

EDC's Support to Developing Canadian Trade and Investment with Africa /

**Le soutien de EDC afin de développer le
commerce et l'investissement canadien vers
l'Afrique**

**Discover Africa Roadshow /
Tournée "Découvrir l'Afrique"**

Toronto

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- EDC (Export Development Canada) is Canada's official export credit agency (ECA). Its mandate is to support export and foreign investment; helping Canadian companies to respond to international business opportunities.
- Founded in 1944, EDC is a Crown Corporation that operates as a commercial financial institution, and which adheres to the principles of corporate social responsibility
- EDC is AAA rated by Moody's and Standard & Poor's and is financially self-sustaining
- In 2008, EDC supported transactions in 175 markets worth over CAD \$86 billion, out of which CAD \$22 billion in 153 emerging and developing market, in support to over 8,300 Canadian customers.
- EDC restructured its activities in 2006; an important shift to proactive business development and increased customer focus.

- **Sectoral Approach**

- In order to better serves its customers, EDC has taken a new sectoral approach which divides the industry in 6 sector teams,
 - Extractive (Mining & O&G)
 - Infrastructure (incl. Power)
 - Transportation
 - Information & Communication Technologies
 - Light Manufacturing
 - Resources

- **Regional Approach - Commercial Markets Group**

- With regional offices across Canada, EDC offers personalized services to companies with annual revenues of over CAD 5 million.

- **Targeted approach for small size companies – Small Business Sales**

- **International Approach – International Business Development Group**

- Africa, Europe and Middle East
- Latin America
- Asia

- Financing
- Insurance
- Bonding
- Market Intelligence

Criteria for EDC support: Canadian benefits, Corporate Social Responsibility, Credit worthiness of borrower or risk counterpart, exporter financial and technical capabilities, etc.

Financing

- **For buyers of Canadian goods and services:**
 - Medium to long term financing based on corporate risk, sovereign risk or project risk

- **For Canadian exporters and investors:**
 - Pre-export financing
 - Support for foreign investment based on corporate risk of parent company

Insurance

- **Short Term Insurance**

- EDC provides credits insurance to exporters to protect them against the risk that their buyers do not pay them for a variety of commercial or political reasons.

- **Documentary Letters of Credit Insurance**

- EDC provides insurance cover to Canadian banks for LC's opened by emerging market banks. This permits the Canadian banks to add confirmation or to provide credit facilities against those LC's.

- **Political Risk Insurance**

- EDC covers private sector investments and loans.
- Coverage can be provided to equity investors and/or banks.

Bonding Services

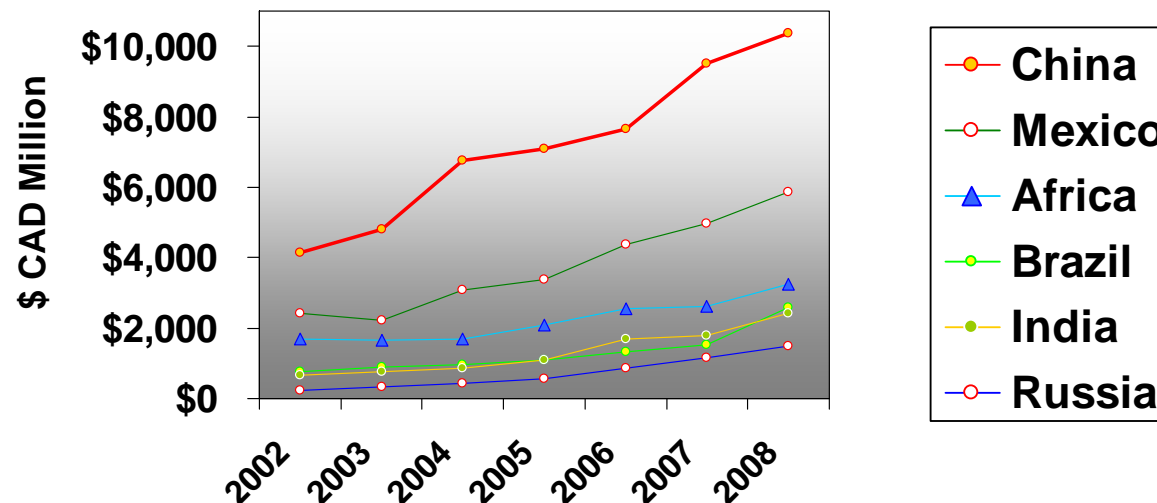
- **EDC provides several types of bonding services to Canadian Exporters:**
 - Bid Bonds
 - Performance Bonds
 - Advance Payment Guarantees
 - Retention Money Guarantees
 - Warranty Bonds

- Africa: 900 million people
- 50% population: 6 countries
 - Nigeria; Ethiopia; Democratic Republic of Congo; Egypt; South Africa and Tanzania.
- Total GDP (current prices) = US\$1,041bn, Sub-Saharan Africa: total GDP (current prices) = US\$808bn.
- Countries with the largest GDP:
 - South Africa; Nigeria; Algeria; Egypt; Libya; Morocco; and Angola.
- Countries with strongest “Purchasing Power Parity” (GDP per capita):
 - Mauritius, South Africa, Botswana, Gabon and Libya.
- Total Goods and Services Imports (2006): US\$370bn
- Major importing countries:
 - South Africa, Nigeria, Angola, Sudan, Ghana, Egypt, Algeria, Morocco, Tunisia.

Strategic Importance of Africa

- The African continent is rich in natural resources.
- Africa growth is ahead of world growth; Africa grew by 6.3% in 2007 and 5.9% in 2008 - the world grew by 4.9% in 2007 and 3.9% in 2008.
- Fastest growing economies in 2007: Angola, Ethiopia, Malawi, Mozambique, Nigeria, Sudan, Tanzania, Uganda and Zambia.
- Total World FDI flows to Africa was approximately \$52 billion in 2007, while Canadian Direct Investment abroad (CDIA) flows to Africa was over CAD \$4 billion in 2007.

Canadian Export Volume - Africa vs. BRICM

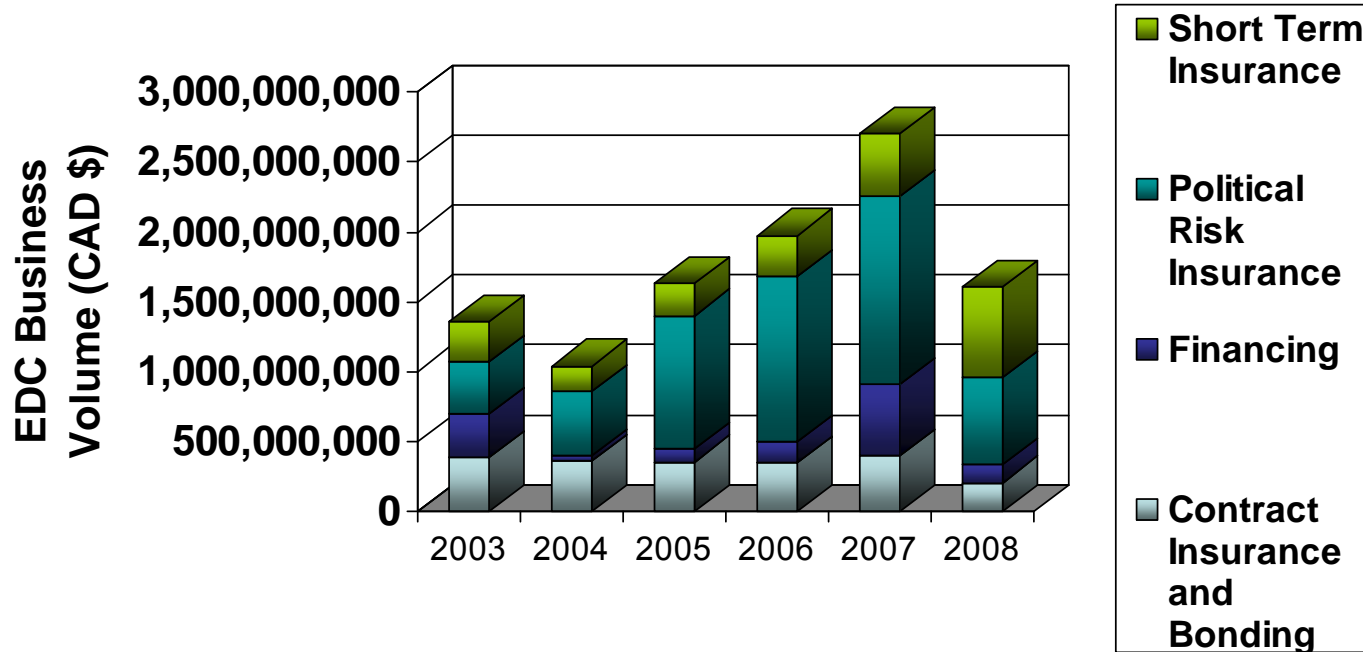


- Since 2004, the private sector development and financial sector strengthening are strategic objectives and priorities for the African Development Bank, the World Bank (IFC, IMF), etc.
- According to the “Ease of Doing Business” report from the World Bank, Africa as a region ranks 3rd in terms of the pace of its reforms related to the business environment, up from last in previous years.
 - According to IMF, eleven African countries introduced reforms to reduce the time and cost needed to start a business in 2006
 - Tanzania and Ghana rank among the top 10 reformers in the world
- The development of the private sector is key to the general socio-economic development of a country

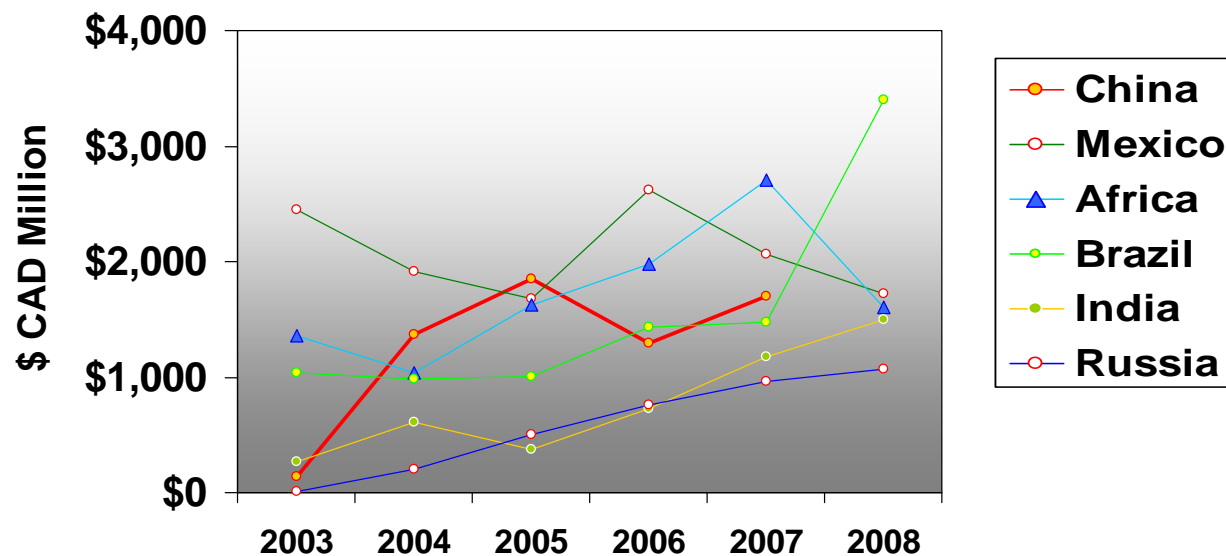
- Long business experience with the continent.
- In 2007, EDC supported 382 companies in 35 African countries for more than C\$ 2,7 billion in transactions:
 - Sub-Saharan Africa: C\$ 1,586 million;
 - North Africa: C\$ 1,116 million
- In 2008, EDC supported 400 Canadian companies in 40 African countries for worth C\$ 1.6 billion in transactions:
 - Sub-Saharan Africa: C\$ 650mln
 - North Africa: C\$ 950mln
 - Approx. 65% of EDC's customers are small and medium-size enterprises (SMEs).
- In 2008, Africa was EDC's 4nd most important emerging market region after Greater China, Brazil and Mexico, and before India and Russia.
- EDC has been mostly active in the sectors of mining, oil and gas, telecom, information technology, infrastructure, construction equipment and education.
- EDC handles transactions of all types and sizes, and that in all sectors.

EDC Volume – by product

Africa



EDC Business Volumes - Africa vs. BRICM



- EDC supports Canadian investments and exports in Africa with the following strategic focus:
 - ➔ Large projects (mining, oil & gas, infrastructure, etc.) - PRI, Project Finance: This is a product-based strategy driven by the specific needs of major Canadian customers.
 - ➔ Infrastructure projects financed by the World Bank and the African Development Bank – CIB and ST Insurance.
 - ➔ Regional Coverage for financing and insurance needs of mostly private-sector buyers and borrowers.

- EDC working with local banks in Africa
 - By establishing relationships and financial instruments with banks, a financial solution is readily available when a transaction is identified
 - Leverage local banks and their understanding of their customers
 - If EDC is not in a position to take a direct risk on the local company, a partnership with a local bank can facilitate a financing structure
- **South Africa:** Partnership with South Africa based financial institutions to support projects throughout Sub-Saharan Africa
 - Memorandum of Understanding (MOU) with Rand Merchant Bank for a USD 150 million facility
 - Line of credit for US\$ 200 million with Nedbank.
- **East Africa:** Partnership with regional banks
 - These partnerships are based on setting up lines of credit or MOU's with banks
- **Nigeria:** Partnerships/relationships and multi-sectoral lines of credit with top Nigerian banks
- **West and Central Africa:** Partnership with regional banks

International Business Development

Africa, Europe and Middle East

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