

### Staff Reporter

The Asian Development Bank (ADB) has expanded the Trade Finance Program (TFP) to support private sector in Bangladesh by raising its financing limit to \$755 million from \$518 million at the end of last year.

The TFP works with 12 partner banks in Bangladesh to mobilize private sector capital and fill market gaps by providing guarantees and loans to support trade, according to a press release. “Given the impact of COVID-19 on the economy, particularly availability of credit for private sector in Bangladesh, enhancement of the TFP will increase liquidity, help boost businesses, raise exports and imports, increase jobs, and contribute to economic growth and development,” ADB Country Director Manmohan Parkash said.

Noting Bangladesh is one of the most active TFP countries, he said that the program has so far supported \$814.6 million in trade, with 70.7 percent co-financing by the private sector, over 1,367 transactions, as of 31 December 2019.

“As trade transactions typically start and end within 180 days, the \$755 million can roll and support over \$1 billion in Bangladesh trade year over year,” he said.

Manmohan Parkash mentioned that a substantial portion of TFP’s portfolio supports small and medium-sized enterprises (SMEs) and the expanded coverage of the very active program will result in enhanced inclusive support to traders, including women, in Bangladesh.

The TFP works with over 240 banks in 21 countries to provide companies with the financial support they need to engage in import and export activities in Asia’s most challenging markets. In 2019, the TFP supported 4,832 transactions worth a total of \$5.4 billion, including \$3.5 billion in co-financing, and helped 4,069 small and medium-sized enterprises.

Backed by ADB’s AAA credit rating, TFP supports trade, enabling more companies throughout Asia and the Pacific to engage in import and export activities.

Since 2009, ADB’s TFP has supported around 20,000 SMEs across developing Asia—through over 26,000 transactions valued at over \$41 billion—in sectors ranging from commodities and capital goods, to medical supplies and consumer goods.

TFP complements its financial support with knowledge products, including a study that quantifies market gaps for trade finance, initiatives to increase the role of women in banking, efforts to enhance environmental safeguards, and initiatives to fight crime through greater transparency in the global financial system.

TFP also provides workshops and seminars to increase knowledge and expertise in matters related to finance, trade, risk management, and fraud prevention.

The TFP increases its partner banks’ credit lines, expands relationships with correspondent banks, reduces cash collateral requirements, enhances ability to maintain or attract new clients, provides low-risk access to new and challenging markets, expands geographic coverage to service export clients, provides capital relief under Basel, and offers valuable market intelligence to help banks move into frontier markets.