



# **African Union Development Agency (AUDA-NEPAD) COVID19 Webinar Series on galvanising African industrial capacity to supply pharmaceuticals and medical products**

**Topic: Access to affordable financing for local manufacture of  
pharmaceutical and medical supplies in Africa**

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## 1. Introducing Afreximbank



# Corporate Profile

## Who we are

A pan-African multilateral trade finance institution created in 1993 under the auspices of the African Development Bank.

## Vision

To be the trade finance bank for Africa.

## Mission

To stimulate a consistent expansion and diversification of African trade, so as to rapidly increase Africa's share of global trade; and in doing so, to operate as a first-class, profit-oriented, socially responsible financial institution and a "Centre of Excellence in African Trade Matters."

## Mandate

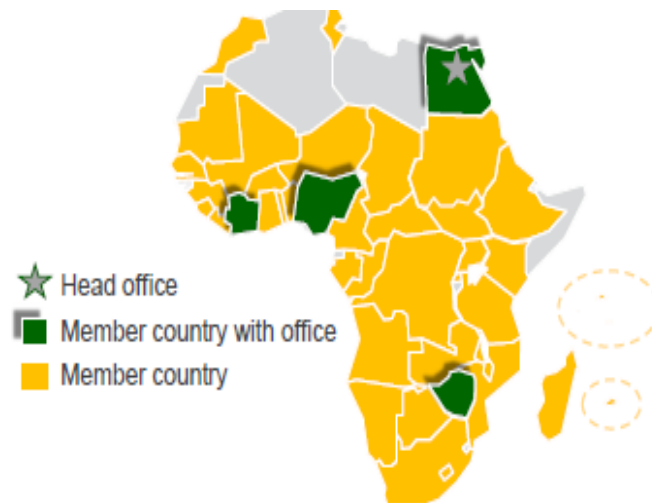
The mandate of the Bank is to finance and promote Intra-and Extra-African Trade using three broad services:

- Credit (Trade & Project Financing)
- Risk Bearing (Guarantees & Credit Insurance)
- Trade Information & Advisory Services

# African Presence

— The Bank is headquartered in Cairo, Egypt and has four regional offices in Abuja, Nigeria; Harare, Zimbabwe and Abidjan, Côte d'Ivoire and Kampala, Uganda. A fourth regional office in Central Africa, is Douala, Cameroun will open soon.

— There are 51 participating member countries spread across the continent.



Angola	DRC	Kenya	Namibia	Sudan
Benin	Egypt	Kingdom of Eswatini	Niger	Tanzania
Botswana	Equatorial Guinea	Lesotho	Nigeria	Togo
Burkina Faso	Ethiopia	Liberia	Republic of Congo	Tunisia
Burundi	Eritrea	Madagascar	Rwanda	Uganda
Cameroon	Gabon	Malawi	Sao Tome & Principe	Zambia
Cape Verde	Gambia	Mali	Senegal	Zimbabwe
Central African Rep.	Ghana	Mauritania	Seychelles	
Chad	Guinea	Mauritius	Sierra Leone	
Comoros	Guinea-Bissau	Morocco	South Africa	
Djibouti	Ivory Coast	Mozambique	South Sudan	

*Afreximbank aims to increase its Participating States to include all 55 sovereign African nations*

# Afreximbank's Medium Term Strategy: Impact 2021 Africa Transformed



### Intra-African Trade

- **Create:** Facilitate capacity for expansion of production and processing capabilities
- **Connect:** Identify key institutions and agents to "connect the dots" in the intra-trade value chain.
- **Deliver:** Deliver efficient and cost effective distribution channels within the continent
- **Measure:** monitoring and measurement mechanisms

### Industrialization & Export Development

- **Catalyse:** promote "soft" and "hard" infrastructure developments
- **Produce:** finance and support activities that improve efficiency and quality in production of goods and services
- **Trade:** facilitate trading through financing and supporting to institutions that provide market access

### Trade Finance Leadership

- Strategic focus on financial and non-financial areas of intervention in the trade and trade finance market
- Expand existing trade finance products as well as introducing new innovative products and initiatives
- Fill the voids in trade services created by reduced activities of international banks in Africa resulting from high compliance costs and economic uncertainty



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## 2. Afreximbank's Response to the COVID-19 Pandemic

## Pandemic Trade Impact Mitigation Facility (PATIMFA)

- The Bank announced a \$3-billion facility, named Pandemic Trade Impact Mitigation Facility (PATIMFA), to help African countries deal with the economic and health impacts of the COVID-19 pandemic.
- It will support member country central banks, and other financial institutions to meet trade debt payments that fall due and to avert trade payment defaults, said Afreximbank
- It will also be available to support and stabilize the foreign exchange resources of central banks of member countries, enabling them to support critical imports under emergency conditions.
- It will assist member countries whose fiscal revenues are tied to specific export revenues, such as mineral royalties, to manage any sudden fiscal revenue declines as a result of reduced export earnings.
- It will also provide emergency trade finance facilities for import of urgent needs to combat the pandemic, including medicine, medical equipment, hospital refitting, etc.
- The facility will be available through direct funding, lines of credit, guarantees, cross-currency swaps and other similar instruments, according to Afreximbank.

## Supporting African Supply Chains and Local Manufactures

- Afreximbank, UNECA and Africa CDC announced emergency interventions to provide rapid response to the supply and policy gaps in food and critical medical resources needed to combat the COVID-19 pandemic in Africa.
- The initiative will identify and support the capacity of African suppliers, manufacturers and importers that can produce and supply foodstuff and priority healthcare needs, including pharmaceuticals and medical supplies such as face masks, personal protective equipment, test kits and ventilators.
- The three institutions will ensure that countries adopt policies to deepen intra-African trade in related equipment, improve quality control, and adhere to regulatory standards.
- Identified food and medical suppliers will be able to tap into Afreximbank's \$3-billion PATIMFA facility, under which \$200 million has been reserved to support food production as well as the manufacture of, and trade in, medical equipment and supplies.
- Requests for facilities of \$5 million and above will be covered through direct financing by Afreximbank while those for less than \$5 million will be handled through on-lending using funds made available by Afreximbank to approved participating local financial institutions.



# Supporting African Supply Chains and Local Manufactures – Direct Financing

- This applies to Financing Requests from Corporates that meet the standard direct financing threshold of Afreximbank i.e. USD 5m and above
- The standard Eligibility Criteria that applies to manufacturing entities seeking funding from the Bank as required by the Bank's Project Finance & Export Development Departments will apply in this instance.
  - Submission of Facility Application Letter,
  - Business Plan,
  - Financial Projections,
  - Existence of Applicable Licenses,
  - 3 Years Audited Financial Statements,
  - Company should have a minimum Annual Turnover of USD10 million and Total Assets of at least USD2 million).

# Supporting African Supply Chains and Local Manufactures – Indirect Financing

## Indirect Financing

- This category applies to Financing requests from Corporates that are below the minimum threshold for Direct Financing of Afreximbank i.e USD5m (with the Corporates not meeting the required Turnover and Asset Size requirements of the Bank – i.e. Annual Turnover \$10m and Balance Sheet Size of \$2m).

The Financing Approach shall be in two categories:

### 1. On-Lending Programme

- Under its On-Lending Programme, Afreximbank shall make funds available to approved participating Financial Institutions to on-lend to applicants under a Product Programme Scheme

### 2. Guarantee Programme

- Afreximbank shall provide up to 70% Guarantee to approved Financial Institutions to enable them provide financing to eligible applicants under a Product Programme scheme. Under this product, the Financial Institution shall provide a Local Currency Facility to the borrower.

## Eligibility Criteria

- a) Companies to produce COVID-19 relevant materials
- b) Clients associated with helping to tackle Covid-19, including Manufacturers and distributors in the pharmaceutical industry, Healthcare Providers, Non-medical companies that have volunteered to add this capability to their manufacturing output. (The goods in scope include: Protective Personal Equipment (PPEs), Applicable Pharmaceuticals, Medical Supplies, Agro Production, Fertilizers, Ventilators, Face masks, Sanitisers and other high-end consumables.)
- c) The company shall be an African Company i.e. registered in Africa (with minimum African Value-add of 35% in production)
- d) Companies owned/managed by African Women shall be given preference
- e) A Borrower self-certification of Africa content will be required
- f) Companies shall possess 3 Years Audited Financial Statements
- g) Companies shall assign their Receivables to the participating Local Bank/Financing Institution
- h) Possess all relevant and applicable regulatory approvals and/or licenses

# Conclusion

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- The COVID-19 Pandemic creates unprecedented challenges to African economies and health systems;
- It however provides opportunities to address critical gaps in the continent's productive capacity in the short term and medium term, particularly with regards to healthcare and pharmaceuticals related production
- It therefore important to mobilize all resources and efforts to address these challenges
- Afreximbank remains committed to playing its role, in line with its mandate, in this regard.



**Thank You for Your  
Attention**