



Trade Finance Program

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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
- Make itself redundant

Market Gaps in Trade Finance

ADB Trade Finance Survey (4th Quarter, 2012)

- assessed gaps and links to production and jobs

Key Findings

- **Trade finance gaps**
 - Unmet global trade finance demand: \$1.6 trillion
 - of which \$425 billion in developing Asia
- **5% trade finance increase would equal**
 - 2% production increase
 - 2% more jobs

Market Gaps in Trade Finance

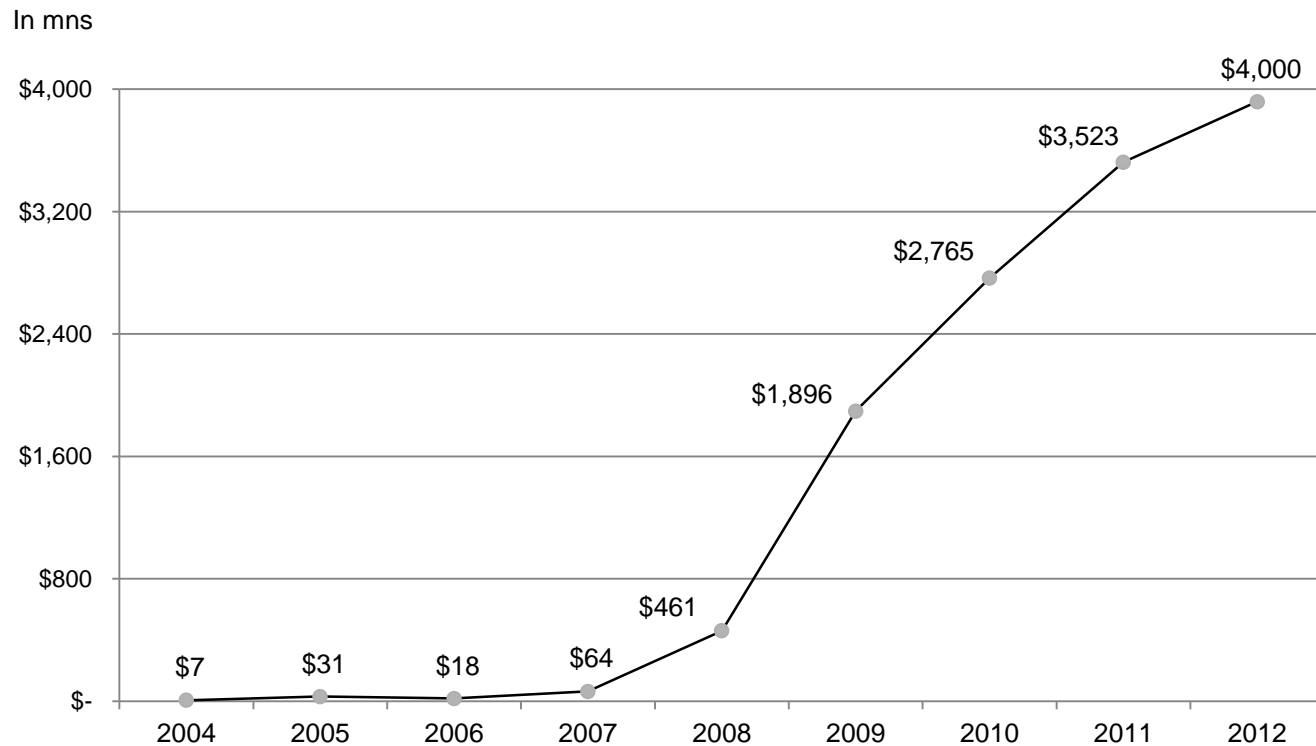
Reasons:

1. Low country ratings
2. Weak banks in dev. countries
3. Basel guidelines/regulatory requirements
 - FT article: Europe's biggest banks to cut €661bn of assets and find €47bn of fresh capital over the next five years. Overall, the region's banks need to shed €3.2tn in assets by 2018 to comply with Basel III
 - KYC/AML
4. Deleveraging + Basel = “new normal”

Results

Value of Transactions Supported

Value of Transactions
2004 to 2012



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

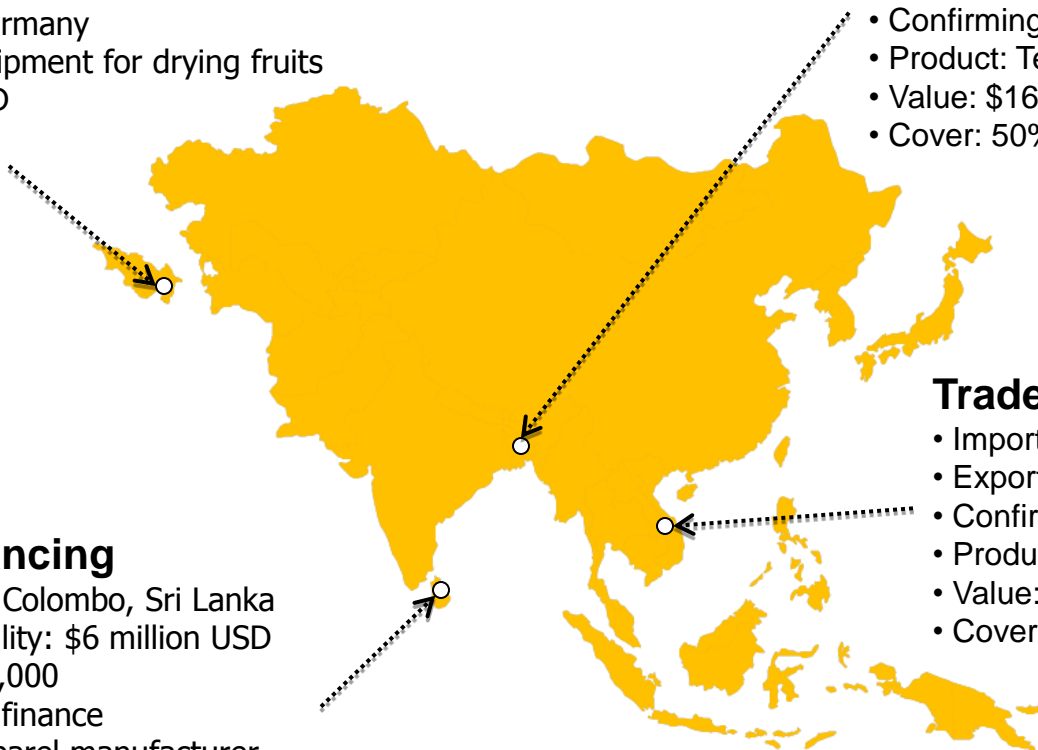
- Importer: Bangladesh
- Exporter: Hong Kong, PRC
- Confirming bank: Shenzhen, PRC
- Product: Telecommunications equipment
- Value: \$16 million USD
- Cover: 50%

Pre-Export Financing

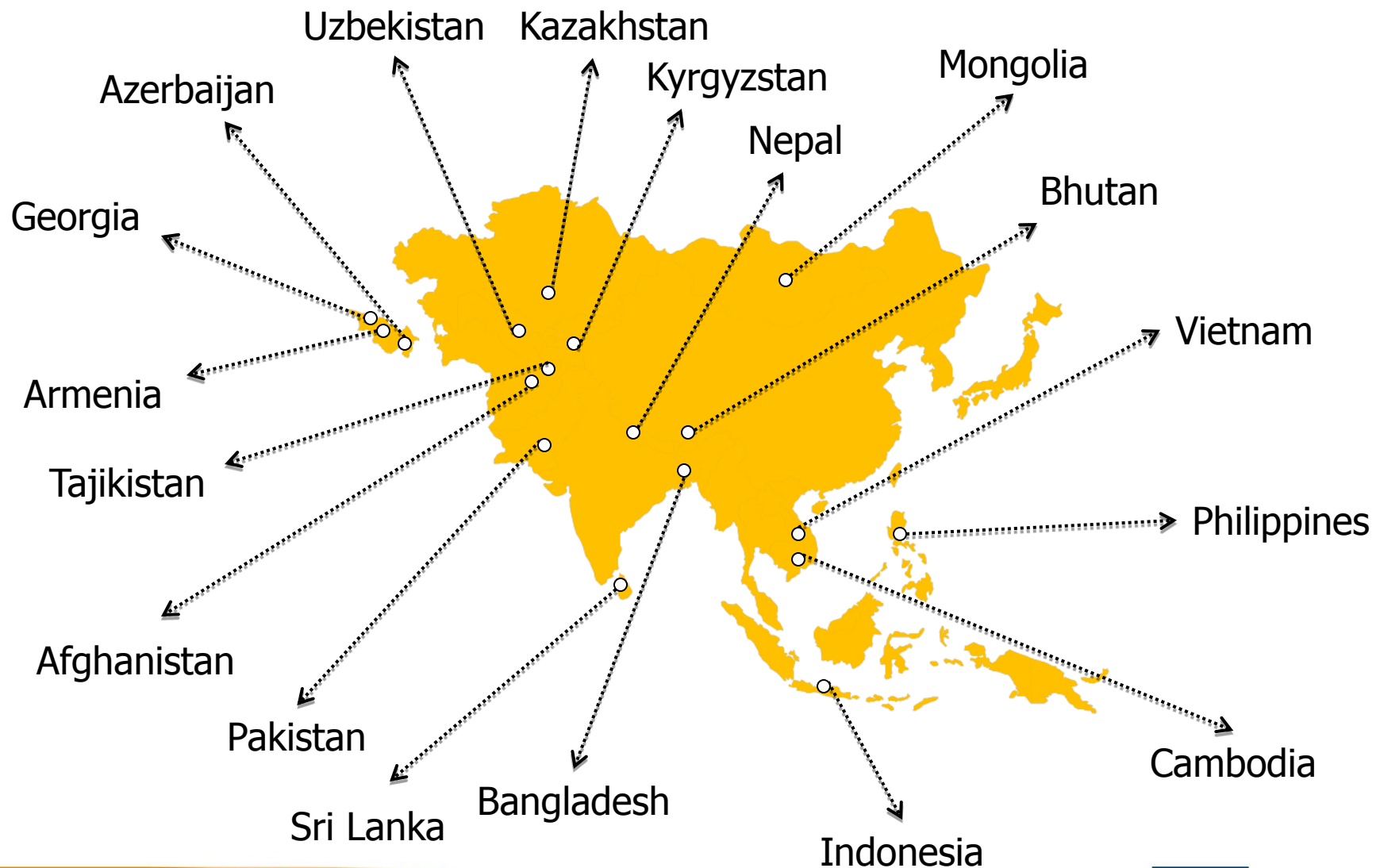
- Who: Bank based in Colombo, Sri Lanka
- Revolving Credit Facility: \$6 million USD
- On-lend value: \$250,000
- Purpose: Pre-export finance
- Beneficiary: SME apparel manufacturer
- Location: Mawathagama
- Export markets: Europe, India, Russia.
- Export goods: Finished garments

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 18 Countries

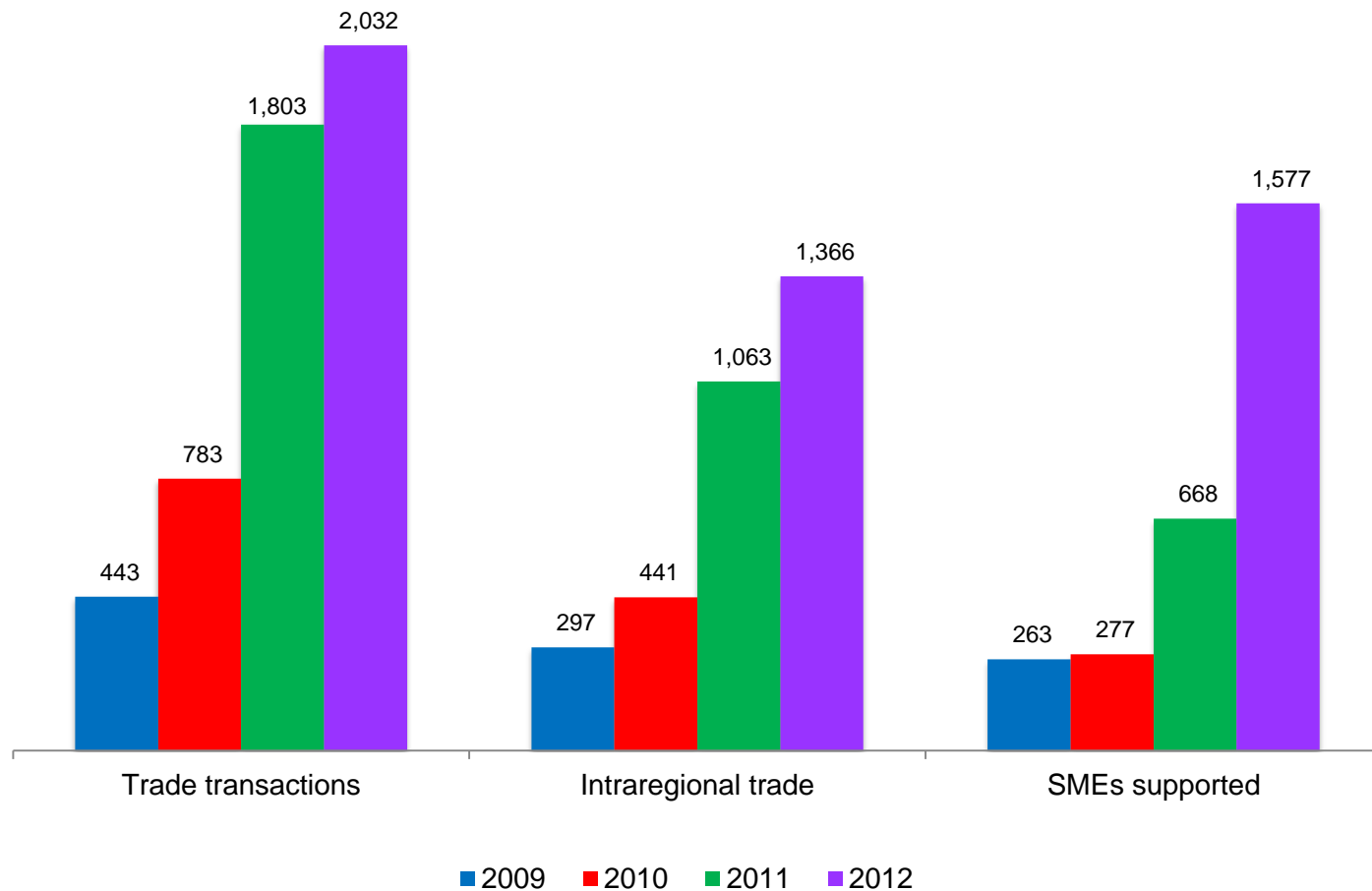


TFP Geographic Overview

- TFP focused on most challenging countries. Assumes no PRC, Indian, Thai, or Malay 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 and insurance: TFP attracted \$2.3 billion co-financing in 2012
- Providing guarantees leads banks into new markets: concrete examples
- Filling data gap. ICC-ADB Trade Finance Register: proof to regulators and private sector of low risk

Development Impact of Knowledge

- Market wants knowledge – TFP filling knowledge gap
- International banks introduced to new markets and establishing country and bank/correspondent limits

Collaboration for South-South Trade

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

Market Recognition

2012, 2011 and 2010 winner



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Private Sector Financing

NAVIGATION

Main

Overview

► Private Sector Operations Department

Core Sectors

Financial Products

► Commercial Cofinancing

Project Approval Process

Projects

Applying for Assistance

FAQs

► News

► India Solar Generation Guarantee Facility

▼ Trade Finance Program

Program Highlights

TFP Products

Sample Transactions

How to Participate

TFP Contacts

Trade Finance Program



ADB's Trade Finance Program (TFP) fills market gaps for trade finance by providing guarantees and loans to banks to support trade.

Backed by its AAA credit rating, ADB's TFP works with over 200 partner banks to provide companies with the financial support they need to engage in import and export activities in Asia's most challenging markets. With dedicated trade finance specialists and a response time of 24 hours, the TFP has established itself as a key player in the international trade community, providing fast, reliable, and responsive trade finance support to fill market gaps.

A substantial portion of TFP's portfolio supports small and medium-sized enterprises (SMEs), and many transactions occur either intra-regionally or between ADB's developing member countries. The program supports a wide range of transactions, from commodities and capital goods to medical supplies and consumer goods.

The TFP continues to grow, supporting billions of dollars of trade throughout the region, which in turn helps create sustainable jobs and

RELATED LINKS

Participating Issuing Banks [PDF]

Participating Confirming Banks [PDF]

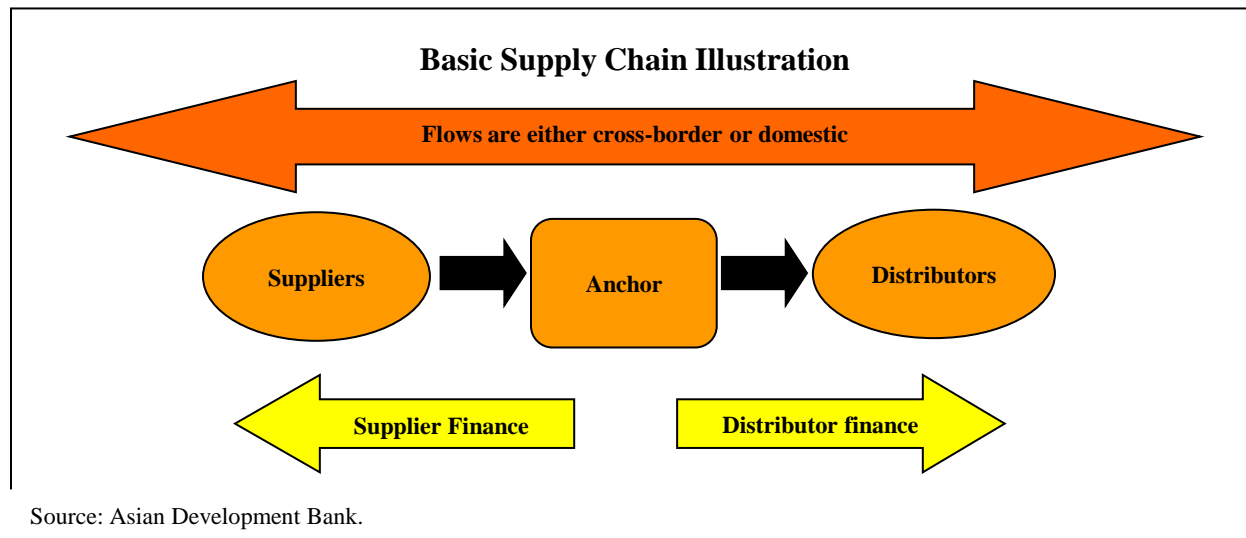
TFP Program Factsheet

Asia Strains Under Euro Crisis (Wall Street Journal)

Protectionism Risks Regional Trade Slump (Bangkok Post)

ADB and Supply Chain Finance

- ADB new Supply Chain Finance (SCF) Program approved November 2012. Currently being implemented.
- Vast improvements in physical supply chain (“just-in-time”; inventory innovations, etc.), but not in financial supply chain.
- Valuable financial resources locked in supply chain. SME growth is constrained.
- Program will broaden access to working capital for companies to support business expansion and job creation. Differs from the TFP: (i) company risk, not bank risk; (ii) open account trade, not documentary trade; (iii) will support SMEs that may never had access to finance.



ADB and Supply Chain Finance

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



Thank you

