



27 March 2018

ECIC MEDIA STATEMENT

Afreximbank, ECIC Sign MOU, Pledge \$1bn to Expand Trade Between South Africa and Other African Nations



Afreximbank President Dr. Benedict Oramah (right) and Kutoane Kutoane, Chief Executive Officer of ECIC of South Africa, exchange documents following the signing of the MOU in Cairo.



Cairo, 15 March 2018: – The African Export-Import Bank (Afreximbank) and the Export Credit Insurance Corporation of South Africa (ECIC) have entered into a memorandum of understanding (MOU) to launch a \$1 billion financing programme to promote and expand trade and investments between South Africa and the rest of Africa.

Under the terms of the MOU signed in Cairo on Monday, Afreximbank and ECIC will jointly implement a South Africa-Africa Trade and Investment Promotion Programme (SATIPP).

SATIPP will involve the two institutions working together on identification, preparation and appraisal of trade transactions and projects; exploration of co-financing and risk-sharing opportunities; and knowledge-sharing work, with particular emphasis on intra-African trade matters, through technical cooperation, staff exchange, research and joint events.

South Africa, which joined Afreximbank as shareholder in November 2017 and named ECIC as its designated investor, became eligible for the Bank's trade promotion programmes and financial services as a result of that shareholding.

Speaking during Monday's signing ceremony, Dr. Benedict Oramah, President of Afreximbank, said: "In line with our strategy, IMPACT 2021: AFRICA TRANSFORMED, which prioritizes intra-African trade, industrialization and export manufacturing, we decided to develop this joint programme as it provides a platform for the realization of our strategic objectives while also aligning with South Africa's strategic goal of expanding trade with the rest of Africa."

The President said that in addition to being Africa's most industrialized country and a regional manufacturing hub, with one of the largest and most diversified economies in the continent, South Africa also accounted for the largest proportion of intra-African trade for both exports, at 24.5 per cent, and imports, at 15.4 per cent.

The joint initiative would support businesses through capacity building and market information initiatives; help small and medium-sized entrepreneurs join regional supply chains; and provide advisory services and guarantees to South African investors seeking trade and investment opportunities in Afreximbank African member states, added Dr. Oramah.

Kutoane Kutoane, Chief Executive Officer of ECIC, in his response, said that joining Afreximbank as a shareholder had made it possible for South Africa to widen its access to other African markets.

Beyond ECIC's mandate to increase the volumes of South African exports, the institution was committed to contributing to the Africa's industrialization in an inclusive manner.

"We realise that one of the best ways to enhance our exporting capabilities as a country is by intensifying mutually beneficial trade with the rest of the continent," said Mr. Kutoane.

Also speaking, Kanayo Awani, Managing Director of Afreximbank's Intra-African Trade Initiative, said that SATIPP offered numerous opportunities to South-Africa-based entrepreneurs expanding to the rest



of Africa, including trade and project financing, guarantees, twinning/business matchmaking services, export logistics facilitation, capacity-building, and trade information and advisory services.

Implementation of the MOU will involve technical teams from the two institutions collaborating in the identification of trade transactions and projects eligible for financing.

The South Africa – Africa Trade and Investment Promotion Programme (“**SATIPP**”) is a joint programme launched by the African Export-Import Bank (“**Afreximbank**”) and the Export Credit Insurance Corporation of South Africa SOC Limited (“**ECIC**”), with the aim of promoting and expanding trade and investment between South Africa and other African countries.

Purpose

The aim of the SATIPP is to facilitate the expansion of South Africa’s trade and investment with the rest of Africa to promote regional economic integration. Specifically, the SATIPP will:

- Finance and/or provide payment assurances / guarantees in support of South Africa’s trade and investments with other African countries;
- Finance projects being promoted by South African businesses in other African countries;
- Support the export of capital goods and services from South Africa to other African countries;
- Support the import of equipment required for improving the export competitiveness of South African exports;
- Support South African companies bidding for large contracts in other African countries;
- Support the activities of South African small and medium enterprises (SMEs) in supply chains;
- Expand the export marketing skills and reach of South African exporters through capacity building and trade and market information initiatives;
- Provide advisory services to facilitate a higher volume of trade and investment between South Africa and other African countries.

Benefits

The programme offers many advantages and benefits, combining the expertise and capacity of both ECIC and Afreximbank. Some of the main benefits include:

- Expansion of South African exports of value added goods and services as well as investments into other African countries.
- Growth of South African SMEs by enabling them to expand their exports by offering credit facilities and other risk mitigation instruments.



- Improved accessibility to trade finance solutions by using a variety of different instruments such as Letters of Credit (LC) Confirmation, Pre-export Finance, Payment Guarantees, Country Risk Guarantees, Investment Guarantees, Forfaiting and Factoring solutions to South African companies exporting to or importing from other African countries.
- Increased investments by South African businesses seeking to invest in other African countries by offering Investment and Country Risk Guarantees.
- Expanded opportunities for South African companies bidding for and executing large contracts in other African countries by offering a variety of instruments and financing instruments such as Bid Bonds, Performance Bonds, Advance Payment Guarantees, Working Capital Guarantees, Supplier Finance as well as Export Credit Guarantees.

Eligibility

a. Eligible Transactions

- Transactions supporting the exchange of goods and services between South Africa and other African countries;
- Projects being sponsored by South African companies in other African countries;
- Projects being sponsored in South Africa with an export orientation;
- Transactions supporting capital and investment flows between South Africa and other African countries;
- Transactions supporting investments in manufacturing and processing of goods and services that will be traded between South Africa and other African countries.

b. Eligible Items

All goods and services will be eligible for support except:

- Armaments, ammunition and other military equipment;
- Psychotropic drugs or narcotics;
- All items for which international trade is prohibited for environmental reasons or by international conventions; and
- Pornographic and obscene materials.



How to Apply

The following information will be required at application stage:

- Brief information about the transaction or project;
- Company Profile and Ownership Structure;
- Board and Management Profiles;
- 3 years most recent financial statements and cashflow projections, as may be applicable;
- Business plan;
- Project Information Memorandum (where applicable);
- Any other information as may be required under the SATIPP.

Contacts

All enquiries regarding this programme should be addressed to:

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ECIC is a registered financial services provider:

FSB No. 30656



About ECIC: The Export Credit Insurance Corporation of South Africa (ECIC) was established almost 17 years ago, in July 2001, when it was given the mandate of filling a market gap through the provision of medium to long-term export credit and investment guarantees by underwriting bank loans for political and commercial risk insurance cover, on behalf of the South African government. The ECIC is committed to sustainable business through innovative solutions, operational and service excellence, business development and strategic partnerships. In enabling frontier markets to optimise production, the ECIC is effectively motivating a positive socio-economic impact. Our mission is to provide export credit and investment insurance solutions in support of South African capital goods and services by applying best practice risk management principles.

About Afreximbank: The African Export-Import Bank (Afreximbank) is the foremost pan-African multilateral financial institution devoted to financing and promoting intra- and extra-African trade. The Bank was established in October 1993 by African governments, African private and institutional investors, and non-African investors. Its two basic constitutive documents are the Establishment Agreement, which gives it the status of an international organization, and the Charter, which governs its corporate structure and operations. Since 1994, it has approved more than \$51 billion in credit facilities for African businesses, including about \$10.3 billion in 2016. Afreximbank had total assets of \$11.7 billion as at 31 December 2016 and is rated BBB+ (GCR), Baa1 (Moody's), and BBB- (Fitch). The Bank is headquartered in Cairo. For more information, visit: www.afreximbank.com.



Afreximbank President Dr. Benedict Oramah (right) and Kutoane Kutoane, Chief Executive Officer of ECIC of South Africa, sign the MOU in Cairo

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