COP 29 - DFI and ECA Update

Trade & Export Finance Webinar

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TF COP - Trade Finance Gap Summit

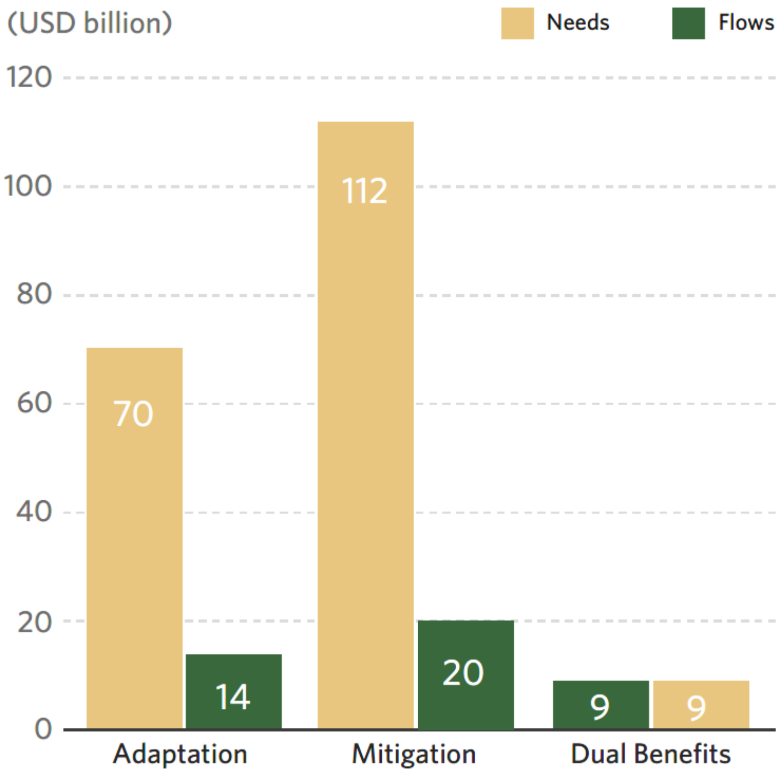
First Trade Finance Conference of Parties meeting (TF COP) 28 October 2024

- International Trade and Forfaiting Association (ITFA) and IFC collaboration
- Addressing the root causes of the trade finance gap and developing tailored, practical solutions for each region that can have a real and direct impact on the ground, especially for SME traders.
- Shortfall between trade finance supply and demand is estimated at USD $2.5 trillion (Asia Development Bank)
- Public-private collaboration: DFIs, multilateral development banks trade finance banks, insurance companies, fintech firms, non-bank financiers and SME borrowers
- Focus on developing and implementing innovative financial solutions that improve trade finance accessibility and efficiency

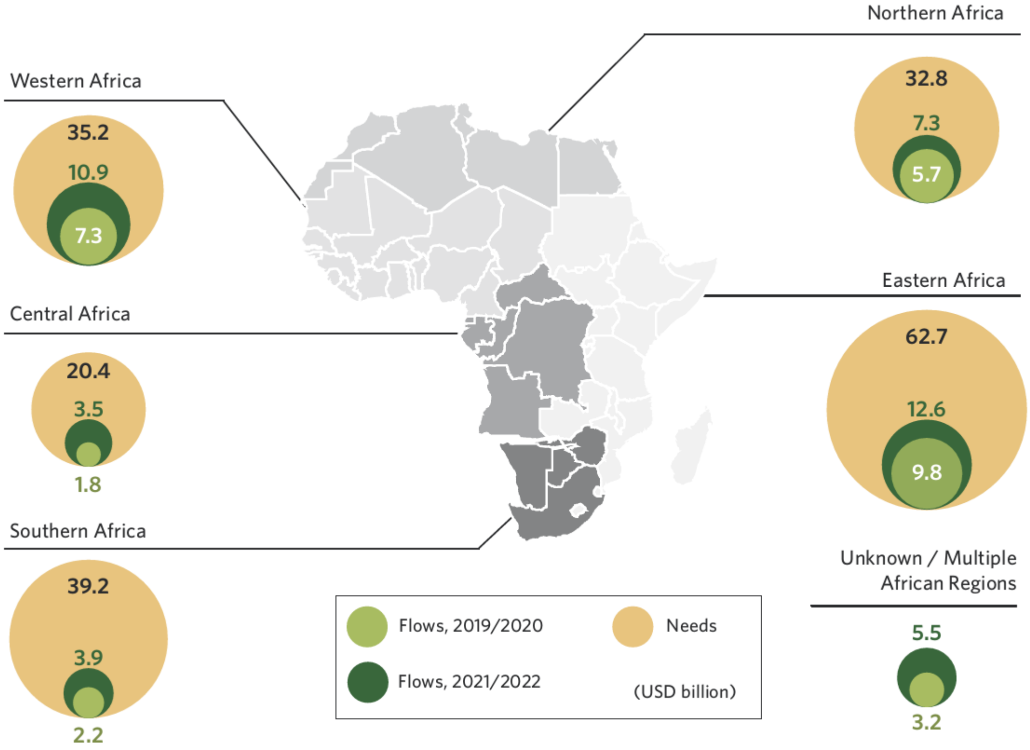
COP 29 Highlights – so far

- Moving into the "hardest" stage – deadline tomorrow (Friday)
- The "great paradox" – a recognition of the need for more financing for adaptation – limited financial commitments so far
- Two overarching themes
  - *"… the need to enhance ambition in the fight against climate change …"*
  - *"… to enable action, predominantly via the power of finance, to tackle the crisis and accelerate change ..."*
- Need to scale adaptation finance

Climate Finance Flows and Needs by Uses in 2021/22 – Africa - Copyright © 2024 Climate Policy Initiative climatepolicyinitiative.org



Climate Finance Flows and Needs by Subregions - Copyright © 2024 Climate Policy Initiative climatepolicyinitiative.org

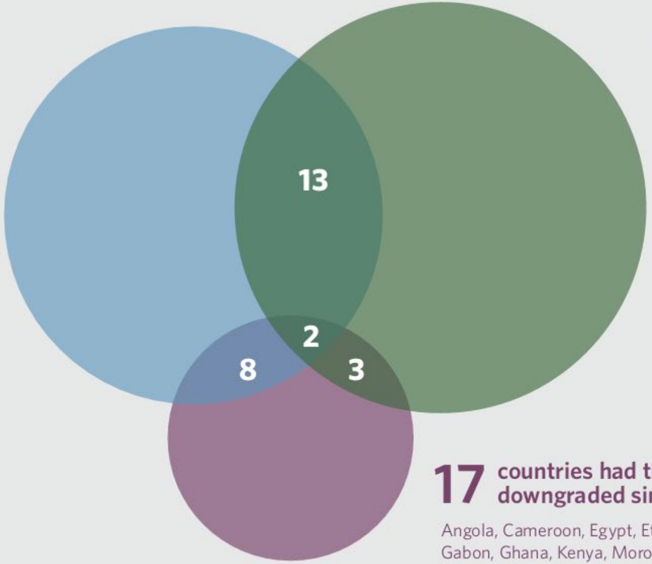


African countries at the interaction of debt distress, climate vulnerability, and credit downgrades -

28 countries are debt distressed

In debt distress (or crisis)
Angola*, Congo Republic, Djibouti, Egypt*, Eritrea, Ethiopia, Gabon*, Ghana, Malawi, Mauritius*, Morocco*, Mozambique, Sao Tome and Principe, Seychelles*, Sudan, Tunisia*, Zambia, Zimbabwe

At high risk of debt distress
Burundi, Cameroon, Central African Republic, Chad, Comoros, Gambia, Guinea-Bissau, Kenya, Sierra Leone, South Sudan



30 countries are climate vulnerable

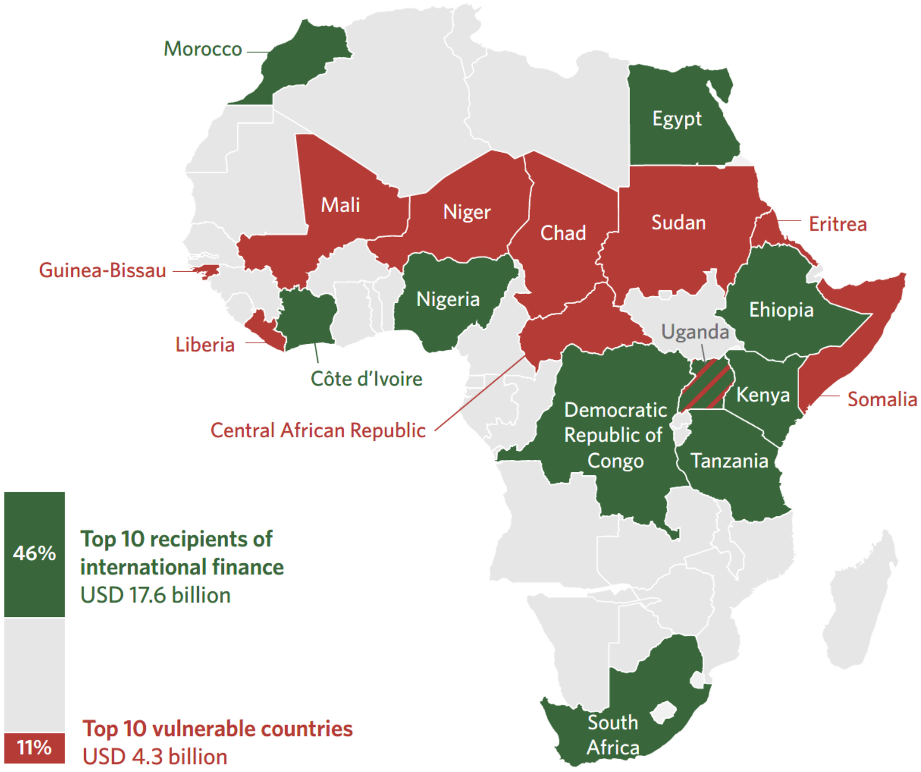
Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Congo, Dem Rep of Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mauritania, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda

17 countries had their credit rating downgraded since 2020

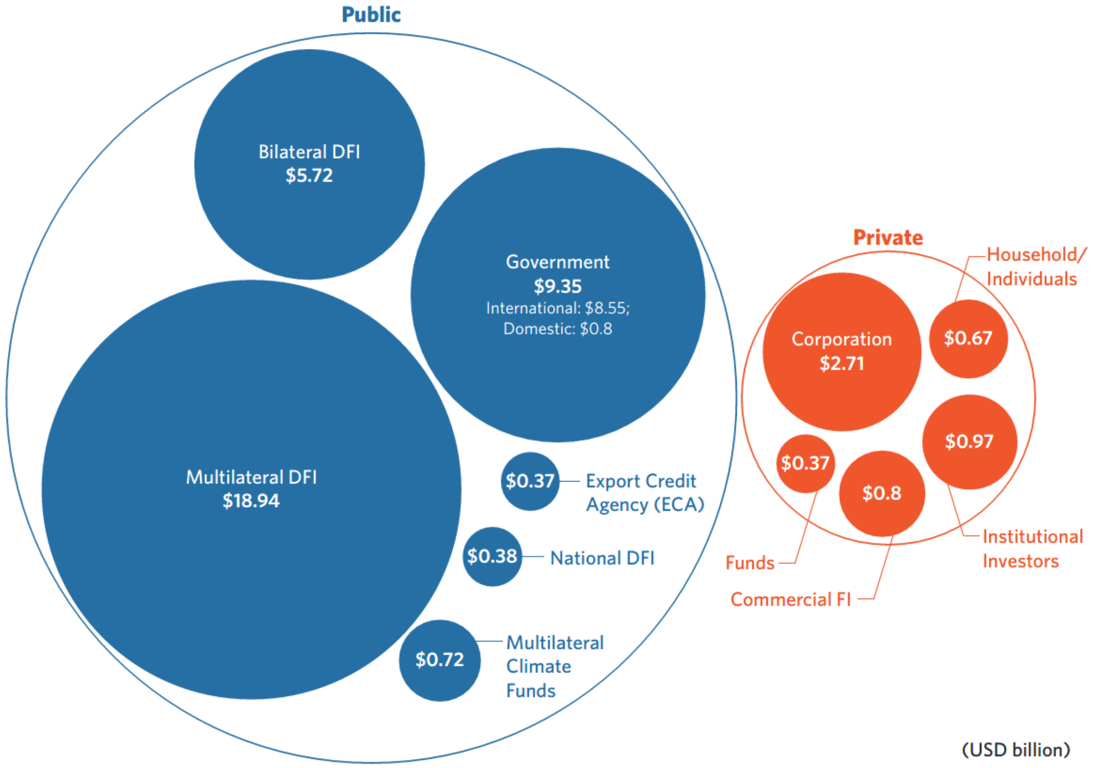
Angola, Cameroon, Egypt, Ethiopia, Gabon, Ghana, Kenya, Morocco, Mozambique, Niger, Nigeria, Senegal, South Africa,Tunisia, Uganda, Zambia

Note: *These countries were not part of the IMF debt sustainability analysis but were identified as being in debt crisis as per the debt data portal. Source: IMF 2024 and authors' analysis.

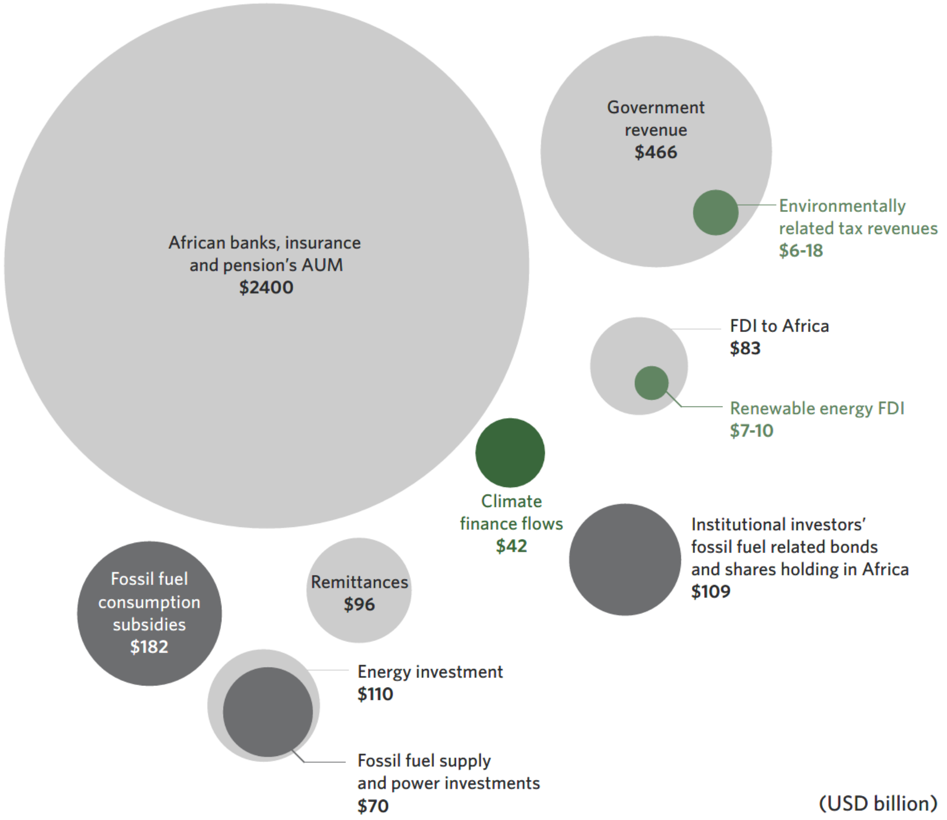
International Climate Finance Flows to Top 10 Recipients vs. Most Vulerable African Countries



Climate Finance Sources in 2021-2022 – Africa



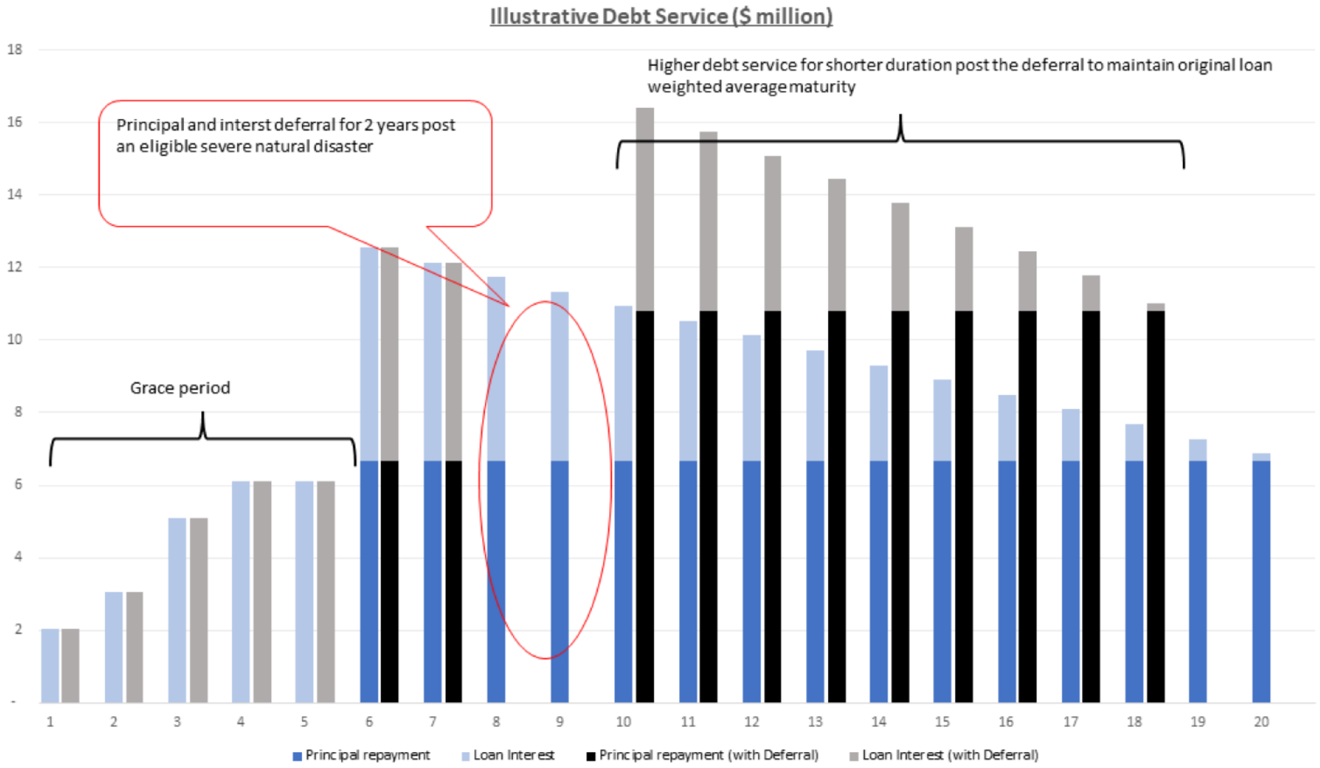
Climate Finance in African- Flows in Context



World Bank Expands CRDC

- BAKU, November 12, 2024
- The World Bank’s Climate Resilient Debt Clause (CRDC) now covers all natural disasters, including droughts, floods and health emergencies like pandemics
- CRDC allows eligible countries to defer principal and/or interest repayments on IBRD and IDA loans for up to two years
- “By significantly expanding the scope to cover all catastrophes, we are helping vulnerable countries to access more meaningful support quickly. In times of crisis, leaders need a reliable partner that has their back. The World Bank wants to be that partner,” said World Bank Group President Ajay Banga, who made the announcement during COP29 in Baku
- So far, 14 countries out of 45 that are eligible for CRDCs, have included this clause in their loan agreements
- One country—St. Vincent and the Grenadines—exercised the deferral option after Hurricane Beryl. operations

Illustrative Borrower Repayments with CRDC activated



More reporting – an additional burden?

- UN-convened Net-Zero Export Credit Agencies Alliance launches target-setting guidance at COP29
- ***"UN-convened Net-Zero Export Credit Agencies Alliance launches target-setting guidance at COP29"***
- *The Protocol provides guidance to members on the implementation of their NZECA commitments*
- *Particular focus on setting long-term and intermediate targets and related disclosures*
- *Establishes clear target setting approaches and promotes transparency*
- *Aims to level the playing field for ECAs and ExIm banks on the path to net zero.*

What are we seeing? Working with multi-laterals to extend their portfolios of guarantee products for climate finance

- Off-take agreement guarantees for low-carbon projects
- Guarantees for debt-for-climate swaps
- The continued importance of diligence
- *"U.S. Attorney Announces Criminal Charges In Multi-Year Fraud Scheme In The Market For Carbon Credits"* - https://www.justice.gov/usao-sdny/pr/us-attorney-announces-criminal-charges-multi-year-fraud-scheme-market-carbon-credits
- Increase in risk sharing arrangements with local financial institutions
- New structures for sharing risk –securitisation structures with first second and third loss structures and direct investments into private capital funds with targets for portfolio investments

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Mark's practice covers project and export credit finance, asset finance, structured trade and commodity finance, debt restructurings, acquisition finance and corporate advisory work.

He represents financial institutions, export credit agencies, corporates, boards, and national and supranational sovereign organizations in relation to finance transactions throughout Western, Central and Eastern Europe, Africa and the Middle East. Mark has extensive sector experience in infrastructure financing across Africa including off-grid power, healthcare and transportation. He also advises on ESG financings including hospitals, clean energy and transportation.

Daniela Barrdear

Daniela advises on trade and commodity finance structures, acting for banks and non-bank financial institutions, development finance institutions and multilateral organizations as well as borrowers. She has significant knowledge of supply chain finance techniques, blended finance and export financing across the globe with a focus on emerging markets.

Counsel

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Awards & Recognition

The Legal 500 UK, 2025
Sullivan ranked in Tier 1 for Trade Finance by *The Legal 500 UK, 2025* for the 11th year running
Partners Geoffrey Wynne and Simon Cook are recognised in the "Hall of Fame"
Partners Mark Norris and Sam Fowler-Holmes are recognised as Leading Individuals
Partner Marian Boyle, Counsel Daniela Barrdear, and Associate Luna Owen are recognised as key members of the practice

Chambers UK, 2025
Chambers UK, 2025 ranked Sullivan in Tier 1 for Commodities: Trade Finance (UK-wide)
Geoffrey Wynne and Simon Cook are both ranked in Tier 1
Mark Norris and Sam Fowler-Holmes are both ranked in Tier 3

Chambers Global, 2024
Chambers Global, 2024 ranked Sullivan as a Spotlight Firm in its inaugural 2024 Africa-wide Banking & Finance table
Simon Cook and Mark Norris are included as Leading Lawyers

The Best Lawyers in the United Kingdom®, 2025
Best Lawyers included five London partners — Marian Boyle, Simon Cook, Sam Fowler-Holmes, Mark Norris and Geoffrey Wynne — in the 2025 edition of *The Best Lawyers in the United Kingdom®*

IFLR1000, 2024
Sullivan recognised for Banking Lending - Lender Side in the United Kingdom by the *IFLR1000, 2024*
Partner Geoffrey Wynne is recognised as a Leading Lawyer – Highly Regarded in the United Kingdom

Receivables Finance International (RFIx) Annual Awards
Partner Geoffrey Wynne presented with the "Lifetime Achievement Award" at the Receivables Finance International (RFIx) Annual Awards, 2024
Geoffrey Wynne named "Industry Ambassador of the Year" at the RFIx Annual Awards, 2023

Global Trade Review (GTR) "Best Export Finance Law Firm", 2023
GTR named Sullivan "Best Export Finance Law Firm" at the GTR Leaders in Trade Awards, 2023

***Trade Finance Global* "Legal Innovation in Trade" 2023**
Sullivan recognised for "Legal Innovation in Trade" 2023 by *Trade Finance Global* (in connection with BAFT) at its Trade, Treasury and Payment Awards 2023

***Trade Finance Global* "Best Trade Finance Law Firm" 2022**
Sullivan named "Best Trade Finance Law Firm" 2022 by *Trade Finance Global* (in connection with BAFT) at its International Trade Awards, 2022

In 2022, 2021, 2020 and 2019, GTR recognised Sullivan
The firm was named "Best Trade or Supply Chain Finance Law Firm" at the 2022 *GTR* Leaders in Trade Awards, "Law Firm of the Year" in the category "Leaders in Trade for Innovation" at the 2021 *GTR* Leaders in Trade Awards and "Best Trade Finance Law Firm" at the GTR Leaders in Trade Awards in 2020 and 2019

Chambers RANKED IN UK 2025
Chambers RANKED IN Global 2024
GTR Leaders in Trade
TRADE FINANCE GLOBAL TRADE, TREASURY & PAYMENTS AWARDS 2023 IN COOPERATION WITH BAFT
TOP TIER FIRM Legal500 UNITED KINGDOM 2025
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