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Access to Finance for Exports

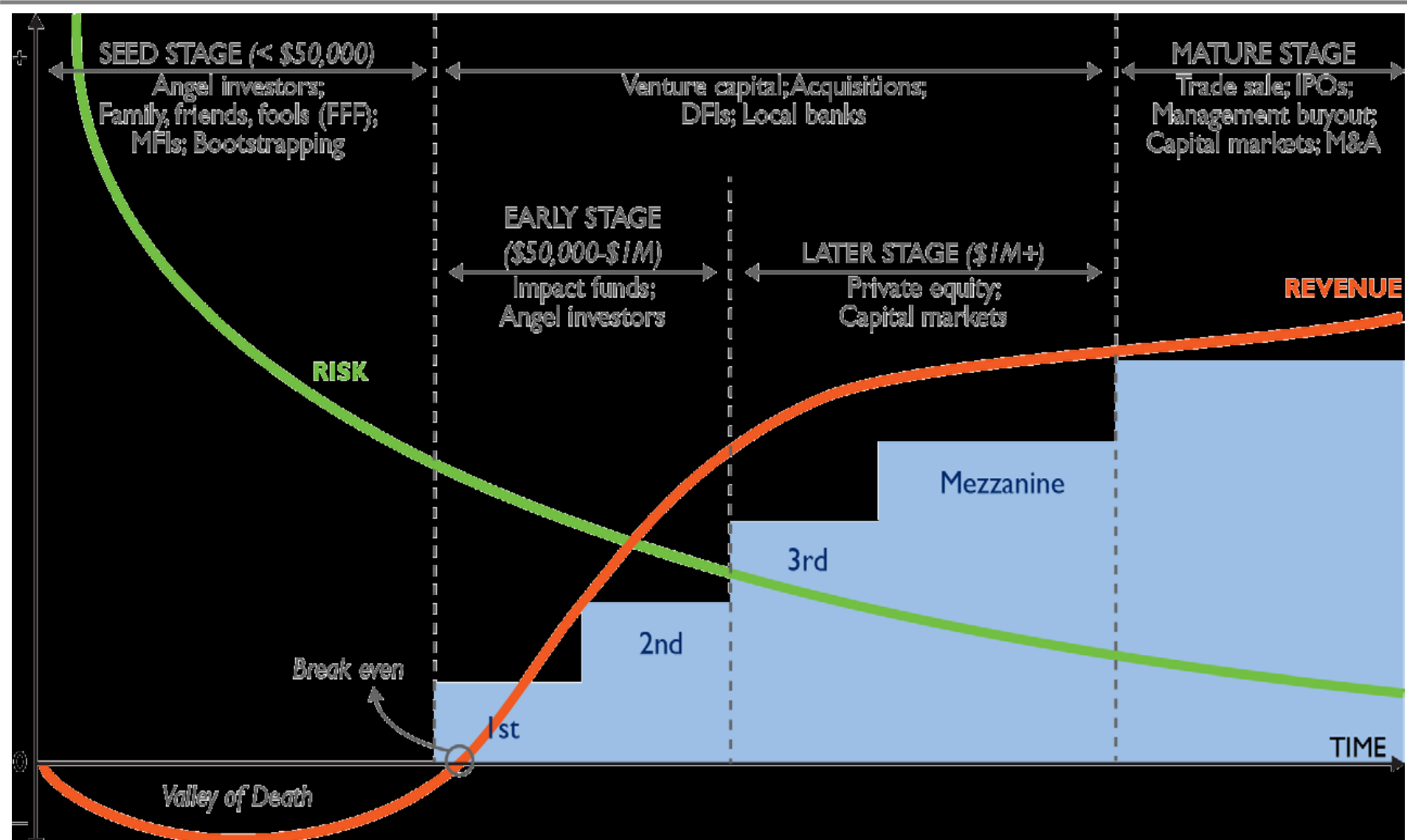


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March 24, 2017

Path to SME Financing – Investor Model: Matching Company Stage in Development with Financing Instruments and Sources

(Source: Palladium, Arlington, Va.)



Types Of Financing

INVESTMENT (capital or equity) for:

- Product design and product shows
- Capital improvements: buildings and equipment

WORKING CAPITAL for:

- Supplies
- Raw materials
- Salaries
- Overhead



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Financing An Order

Know your sources and costs of financing before negotiating with a buyer.

Ways to pre-finance:

- Your own funds
- Advance payment from buyer
- Bank loan or overdraft:
- Donor, Government loan or guarantee facilities

Consider only if you can afford to wait several months for financing



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Sources of SME Financing (potential!)

- NGOs / MFIs / Village Savings & Loans – Micro/SME financing, community-based, often group-guaranteed and women-targeted.
- Bilateral Agencies / DFIs – OPIC, USAID DCA, Proparco, GIZ , DFID; Credit Facilitation Facilities – USAID Trade Hub, Danida/Stanbic, Palladium
- Multilateral Agencies / DFIs - AfDB G'tee Fund for SMEs, IFC Ventures, EcoBank/EIB/IFC Risk Sharing, etc.
- National programs – state banks/funds, investment promotion, specialized agencies: e.g. CBN, NEXIM, BOI, AFREXIM BANK etc.
- Commercial banks – Importer: Credit lines; L/Cs, BAs, wire transfers; Local: traditional credits, often risk adverse, expensive, require “hard” collateral.
- Emerging secured financing – warehouse receipts, forward contract sales.



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Sources of SME Financing (more)

- Support to Importers: e.g., U.S. SBA, state Small Business Development (Maryland, New Jersey, etc.).
- Agriculture impact investors/funds (private): e.g., Acumen, FEFISOL, Injaro, I&P, Oiko, ResponsAbility, Root, Alitheia capital, Grofin, Palladium Investment, DFID impact fund (CDC), Sahel capital,
- Angel equity investors (individuals / groups) – new-comers: e.g., in U.S.: Impact Angel Network, Investors' Circle, Tony Elumelu foundation,
- (+) Advisories and Learning Events – e.g., GSA, SNV, Cracking the Nut '17, ACA, NACC



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Your Relationship with Financial Institutions

- Financial planning is critical.
- Financial Institutions are an integral part of export financing
 - Establish open communication and good relationships
 - Provide accurate and honest information
 - Build confidence through performance.



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Trade Hub's A2F Support

The A2F component can help you through its FAs:

- Obtain business development services such as business plans, feasibility reports and financial models.
- Access funds in form of grants, loans or equity for targeted value chain activities.
- Implement the business plan and get coaching for 3 years post funding.



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Preparing Companies for Investment

Pipeline Identification Criteria

- Work in a priority value chain
- **Financially viable**
- **Strong demand** for product/service
(national, regional and international sales if possible)
- Women owned businesses
- Positive social impact (create income and jobs, direct and indirect)



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Trade Hub Cost Share with Financial Advisors

How it works :

- The Trade Hub makes a contract with a FA
- The FA and company meet and exchange information
- The FA and company discuss potential financial arrangement
- The FA and company convey a fee arrangement and sign an agreement
- If the Trade Hub approves the deal, a cost-share fee arrangement is made

Next Steps

- Initial meetings between Financial Advisors and Companies
- Partner with Trade Hub Financial Advisor to provide business development services/support
- Send to the A2F team your business profile
- Provide details of business financials, past and projected, build your investment plan – business plan
- INVEST in the industry.



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Thank You!



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