

**“BRIDGES ACROSS BORDERS”
Fostering Outsourcing Partnership
in
Financial Services & Information Technology
6-9 November 2007**

Accra, Ghana



**EXPORT DEVELOPMENT AND
INVESTMENT FUND (EDIF)**

**ACCESS TO FUNDS – ITES/BPO
FUNDING OPPORTUNITIES**

“THE EDIF OPPORTUNITY”

PRESENTATION AT THE FIRST GHANA OUTSOURCING
SUMMIT

BY MR. K. KWAKYE-MINTAH, AG. DIRECTOR, CREDIT AND
PROJECTS

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**EXPORT DEVELOPMENT AND
INVESTMENT FUND ACT**

- **ACT 582**
- **PROMULGATED ON 4TH OCTOBER 2000**

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PURPOSE OF THE FUND

- TO MAKE FINANCIAL RESOURCES AVAILABLE FOR DEVELOPMENT AND PROMOTION OF GHANA'S EXPORT TRADE

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SPECIFIC FUNCTIONS

- PROVISION OF CREDIT
- EXPORT INSURANCE
- RE-FINANCING
- CREDIT GUARANTEE
- EXPORT PROMOTION AND DEVELOPMENT

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SOURCES OF FUNDING

- 10% OF NET PROCEEDS REALISED FROM DIVESTITURE OF STATE ENTERPRISES
- 0.5% OF COST, INSURANCE AND FREIGHT (CIF) VALUE OF COMMERCIAL IMPORTS, EXCLUDING PETROLEUM PRODUCTS
- GRANTS FROM GOVERNMENT AND OTHER SOURCES
- RECOVERIES OF LOANS AND INTEREST PAYMENTS
- LOANS AND OTHER CREDIT FACILITIES THAT THE BOARD OF THE FUND MAY OBTAIN WITH GOVERNMENT GUARANTEE

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CREDIT FACILITY ACCOUNT

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FUNDING FROM THIS ACCOUNT TAKES THE FORM OF

- CREDIT (LOANS)
- EXPORT INSURANCE
- RE-FINANCING, AND
- CREDIT GUARANTEE

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DESIGNATED FINANCIAL INSTITUTIONS (DFIs)

- APPOINTED ON RECOMMENDATION OF BANK OF GHANA
- 17 BANKS AND 3 NON-BANK FINANCIAL INSTITUTIONS ON THE CURRENT LIST OF DFIs

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DESIGNATED FINANCIAL INSTITUTIONS (DFIs) (CONT'D)

- ALL CREDIT IS GRANTED THROUGH DFIs
- DFIs TAKE CREDIT RISK FOR LOANS GRANTED THROUGH THEM
- DFIs RESPONSIBLE FOR THE RECOVERY OF LOANS

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DESIGNATED FINANCIAL INSTITUTIONS

- Agricultural Development Bank
- CAL Bank Ltd
- Ecobank Ghana Limited
- First Atlantic Merchant Bank Ltd
- Ghana Commercial Bank Ltd
- International Commercial Bank Ltd
- National Investment Bank Ltd
- Prudential Bank Limited
- SSB Bank Limited
- Stanbic Bank Ghana Limited
- The Trust Bank Ltd
- Export Finance Company Limited*
- Empretec Ghana Foundation*
- Barclays Bank of Ghana Limited
- Amalgamated Bank Limited
- Merchant Bank Limited
- Standard Chartered Bank Ghana Limited
- Zenith Bank Ghana Ltd
- Eximguaranty Ghana Ltd*
- UBA Ghana Ltd

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ELIGIBILITY

- COMPANIES AND REGISTERED BUSINESSES MAY APPLY FOR LOAN UNDER CREDIT FACILITY
- COMPANY MUST BE REGISTERED IN GHANA AND WHOLLY OWNED BY GHANAIS OR PARTLY OWNED BUT WITH GHANAIAN MAJORITY SHAREHOLDING AND BE EXPORT ORIENTED

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APPLICATION PROCEDURE

- A PROSPECTIVE APPLICANT COLLECTS AN APPLICATION FORM IN TRIPLICATE FROM A DFI OF HIS CHOICE
- THE DFI EVALUATES THE APPLICATION AND SUBMITS ITS REPORT AND RECOMMENDATIONS TO EDIF
- AFTER REVIEW, EDIF MAY ENDORSE WHOLLY THE RECOMMENDATIONS OF A DFI, AMEND THEM OR DECLINE APPROVAL OF AN APPLICATION

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LOAN REPAYMENT PERIODS

- LOAN REPAYMENT PERIODS ARE AS FOLLOWS:
 - A SHORT-TERM LOAN IS TO BE REPAYED WITHIN A PERIOD NOT EXCEEDING TWELVE MONTHS
 - A MEDIUM-TERM LOAN IS TO BE REPAYED WITHIN A PERIOD NOT EXCEEDING FIVE YEARS
 - A LONG-TERM LOAN IS TO BE REPAYED WITHIN A PERIOD EXCEEDING FIVE YEARS

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INTEREST RATE

- DFIs ARE PROVIDED WITH LOANS AT 2.5% PER ANNUM
- THE DFIs IN TURN ON-LEND AT A MAXIMUM OF 12.5% PER ANNUM

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EXPORT DEVELOPMENT AND PROMOTION FACILITY ACCOUNT (EDPFA)

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GRANTS ARE PROVIDED FROM THIS ACCOUNT TO SUPPORT

- **PRODUCT DEVELOPMENT AND PROMOTION**
- **MARKET RESEARCH**
- **DEVELOPMENT OF EXPORT INFRASTRUCTURE**
- **CAPACITY BUILDING**
- **DEVELOPMENT AND PROMOTION OF ENTREPRENEURIAL ACTIVITIES; AND**
- **EXPORT TRADE ORIENTED ACTIVITIES**

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RATIONALE FOR THE EXPORT DEVELOPMENT AND PROMOTION FACILITY

- **INCREASE EXPORT SUPPLY BASE**
- **IMPROVE QUALITY OF EXPORT PRODUCTS**
- **FACILITATE EXPORT TRADE**

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ELIGIBILITY

- **ELIGIBLE APPLICANTS TO THE EDPFA INCLUDE**
 - INSTITUTIONS
 - ORGANIZATIONS
 - PRODUCT AND TRADE ASSOCIATIONS, WHICH PROVIDE SERVICES TO THE EXPORT SECTOR
- **INDIVIDUAL EXPORTERS OR PRODUCERS DO NOT QUALIFY UNDER THIS FACILITY**

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MAJOR CHALLENGE

- **Participation of Designated Financial Institutions**
 - About 50% of the DFIs are not participating actively in the scheme
 - Some among the DFIs who participate actively adopt a halfhearted approach to the whole scheme

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WAY FORWARD

- **DE-COUPLING EDIF FROM DFIs**
 - NON-BANK FINANCIAL INSTITUTION
 - EXIM BANK
- **EDIF BOARD PREPARING A STRATEGIC PLAN THAT WILL ADDRESS THE WAY FORWARD IN PRECISE TERMS**

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CONSTRAINT

- **MONIES ACCRUING TO THE FUND INADEQUATE TO MEET THE CONCESSIONARY FINANCE NEEDS OF THE NON-TRADITIONAL EXPORT SECTOR**

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CONCLUSION

- **EDIF'S ASSIGNMENT IS TO PROVIDE RESOURCES IN SUPPORT OF GHANA'S EXPORT TRADE**
- **IT OPERATES IN PARTNERSHIP WITH FINANCIAL INSTITUTIONS MAINLY BANKS**
- **THE FACILITY IS FOR ALL QUALIFIED GHANAIS**
- **FUNDING FROM EDIF WITH LOW INTEREST RATE IS INTENDED TO MAKE GHANAIAN EXPORTERS COMPETITIVE IN THE FOREIGN MARKET**

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CONCLUSION (CONT'D)

- **THE SCHEME FALLS WITHIN THE POLICY OF THE GOVERNMENT TO HELP GHANAIS TO CREATE WEALTH FOR THEMSELVES AND THE NATION**
- **THE CHALLENGE OF LOW PARTICIPATION BY DFIs HAMPERING SCHEME**
- **STRATEGIC OPTIONS TO ACHIEVE OBJECTS OF THE FUND INCLUDING DE-COUPLING FROM DFIs BEING CONSIDERED**
- **CURRENT FINANCIAL RESOURCES NOT ADEQUATE TO UNDERWRITE THE WHOLE OF THE NON-TRADITIONAL EXPORT SECTOR**

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