

Asia Pacific Trade Facilitation Forum 2014

24 – 25 September 2014, BITEC
Bangkok, Thailand



Innovative trade financing initiatives for SMEs

Asia Pacific Trade Facilitation Forum
September 2014, Bangkok, Thailand

Dr Mohammad Saeed
Senior Trade Facilitation Adviser



Access to Finance vs Trade Finance

Trade Finance

It refers to a wide range of tools that determine how cash, credit, investments and other assets can be used for trade¹

Access to Finance

It is defined as an absence of price and non-price barriers in the use of financial services²

Importance of SMEs and Access to Finance as a Major Constraint

SME impact on GDP & employment

Formal SMEs contribute up to 45% of employment and up to 33% of GDP in developing economies

Low access to finance rate

63% of the SMEs do not have access to finance

High unmet credit needs

The unmet credit needs of the SMEs in the formal sector in emerging markets are estimated between \$900 billion and \$1.1 trillion

SMEs Access to Finance Barriers



Most SMEs are **start-up businesses** with **inadequate collateral**;



Lack of key financial management competencies;



Poor quality of business plans;



No clear understanding of **banking lending requirements**;



Lack of **time and the required resources** from Financial Services Providers (FSPs) to effectively address SMEs financial needs.

Some SME Financing Solutions

Besides equity/debt based financing, grants and government aid, the key financing solutions for SMEs are:



Trade Financing Instruments

- Pre-shipment finance
- Post shipment finance
- Factoring
- Leasing
- Inventory financing



Value Chain Financing



Crowdfunding

**Key
presentation
focus**

Inventory Financing: Purchase Order Finance

What is purchase order finance (POF) about ?

- Purchase Order Finance (POF) is a transaction-specific form of working capital/trade financing.
- It is an advance against the value of a purchase order or contract to enable the borrower/supplier to pay for inputs, raw materials, packaging, goods for resale, shipping, insurance, etc.

POF Case study: Moroccan hand bag firm

- In the framework of the ITC's EnACT Programme, a Moroccan hand bag firm was helped to sell to Lancel Paris
- Lancel-Paris issued a Euro 125,000 purchase order
- This purchase order was taken by the Moroccan firm to Attijari Bank and got a Euro 50,000 credit line to start making the handbags

Inventory Financing: Warehouse receipt

What is a warehouse receipt?

Document certifying the quality and quantity of a specified commodity placed into a secure storage environment

- It is issued by a licensed warehouse operator
- It should specify: location of warehouse, name of depositor, commodity type, quality and quantity, date of delivery, storage charges

Most warehouse receipts are

What is its key use ?

Warehouse receipts can be used as secure collateral for inventory financing

- When backed by a suitable legal framework, warehouse

Farmers, traders and millers can raise finance against them

- Thus increasing liquidity in agricultural markets

Finally, it allows transfer of

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_4970

