



Trade Finance Program

Building Partnerships for Trade

TFP and Its Objectives

ADB's Trade Finance Program (TFP) provides guarantees and loans through banks to support trade.

- over 200 partner banks
- guarantees and loans in 24 hours

What are TFP Objectives?

- Fill market gaps: \$4 billion; 75% of deals support SMEs in 2012
- Make itself redundant: \$2.3 bill. Cofin.; closing knowledge gap



Market Gaps in Trade Finance

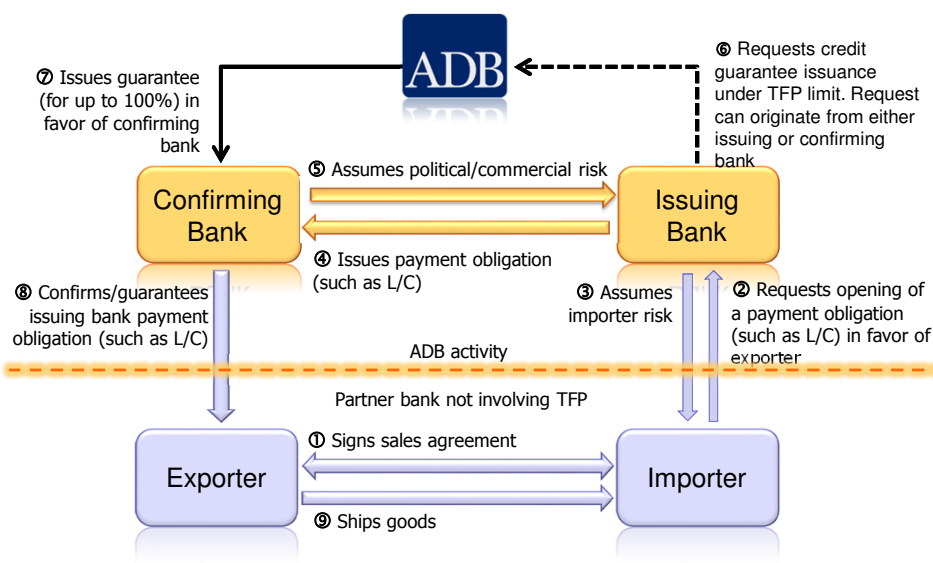
OREI-TFP Study assessed gaps + links to growth and jobs.

1. Low country ratings
2. Weak banks in dev. countries
3. The “new normal”
4. Basel guidelines/Regulatory requirements



Credit Guarantee Product

ADB provides guarantees in **24 hours** to confirming banks covering up to 100% of non-payment risk.



Sample transactions supported by TFP

Counter-Guarantee

- Importer: Azerbaijan
- Exporter: Germany
- Confirming bank: Germany
- Product: Capital equipment for drying fruits
- Value: \$600,000 USD
- Cover: 100%

Counter-Guarantee

- Importer: Bangladesh
- Exporter: Hong Kong, PRC
- Confirming bank: Shenzhen, PRC
- Product: Telecommunications equipment
- Value: \$16 million USD
- Cover: 50%

Pre-Export Financing

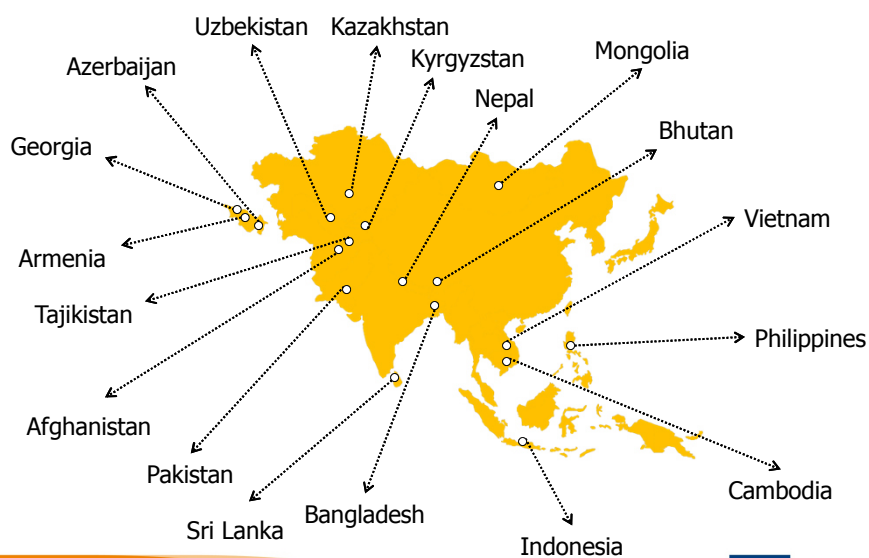
- Who: Bank based in Colombo, Sri Lanka
- Revolving Credit Facility: \$6 million USD
- On-lend value: \$250,000
- Purpose: Pre-export finance
- Beneficiary: SME apparel manufacturer
- Location: Mawathagama
- Export markets: Europe, India, Russia.
- Export goods: Finished garments

Trade Loan

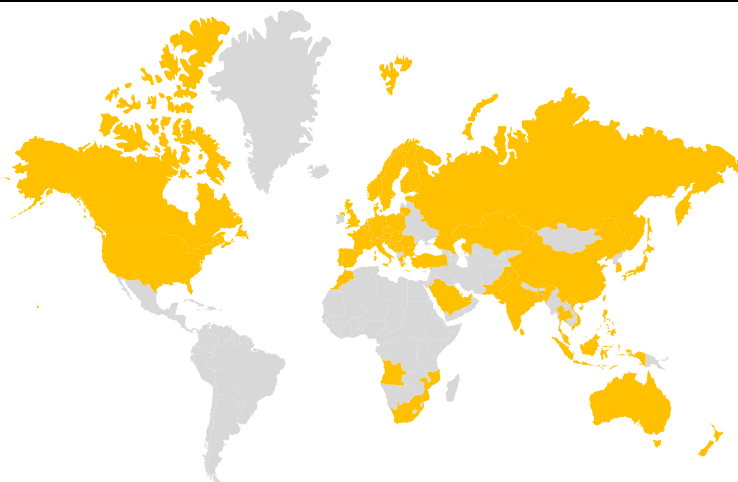
- Importer: Viet Nam
- Exporter: Singapore
- Confirming bank: USA
- Product: Dump trucks and excavators
- Value: \$5 million USD
- Cover: 100%



90 Dev. Country Banks in TFP



120 Non-DMC Banks in 86 countries



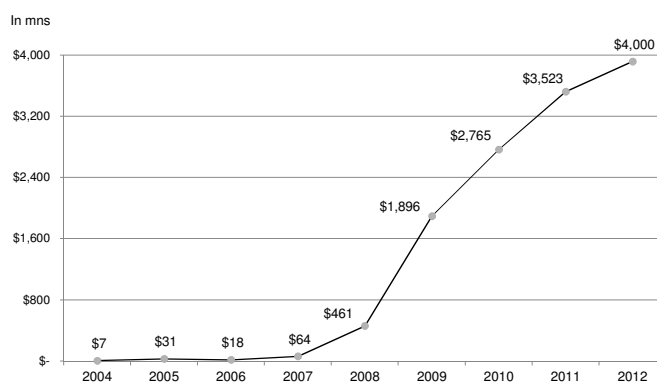
*Full list of partner banks at www.adb.org/tfp



Results

Growth of Transactions Supported

Growth of Supported Transactions
2004 to 2012



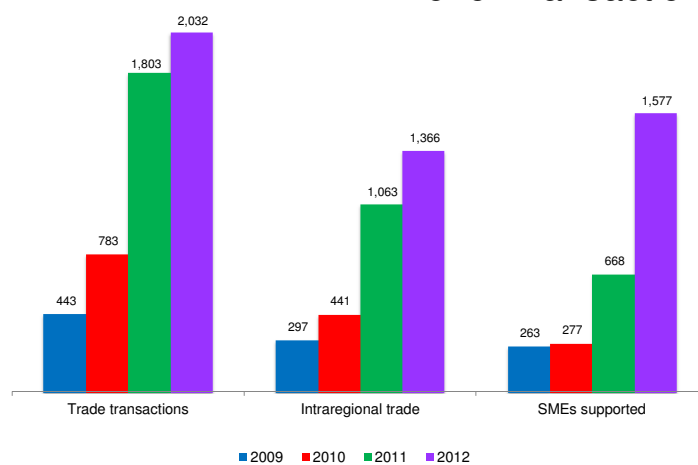
TFP Geographic Overview

- TFP is focused on the most challenging countries. Assumes no PRC, Indian, Thai, or Malaysian risk.
- Top Six Countries in 2012:
 - Viet Nam
 - Pakistan
 - Bangladesh
 - Sri Lanka
 - Mongolia
 - Uzbekistan



High Development Impact

No. of Transactions



TFP Works to Make Itself Redundant

- Crowding-in banks – 60% of 2012 TFP co-financed
- Providing guarantees leads banks into new markets – concrete examples
- Crowding-in private insurance and others
- Filling data gap. ICC-ADB Trade Finance Default Register: proof to regulators and commercial banks of relatively low risk



Development Impact of Knowledge

- Market wants knowledge – TFP filling knowledge gap
- International banks are introduced to new markets and are establishing country and bank/correspondent limits
- Creates new partnerships for co-financing in the most challenging markets



Collaboration for South-South Trade

- TFP promoting south-south trade
- TFP works with other multilateral development banks

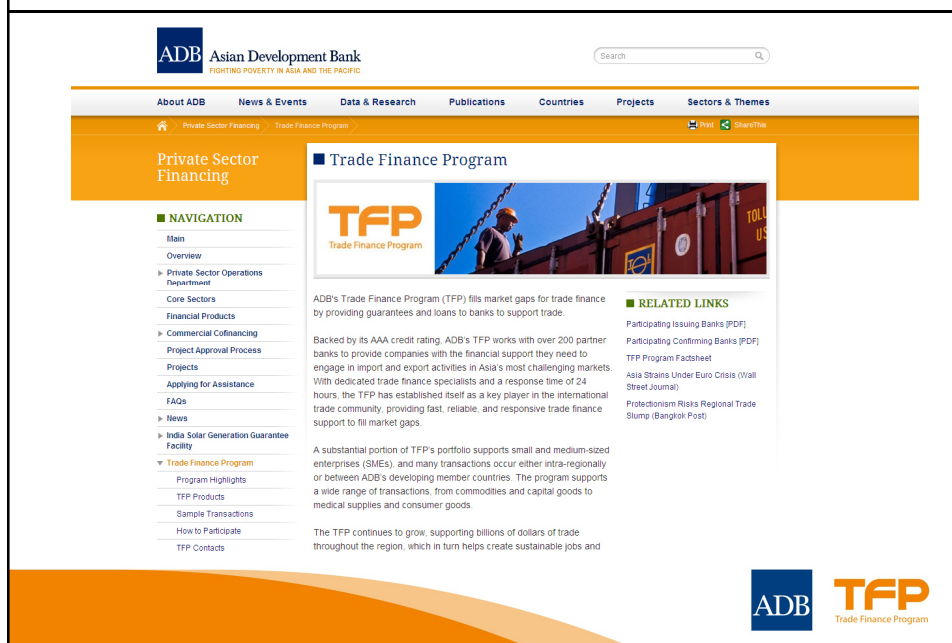


Market Recognition

2012, 2011 and 2010 winner

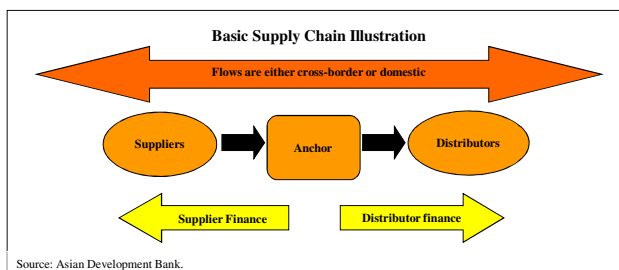


Visit our website: www.adb.org/tfp



ADB and Supply Chain Finance

- ADB new Supply Chain Finance (SCF) Program approved November 2012. Now being implemented.
- Vast improvements in physical supply chain ("just-in-time" etc.), but not in financial supply chain.
- Valuable financial resources locked in supply chain = SME growth constrained.
- Program will provide working capital for growth and jobs. Differs from the TFP: (i) company risk, not bank risk; (ii) open account trade, not documentary trade; (iii) will support SMEs that never had access to finance.



ADB and Supply Chain Finance

- Risk assessment not based on SMEs' Achilles heel: collateral and financials
- Funding and guarantees 30-180 days
- SCF to work through banks on a 50/50 basis.



Thank you

