year when its portfolio exceeded €10bn for the first time, DEG mobilised a further €613m from other investors, significantly more than in 2022 (€487m). DEG and its subsidiary DEG Impulse also provided a total €92m for undertakings with a development impact through its advisory and promotional programmes, mostly funded by the German Federal Ministry for Economic Cooperation and Development. For German business, DEG committed €516m from its own funds (€392m). DEG provided €680m for investments that promote climate and environmental protection, such as wind farms and solar parks in Indonesia, Uzbekistan and Chile. From a regional perspective, the majority (€839m) of financing commitments from DEG's own funds went to companies in Latin America (2022: €575m). €421m was committed to companies in Asia. By sector, the main focus was again on the financial sector, followed by manufacturing. Regarding development impact, DEG said existing customers in developing countries employed around 3.3 million people and generated €235bn in local income in 2023 alone.

### GLOBAL: The Asian Infrastructure Investment Bank (AIIB) and BNDES signed a memorandum of understanding.

The banks said they will explore opportunities for co-financing and co-investment in projects and programs related to infrastructure, trade and connectivity with Asia, climate and other areas of mutual interest. Both institutions will also collaborate on project origination and resource mobilisation, in addition to knowledge exchange related to strategies and policies designed to achieve Sustainable Development Goals. The signing came as Brazilian President Luiz Inácio Lula da Silva held a meeting with AIIB president Jin Liqun. "Brazil is part of this important bank that also invests in development projects outside Asia," said Lula. "We talked about the new [federal investment program] PAC and the possibility of expanding AIIB's investments and contributions to the economic, social and sustainable development of our country," he added. The PAC, which contains strategies to expand public and private sector investments in sectors including infrastructure and energy, among others, was launched by the Brazilian government in 2023.

### INDIA: The World Bank approved a new programme to support to improve connectivity for rural areas in the state of Assam.

The bank said Assam's smallholder farmer communities and tribal settlements are not well connected to all-season bridges and roads, affecting their lives and livelihoods. The project aims to strengthen the resilience and management of roads and bridges to help people living in 1,739 villages gain round-year access to wholesale markets, schools, hospitals, and places of work. The programme will also connect almost 633,000 women-led textile and handicraft producers living within 2 km of roads or collection points. A $452m loan from the International Bank of Reconstruction and Development will link disbursement of funds directly to results while providing technical assistance. The 19-year loan has a 4.5-year grace period.

### PHILIPPINES: The Asian Development Bank (ADB) and iSON Tower Limited signed a Php2.4bn ($43m) loan.

ADB said the deal was part of a broader Php4.8bn cofinancing package which it led to support the construction, development, and operation of 800 shared telecommunication towers to help expand digital connectivity for underserved communities across the Philippines. ADB and Security Bank Corporation, a Philippine bank, each extended Php2.4bn toward the financing package on a 12-year tenor, with ADB structuring the loans. The financing is structured to mitigate risks related to greenfield financing of telecommunications towers in the Philippines.

## Two weeks in trade finance

### AFRICA: The Southern African Power Pool (SAPP) and Climate Fund Managers launched a $1.3bn target fund for regional transmission lines.

The Regional Transmission Infrastructure Financing Facility (RTIFF) started with $20m in commitments from SAPP. It targets a $500m first close in 2025. With a fund life of between 20 and 25 years, the RTIFF is expected to reach a final $1.3bn close within two years. Finance will be raised from public and private sector investors locally and internationally, said a 5 March joint statement. SAPP is a competitive electricity market with daily trades. It is aiming to connect Angola, Malawi and Tanzania to the platform and has identified eight priority transmission projects, officials said at a press launch. "The next key project is the connection of Angola to Namibia," Stephen Dihwa, executive director of SAPP, told Reuters.

### AFRICA: Japan International Cooperation Agency (JICA), Citibank, and SMBC Group provided a €240m facility to the Eastern and Southern African Trade and Development Bank (TDB).

The line of credit comprises a long-term project finance tranche from JICA, and a short-term trade finance tranche from SMBC and Citibank, which acted as mandated lead arrangers. Via direct lending to the private sector, co-financing and on-lending via financial intermediaries, the facility is expected to increase access to finance for MSMEs in less developed countries served by TDB, thereby improving inclusive economic growth. The line of credit is targeted at agribusiness expansion and agricultural innovation through innovative practices and technologies and supply chain improvements, as well as supporting investments in industrial and infrastructure development.

### AFRICA: The Fund for Export Development in Africa (FEDA) announced Egypt's accession to its Establishment Agreement.

FEDA's parent, the African Export-Import Bank, said the signing opens avenues for strengthening trade relations between Egypt and other African nations. FEDA was set up to provide equity, quasi-equity, and debt capital to transform Africa's trade sector.

### AMERICAS: Japan Bank for International Cooperation (JBIC) extended a loan to CAF - Development Bank of Latin America and the Caribbean.

JBIC said the $100m credit line is aimed at bolstering environmental initiatives in the region. Under the agreement, JBIC will provide $50m of the line, which was co-financed with Sumitomo Mitsui Banking Corporation (lead arranger) and the Joyo Bank, Ltd. The credit line follows similar collaborations between JBIC and CAF in 2011, 2016, and 2020. JBIC said the new line can mobilise $700m for the region to support sectors such as renewable energies and energy efficiency, sustainable transportation and water and sanitation. CAF has pledged to allocate $25bn to green finance between 2022 and 2026.

### ASIA: New York-headquartered alternative investment firm Stonepeak raised $3.3bn for its Asia Infrastructure Fund.

The firm said it exceeded its $3bn target after receiving "robust demand from new investors and existing investors in other Stonepeak funds". Stonepeak said the new fund - its first dedicated to Asia - targets a diversified portfolio of infrastructure assets mainly in communications, energy, transport and logistics across the Asia-Pacific region. The fund has already made six investments spanning each of its target sectors, Stonepeak said.

### ASIA: The Export-Import Bank of Thailand (EXIM Thailand) signed a memorandum of understanding with China Export & Credit Insurance Corporation (SINOSURE).

EXIM Thailand said the cooperation agreement will facilitate market penetration for Thai and Chinese exporters and investors in CLMV (Cambodia, Lao PDR, Myanmar, and Vietnam) markets, as well as supporting the development of Thailand's Eastern Economic Corridor. The collaboration includes exchanging buyer and country information and providing financial facilities, including insurance and reinsurance programmes.

### AUSTRALIA: Export Finance Australia (EFA) joined the financing of the Liontown Kathleen Valley Lithium Project.

The scheme will produce 500,000 tonnes of exportable lithium for markets including Korea and the US. EFA provided A$120m ($78.8m) to the project through a loan facility alongside a syndicate of commercial banks and funders. This included the Clean Energy Finance Corporation, which is making an investment of up to A$110m. "The Liontown financing package brings EFA's total approvals for the critical minerals sector to over A$1.7bn to date," said EFA's managing director John Hopkins.

### BARBADOS: The African Export-Import Bank (Afreximbank) made its first facility disbursement from its new Caribbean Office in Bridgetown.

Afreximbank said the disbursement is a $6m sovereign term loan to the government of St. Lucia, which recently signed and ratified the Afreximbank Partnership Agreement. The facility will help in the infrastructure rehabilitation of St. Lucia, including 25 schools damaged

## Two weeks in trade finance

during tropical storm Bret which affected the country in June 2023. The facility is a pilot by Afreximbank for its financing in the Caribbean Community (CARICOM) region following the approval granted by the bank's board for a $1.5bn limit for CARICOM member states.

### BURUNDI: The International Finance Corporation (IFC) extended a $5m trade finance facility to Banque de Crédit de Bujumbura (BCB).

IFC said it provided the country's third largest bank with a larger $20m loan, $10m of this from institutional investors, to support BCB's strategy to significantly grow its SME portfolio and become the leading bank serving small and informal businesses in Burundi. It said the trade finance facility came through its Global Trade Finance Program, within its $1bn Africa Trade and Supply Chain Finance Program, which helps reduce the continent's reliance on imports.

### CHINA: Fitch affirmed China Export & Credit Insurance Corporation's (SINOSURE) Insurer Financial Strength (IFS) rating at A+ (Strong).

The rating outlook is Stable. Fitch said the affirmation reflects SINOSURE's policy-oriented role in supporting China's export activities and its ownership linkage with the Ministry of Finance and Central Huijin Investment Ltd. It noted that SINOSURE is China's sole policy-oriented insurer with a dominant market position in export credit insurance. It added that SINOSURE continues to maintain an adequate solvency buffer to support its underwriting activities, and stressed that, if needed, the insurer's shareholders "are likely to provide capital support". Fitch said SINOSURE "adopts a prudent approach in managing its invested assets". It noted a ratio of liquid assets to net claim reserves at end-2022 of about 4.6x, reflecting SINOSURE's "strong liquidity position".

### GLOBAL: Société Générale appointed Alexis Christodoulou as global head of trade and sustainable commodity finance.

He commenced the role on 1 March. He replaced Ludivine Labarre, who has been promoted to SocGen's group deputy chief risk officer. Mr Christodoulou has been with the French bank since 2003, first in real estate and then moving into commodity finance roles, most recently as Paris head of commodity trade finance.

### GLOBAL: Mitigram and Enigio announced a partnership aimed at accelerating digital trade finance.

"Our technology enables Mitigram's customers to create freely transferable digital documents," said Amanda Evans, Enigio's chief growth officer. The collaboration follows the recent legal adoption of the MLETR in the UK, with France and other countries anticipated to follow on shortly.

### INDIA: BluPine Energy closed a green loan financing for its 198MW wind project in Gujarat.

Standard Chartered Bank and TATA Capital provided the INR12.6bn ($151.9m) loan. Prasad Hegde, Standard Chartered's managing director, regional head project & export finance, South Asia, said the deal was his banks "second green loan to BluPine in a short span of time". After completion, the plant is expected to generate about 65GWH of wind energy annually, powering around 130,000 households annually.

### INDIA: SBI Global Factors Limited partnered with Mumbai-based digital supply chain finance platform Cashinvoice.

The aim of the collaboration is to broaden the use of invoice factoring to ease working capital requirements and enhance credit enablement for Indian MSMEs. The collaboration could enable the financing of invoices worth over INR3000 crore ($362.3m) in FY 24-25," said Bharat Mishra, chief executive of SBI Global Factors.

### IRAQ: Fitch Ratings downgraded Trade Bank of Iraq's (TBI) long-term issuer default rating (IDR) to CCC+ from B-.

Fitch also demoted both its government support rating (GSR) and viability rating to ccc+ from b-, subsequently withdrawing the latter rating. It attributed the IDR and GSR downgrades to its view that the government's support for TBI, "while possible, cannot be relied on". It said the view takes into account the government's persisting delays to compensate TBI for its liquidity trapped at the Central Bank of Iraq in the Kurdistan region, despite these proceeds having been accounted for in the federal government budget law approved in June 2023. "The downgrade of the VR reflects the weakening of TBI's business profile and financial metrics," said Fitch. "This includes concerns over TBI's management and governance structure, timeliness of financial reporting and auditing processes, and the financial profile pressures in particular stemming from the additional provisioning needs, and litigation costs."

### IRELAND: Suzanne Hughes joined Aon as head of credit solutions, Ireland.

In her most recent role, she worked as head of commercial and client services for WTW Ireland's trade credit business. Prior to joining WTW in 2016, she spent over 15 years at Credit Insurance Management Company, working as a client relationship manager. In the new role, she will hold responsibility for leading Aon's credit solutions business and client strategy in Ireland.

## Two weeks in trade finance

### JAPAN: Japan Bank for International Cooperation (JBIC) extended a ¥11.2bn ($75m) guarantee behind an aircraft financing.

Japan Airlines (JAL) secured the commercial bank loan from Bank of Kyoto, Chiba Bank, Mizuho Bank, MUFG and SMBC. The JBIC facility covered the lenders for the principal and interest of their transition-linked lending to JAL, which underpins the import of one aircraft from Boeing. The financing costs are tied to the firm's performance in cutting CO2 emissions in coming years, JBIC said. It said JAL is being "proactive" in its efforts to replace existing aircraft with more fuel-efficient planes.

### SPAIN: Santander appointed Mencía Bobo as global head of transaction banking.

Madrid-based, Mrs Bobo has worked for 18 years at Santander, most recently as global head of trade and working capital. She was previously head of receivables and structured trade. She replaced José Luis Calderón, who has been appointed chief executive of Santander's PagoNxt payments business.

### TOGO: Ecobank Transnational Inc. (ETI) signed a $250m senior unsecured bridge-to-bond loan facility.

The 12-month facility includes a six-month extension option at the lenders' discretion. The bridge-to-bond loan also comprises an accordion feature that enables an increase in the total commitments under the facility within a given timeframe. The proceeds will be used by ETI to support trade finance and for general corporate purposes. The African Export-Import Bank and Africa Finance Corporation acted as global coordinators and initial mandated lead arrangers (MLAs). Mashreqbank PSC joined the transaction as an MLA. Ayo Adepoju, Ecobank's chief financial officer, said the new facility "provides additional liquidity buffers for the bank".

### UZBEKISTAN: The International Islamic Trade Finance Corporation (ITFC) signed several agreements amounting to $715m.

The largest agreement was a $600m cooperation framework for the 2024 – 2026 period, aiming to strengthen collaboration areas between ITFC and Uzbekistan. It focuses on trade finance, agricultural and food security financing for the public sector, support for state-owned enterprises, and financing for SMEs in sectors like pharmaceuticals, food and agriculture, textile, and manufacturing. The second agreement was a $100m murabaha financing designed to help procurement of strategic agricultural goods, to ensure stable wheat supplies. Additionally, ITFC signed a $15m trade finance line jointly with AgroBank and its subsidiary SmartBank, providing sharia-compliant trade finance solutions to their private sector and SME clients.

### VIETNAM: The International Finance Corporation (IFC) lifted Southeast Asia Commercial Joint Stock Bank's trade finance limit to $40m.

SeABank had participated in IFC's Global Trade Finance Program since 2021 with an initial $20m limit. In 2023, SeABank had its trade financing limit from the Asian Development Bank increased to $60m.

### WEST AFRICA: UK Export Finance (UKEF) met with ministers from Togo and Benin to signal up to £4bn in project financing availability.

UKEF chief executive Tim Reid signed a memorandum of understanding with Benin's Ministry of Economy and Finance.

**Editor:** Kevin Godier
Tel: +44 (0)774 0063 008 or email: klg@intltradefinance.co.uk
**Production editor:** Frida Fischer • fridafischer@hotmail.com
**Editorial assistant:** Rory Godier • rorygod@hotmail.co.uk
**Subscription orders and back issues, sales and renewals:** Call +44 (0)1277 583911
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