TECHNICAL DATA SHEET

IMPORT-EXPORT COVER

DEFINITION

The ASF's import-export cover aims to promote intra and extra-African trade of the Fund's member countries. Through this mechanism, FSA facilitates and contributes to the securing and settlement of import and/or export trade operations by covering, in whole or in part, local or international payment instruments issued by credit institutions, in particular by credit institutions, notably the Letter of Credit (LC) or Stand-by Letter of Credit (SLOC), Documentary Credit (DC), Documentary Remittances, bill of exchange, promissory note, promissory bill, international supplier credit, and all other international payment instruments and/or techniques of international payment mastered by the FSA.
The FSA's commitment is reflected in the issuance of a guarantee issued on the basis of payment instruments mentioned above or by issuing a counter-guarantee whereby the Fund undertakes to pay the applicant all or a specified percentage of the amount of the international payment instrument issued by the Credit Institution. The latter will be indemnified by the ASF in the event of default of the originator (its customer).

This extension of the FSA guarantee to cover import and export transactions is mainly presented in three (3) forms :

- The issuance of international payment instruments ; The financial counter-guarantee of default on payment at first request which can be the amount of the international payment instrument issued by the applicant structure. This is a risk-sharing arrangement in the form of an autonomous counter-guarantee with the applicant structure (credit institutions, financial institutions, international guarantee and export promotion agencies, the list is not exhaustive) on behalf of their clients ;
- The FSA may issue an autonomous counter-guarantee of up to 100% of the value of the commercial contract, in case the operation is made on its (e.g. in the case of financing arrangements) and its relations with certain international players such as Bpifrance, EulerHermes, Afreximbank, etc., the support of international operations will be subject to a framework ;
- Financial counter-guarantee in the form of a final loss to cover totally or partially the amount of the international payment instrument issued by an applicant structure. This involves sharing the risk of the final loss with the applicant.

TARGET AUDIENCE / BENEFICIARIES

- Direct beneficiaries : Credit institutions, National and International financial institutions, National Guarantee Funds (NGFs), Regional financial institutions, International guarantee and export promotion agencies, all private or mixed enterprises that directly request the intervention of the AS the list is not exhaustive.
- Indirect beneficiaries : All private or mixed enterprises, viable, having their headquarters and their main field of activities in one of the member states of the ASF.