



Bridging the Gap: A Collaborative Approach to Revitalizing Côte d'Ivoire's Trade Landscape

A World Bank Group Trade Finance Guarantee

HIGHLIGHTS

- MIGA provided a €400M Trade Finance Guarantee to FirstRand's RMB and Mizuho Bank, supporting Côte d'Ivoire's economic stability.
- The guarantee provided short-term loans for trade-related payments in key sectors such as health care, infrastructure, and agriculture.
- With an estimated trade finance gap of \$2.4 billion affecting micro, small, and medium-sized enterprises (MSMEs), MIGA's involvement mitigated risks of the government non-payment but also catalyzed investment in a challenging economic environment.
- The initiative successfully increased market liquidity and enhanced trade capabilities, driving local economic growth.
- RMB received Global Trade Review awards for Best Trade Finance Bank in South Africa and Best Trade Finance Deal in Africa for this MIGA collaboration.

THE CHALLENGE

Côte d'Ivoire, like many emerging economies, faced challenges in accessing adequate trade finance. A substantial trade finance gap of \$2.4 billion hindered economic growth and development, particularly affecting vital sectors such as healthcare, agriculture, and infrastructure. This gap limited access to essential goods and services, impacting critical supply chains.

Picture a thriving business in Abidjan, eager to import vital medical equipment but struggling to secure the necessary financing. This scenario was all too common in Côte d'Ivoire. A recent World Trade Organization and IFC report revealed that trade finance supports only 25% of trade transactions in the country, below the African average of 40%. Financial institutions reject 25%

of trade finance requests, exacerbating the situation for many micro, small, and medium-sized enterprises (MSMEs) struggling to access necessary funds for operations.



The COVID-19 Effect. The pandemic highlighted the critical need for sovereign trade finance credit lines, as governments scrambled to procure essential medical supplies and materials for health care facilities. This need persisted in the face of ongoing global food and energy crises driven by Russia's invasion of Ukraine.

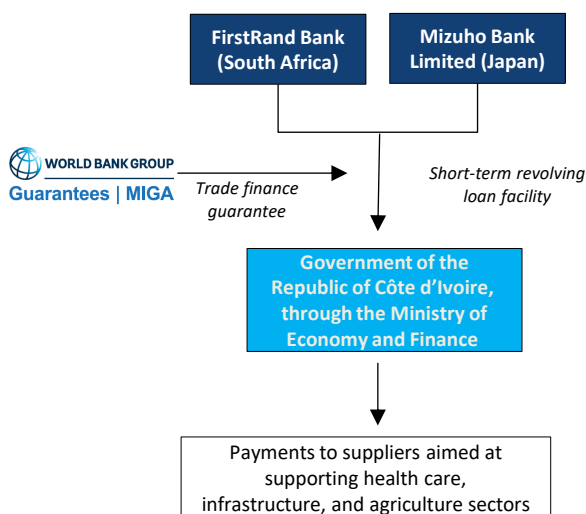
FINANCIAL SOLUTION

MIGA partnered with FirstRand Bank Limited's Rand Merchant Bank Division (RMB) and the government of Côte d'Ivoire to address these trade finance challenges through a guarantee structure. This collaboration aimed to unlock access to finance and stimulate economic growth in key sectors.

The partnership's initial phase launched in August 2023 with an 11-month trade finance guarantee between MIGA and RMB. This partnership increased trade-related funding available to the government of Côte d'Ivoire from €141.5 million to €241.5 million and covered the risk of non-payment by the government on short-term trade-related loans.

Responding to the government of Côte d'Ivoire's request for additional financing in 2024, MIGA expanded its support through an extended guarantee. This enhancement finances trade-related elements of various development initiatives, including education, health, sanitation, water services, agriculture, and electricity access programs. To meet this increased demand and further diversify the risk, RMB brought in Mizuho Bank, Ltd. as a strategic lending partner in the new guarantee, creating a powerful coalition of financial institutions committed to Côte d'Ivoire's development.

Summary of Contractual Structure



■ Obligor ■ Guarantee holder

The structure of the guarantee offered several key advantages:

- **Risk Mitigation:** By covering the risk of non-payment by the government of Côte d'Ivoire, MIGA effectively reduced the risk profile of trade transactions.
- **Flexibility:** The short-term nature of the loans allows for quick deployment of funds where they are most needed.
- **Multiplier Effect:** The trade guarantee helps maintain a diversified lending base by unlocking new liquidity from existing lenders.
- **Global Shock Resilience:** The guarantee enhances Côte d'Ivoire's ability to maintain access to critical imports even during global economic uncertainty.

IMPLEMENTATION AND IMPACT ✓

The successful implementation of the Trade Finance Guarantee relied on strategic partnerships between MIGA, RMB, and Mizuho Bank. The collaboration brought together MIGA's risk mitigation expertise and the banks' deep understanding of the African financial landscape. RMB's commitment to unlocking African potential perfectly aligns with MIGA's goal of catalyzing investment in challenging markets, while Mizuho's vision of facilitating

sustainable economic growth through innovative financial solutions strengthens this collaborative approach.

Together, these institutions helped bridge critical finance gaps and enable development across key sectors of Côte d'Ivoire's economy.

"While RMB has a proud history of supporting sovereigns on the continent with their funding and capital markets requirements, this is a first-of-its-kind facility for an African sovereign and will pave the way for further MIGA guaranteed short-term facilities across the continent to assist with developmental initiatives, critical projects and the importation of crucial goods such as food, fertilizer and medicines alongside other resources."



Ben Bechet, Head of Trade and Working Capital, Structured Lending at RMB

The trade finance guarantee has yielded significant positive impacts for Côte d'Ivoire's economy and its key sectors, including:

- **Enhanced Liquidity for Critical Imports:** Unlocking new sources of liquidity, ensuring a steady flow of essential imports.
- **Sector-Specific Benefits:** Improved access to medical equipment, agricultural resources, and construction materials.
- **Economic Resilience:** Strengthened Côte d'Ivoire's resilience against global economic shocks through strengthened access to trade finance amid challenging market conditions.
- **Job Preservation and Creation:** The continued trade flow has helped preserve existing jobs and create new employment opportunities.

LOOKING AHEAD ✓

The success of this partnership demonstrates the power of innovative financial collaboration in driving sustainable development. As MIGA explores opportunities to replicate this model in other countries, the experience gained through this collaboration with RMB and Mizuho Bank provides a blueprint for addressing trade finance challenges across Africa.

By bridging the trade finance gap, this partnership is not just facilitating transactions – it's helping build a more resilient, prosperous future for Côte d'Ivoire and setting a model for sustainable economic development across the continent.