

# OFID partners with Standard Chartered PLC

As the circle of partners and cooperating countries involved with OFID in trade financing continues to grow, the institution in October, 2009, signed a risk sharing agreement with Standard Chartered Bank PLC, to help boost trade, particularly South-South trade, and encourage greater financing for emerging markets and developing countries.

**T**he agreement with Standard Chartered provides for implementation of a program of risk-sharing in an amount of US\$500 million. This would be equally shared between the two partners. The agreement is expected to generate an estimated incremental trade of US\$2 billion annually.

The accord was signed on behalf of OFID by Director-General Suleiman J. Al-Herbish, while Ms. Karen Fawcett, Standard's Global Head of Transaction Banking, signed for the bank. Eighty banks in 18 emerging markets and developing countries stand to benefit from the program, which may be expanded to include more countries and more banks as demand manifests itself.

At the signature ceremony, Mr. Al-Herbish said OFID sees the program as part of its strategy of "scaling up sup-

port" to cooperating countries to help alleviate difficulties relating to accessing credit "in these days of credit disruption." The agreement will build on Standard Chartered's global network and trade origination capacity. This is in line with OFID's Trade Finance Facility (TFF), which was initiated in 2006 to promote economic development (through trade financing) and strengthen the financial systems of partner countries.

In her own statement at the signature ceremony, Ms. Fawcett said the agreement and the expected incremental trade would be "an excellent example for multilateral agencies and private sector financiers looking for a well-structured method for supporting trade originating from developing economies in these difficult times."



PHOTO: KARIN OSZUSZKY/OFID

Ms. Karen Fawcett, Global Head of Transactional Banking, Standard Chartered, and Mr. Al-Herbish, OFID Director-General.

OFID's TFF took off to a speedy start and has seen a trajectory of growth not predicted at its establishment. The facility takes the form of guarantees, lines of credit and straightforward loans. It is responding to growing demand for financing to help overcome obstacles.

For OFID, trade financing is a natural progression in its efforts to align with the economic development demands of partner countries. Trade financing complements OFID's broadening range of financing windows, which include long- and medium-term projects and programs in the public and private sectors. OFID's TFF promotes development by meeting the trade financing needs of institutions in partner countries, including governments, banks and private enterprises.

Many low-income countries have the resources and technical ability to

expand their engagement with global trading partners, but uncertainties regarding performance may inhibit potential suppliers and customers. International banks may not be able to accept letters of credit or other guarantees offered by local banks, reflecting concerns about the speed and effectiveness of payment or exposure to political and commercial risks. Through the TFF, OFID can help overcome these obstacles. All developing countries, with the exception of OFID member states, are eligible to benefit from the facility.

For its part, Standard Chartered is listed on the London- and Hong Kong Stock Exchange. It ranks among the top 25 companies in the Financial Times' FTSE-100 by market capitalization. With headquarters in London, the Standard Group has operated for over 150 years in

some of the world's most dynamic markets, leading the way in Africa, Asia and the Middle East. The Group's income and profits have more than doubled over the last five years, primarily as a result of organic growth.

Standard Chartered earns around 90 percent of its income and profits in Asia, Africa and the Middle East, from its Wholesale and Consumer Banking businesses. The Group has over 1,600 branches and outlets located in more than 70 countries. OFID is pleased to be involved with the Bank in pursuit of economic development, in low-income countries, via trade financing. ■