

GHANA EXPORT-IMPORT BANK (GEXIM)

# **GUARANTEES**

## **DEPARTMENT PRODUCTS**





## PROFILE-GUARANTEES DEPARTMENT

### Mandate and Objective

- The core mandate of the Guarantees Department is to provide credit guarantees and insurance covers to facilitate the flow of credit between Banks and SMEs as well as inputs/resources between suppliers and SMEs.

The strategic objective is to grow and develop

- the capacity of identified SMEs through the modernization of their operations, improve managerial competence, expand production capacities and facilitate the flow of credit from financial institutions and input suppliers as well as other service providers.

### The Role of the Guarantees Department

The Department's intermediary role enables it to deploy customer driven financial products and services to SMEs engaged in the agricultural, export, services, manufacturing and construction sectors of the economy who ordinarily do not have sufficient collateral to secure loans. Through this support, these SMEs are empowered to create jobs and wealth to expand Ghana's development.



### VISION

To be the leader in the financial guarantee market for the transformation of Ghanaian businesses and their expansion to global frontiers.



### MISSION

To facilitate the flow of credit, both locally and internationally, to Ghanaian businesses for the transformation of the economy into export led, by providing cutting-edge Credit Guarantee solutions using innovative instruments.

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# CREDIT GUARANTEE

## Product Description/Features

It is a third-party measure that provides indemnity against loss in the absence of adequate collateral and reduces the element of risk where credit security is unavailable. The Credit Guarantee shall therefore be issued in favour of banks and other reputable financial institutions on behalf of borrowers to facilitate the flow of credit to enhance the business operations of the enterprises that are engaged in sustainable production for export **(Pre-shipment and Post-shipment Guarantees)**, import substitution and job creation. While the borrower benefits from access to credit that would otherwise not be available due to inadequacy of collateral, the lending institution is provided with additional comfort through credit guarantees for the mitigation of the default risk.

## Target Market

The product shall be available to Banks and Financial Institutions that lend to businesses that are engaged in activities that lead to the export of goods and services, import substitution or job creation.

## Eligibility:

### a. Financial Institutions

- Local financial institutions - the qualifying financial institution must be in compliance with all the relevant provisions of applicable laws, e.g. Banks and Specialised Deposit Taking Institutions Act 2016 (Act 930), Non-Bank Financial Institutions Act, 2008 (Act 774), etc., and all regulatory requirements as set out by the Bank of Ghana.
- Foreign Financial Institution

## b. **Businesses**

- The business of the borrower must be export oriented or import substitution focused and must create jobs.
- The borrower should be sponsored by a participating credit institution and the guarantee application is submitted by the credit institution.
- If the advance being sought is to be expended on raw materials there should be room for local content.

## **Requirements:**

i. The **Borrower** may apply for the guarantee where funding is being sought from a foreign financial institution. In such an instance, the following are required of the Borrower:

- Business registration documents
- Other registration documents relevant for the client's business operation.
- Profile of the company
- Detailed Know Your Customer (KYC) report
- Evidence of past jobs executed (*where applicable*)
- Audited accounts of the company for the last three (3) years.
- Management account for the year under consideration.
- Cash-flow analysis for the project duration
- Bank statement for at least the last 6 months.
- Evidence of regular source of raw material
- Detailed market analysis
- Collateral (*to credit institution*)
- Copy of the client's business proposal or feasibility report or project brief.
- Assignments of business cash-flows
- Directors' Resolution authorising the company to apply for the said guarantee.

ii. Where the funding is from a **local financial institution**, the financial institution after approval of the loan request shall apply for the guarantee with additional information that includes the following:

- Copy of the appraisal report and offer letter or facility sanction memo from the participating financial institution.
- Confirmed export orders, evidence of past export transactions, etc. Should the credit be required for the procurement of machinery/plant/equipment, pro-forma invoice from the manufacturer or its accredited representative would be required. Information on warranty issues, after sales support services/maintenance, availability of spare parts, insurance, etc., would be critical.

## **Coverage of the Guarantee:**

- up to 100% for foreign financial institutions
- up to 80% for local financial institutions

## **Tenor of Guarantee:**

The tenor of the guarantee shall comply with the tenor of the credit but shall be renewed annually.





# MACHINERY CREDIT GUARANTEE »



## Product Description Features

This guarantee is issued to suppliers of equipment to allow the beneficiaries (manufacturers, processors, healthcare facilities, etc) pay over a period based on the credit terms

## Eligibility

- The business must be legally registered in Ghana.
- The items being procured must be for purposes of enhancing local production and/or value addition
- Demonstrate adequate commitment through sound financial standing and good credibility

## Requirements

- Business registration documents
- Registration with other state agencies
- Audited accounts
- Bank statements
- Management profile
- Supplier sanctioned memo/agreement
- Past operational performance
- Collateral

## Target

- Manufacturers
- Processors
- Healthcare facilities
- IT companies
- Haulage companies, etc

## Guarantee Coverage

Guarantees up to 80% of the principal



# MATERIAL SUPPLY GUARANTEE»





## Product Description Features

This guarantee is issued to suppliers of raw materials/inputs to allow the beneficiaries (manufacturers, processors, pharmaceuticals, healthcare facilities, poultry farmers etc) to pay over a period **based on the credit terms**

## Eligibility

- The business must be legally registered in Ghana.
- The items being procured must be for purposes of enhancing local production
- The organisation shall have been in the business undertaking for not less than 2 continuous years.
- Demonstrate adequate commitment through sound financial standing and good credibility

## Requirements

- Business registration documents
- Registration with other state agencies
- Audited accounts
- Bank statements
- Management profile
- Supplier sanctioned memo/agreement
- Past operational performance
- Collateral

## Target

- Manufacturers
- Processors/bakers
- Healthcare facilities
- Agriculture input dealers
- Poultry farmers
- Fabricators etc

## Guarantee Coverage

Guarantees up to 80% of the principal



**SEED FUND  
GUARANTEE »**





## Product Description Features

This is issued in favour of Ghana Cocoa Board (COCOBOD) and on behalf of Licensed Buying Companies (LBCs) to enable COCOBOD advance funds to the LBCs for the purchase of cocoa beans for onward submission to COCOBOD.

## Eligibility

- The business should be licensed by Cocoa Marketing Company (CMC) to purchase cocoa beans.
- The business should have good track record and evidence of same.

## Requirements

- Business registration documents
- Registration with other state agencies
- Audited accounts
- Bank statements
- Management profile
- Past operational performance
- Collateral

## Target

- LBCs

## Guarantee Coverage

Covers the total amount (100%)



**PROCUREMENT  
-RELATED  
GUARANTEES »**





## 1. **Bid/Tender Security/Bond** **Product Description/Features**

This is a bond (guarantee/security) required during the bidding process, which ensures that the employer will be reimbursed for any loss caused by the bidder's breach of bid-related obligations

### **Target Market**

- All duly registered companies/contractors/suppliers/service providers bidding for contracts both locally and internationally.

### **Requirements:**

- Business registration documents
- Other registration documents relevant to the client's business.
- Profile of the company
- Detailed Know Your Customer (KYC) report
- Evidence of past jobs executed
- Bank statement for at least the last 6 months.
- Collateral
- Copies of tender documents

### **Tenor**

- Per the duration contained in the Invitation to Tenderers



# **ADVANCE PAYMENT GUARANTEE/ BOND »**



## Product Description/Features

This bond (guarantee/security) is requested by a customer seeking to receive advance payment from an employer, which ensures that the employer will be reimbursed for the advance payment in the event of failure by the customer to fulfil its contractual obligations.

## Eligibility

- All duly registered companies/contractors/suppliers who have won a contract.
- Companies/contractors/suppliers should have proven track record and integrity.
- The contract won by the client should have provision for the payment of advance payment/mobilization loan.

## Requirements:

- Business registration documents
- Other registration documents relevant for the client's business.
- Profile of the company
- Detailed Know Your Customer (KYC) report
- Evidence of past jobs executed
- Audited accounts of the company for the last three (3) years.
- Management account for the year under consideration.
- Bank statement for at least the last 6 months
- Collateral
- Copy of the contract document.
- Directors' Resolution authorizing the company to apply for the said guarantee.
- Schedule of Project Execution/Project Schedule or Works Program.
- Copy of award letters
- Payments to be made in the joint names of Eximbank and the client through an escrow account.

## Coverage

Covers up to the total amount (100%) of the advance payment/mobilization loan amount.

## Tenor

Covers the full duration of the period defined by the contract award letter or receipt of copy of the interim payment certificate paying off the total mobilization amount whichever is earlier.



**PERFOR  
MANCE  
GUARANTEE  
BOND »**



## Product Description/Features

This bond (guarantee/security) also known as contract bond is issued to the employer of a contract as a guarantee against the failure of the customer to meet obligations specified in the contract.

## Eligibility

- All duly registered companies/contractors/suppliers who have won a contract.
- Companies/contractors/suppliers should have proven track record and integrity.
- The contract won by the client should have requirement for performance guarantee.

## Requirements:

- Business registration documents
- Other registration documents relevant to the client's business.
- Profile of the company
- Detailed Know Your Customer (KYC) report
- Evidence of past jobs executed
- Audited accounts of the company for the last three (3) years.
- Management account for the year under consideration.
- Bank statement for at least the last 6 months
- Collateral
- Copy of the contract document.
- Directors' Resolution authorizing the company to apply for the said guarantee.
- Schedule of Project Execution.

## Coverage

Covers the total amount of the performance guarantee amount.

## Tenor

Covers the full duration of the period defined by the contract award letter or receipt of copy of the certificate of final completion or the taking over certificate whichever is earlier.



**RETENTION  
GUARANTEE/  
SECURITY/  
BOND »**



## Product Description/Features

The retention bond (guarantee/security) is issued to the employer on behalf of the contractor seeking retention money withheld by the employer as provision for repairs and maintenance during the defects liability period.

## Eligibility

- All duly registered companies/contractors who have successfully executed contracts and handed over. The contractor who has successfully executed the project should be issued with the taking over or completion certificate as a condition for applying for this guarantee.

## Requirements:

- Business registration documents
- Other registration documents relevant to the client's business.
- Profile of the company
- Detailed Know Your Customer (KYC) report
- Evidence of past jobs executed
- Audited accounts of the company for the last three (3) years.
- Management account for the year under consideration.
- Bank statement for at least the last 6 months.
- Collateral
- Copy of the contract document.
- Final Completion Certificate or Taking Over Certificate.
- Directors' Resolution authorizing the company to apply for the said guarantee.

## Coverage

Covers up to the total retention amount.

## Tenor

Covers the full duration of the defects liability period within which the retention monies are withheld.



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