



# Trade Catalyst Africa - TCA

## Company Profile

Addressing the challenge of access to finance for trade infrastructure and trade finance in Africa







# The Back Story

Trade Catalyst Africa (TCA) addresses the twin challenges of diminished grant funding for developing trade infrastructure, and limited access to finance for small and medium-sized enterprises (SMEs) across Africa.

In response to global economic pressures and shifting priorities that have tightened traditional sources of financing, TCA operates a revolving fund model aimed at financing project preparation and infrastructure, and undertaking strategic investments that can accelerate and reduce the cost of trade.

This model aligns with the long-term sustainability goals of African governments by reducing overreliance on grant funding. TCA identifies critical infrastructure projects that are commercially viable or have an element of cost recovery, thus deploying concessional finance, leaving grant funding to work in less viable areas with greater humanitarian impact. By investing in project preparation and incorporating a long term, post investment maintenance facility; assets funded by TCA are not only fit for purpose but also cost-effective and provide public goods accessible and beneficial to all.

Alongside infrastructure investments, TCA works to develop innovative financial structures that can enhance access to finance for SMEs in high-potential export sectors such as agro-processing, trade, horticulture, and cotton, textiles, and garments (CTG). TCA is doing so by deploying subordinated debt to enhance the lending capacities of trade finance vehicles, thus catalyzing further investments from a broad spectrum of financial institutions.


The innovative approach, combined with TCA's ability to leverage strategic partnerships and blend finance, ensures that projects are not only viable but also ethical and sustainable, making it a win-win for investors and the communities they serve.

## TCA's value proposition

A blend of developmental impact and financial returns, secured through transparent, accountable, and strategically managed investment avenues. Each project is selected based on its potential to unlock trade capabilities and public good and drive regional prosperity.

## About

Trade Catalyst Africa, a fully owned subsidiary of TradeMark Africa, is a financing facility dedicated to unlocking trade finance and infrastructure investments across Africa. With an initial seed capital of \$25 million from USAID, TCA aims to scale its impact by mobilizing an additional \$300 million in the next five to seven years. This targeted fundraising is designed to attract a mix of developmental finance institutions, private investors, and public funds. TCA's financial strategy leverages a unique blend of risk mitigation, cost recovery models, and strategic partnerships to create investment opportunities that are not only lucrative but also central to transforming Africa's trade landscape.

 **\$25 Million**  
Seed capital from USAID

### Vision

To catalyze African trade for prosperity

### Mission

To elevate Africa's exports by amplifying trade finance and infrastructure investment

# Financial Structure and Operational Approach

TCA is structured to address and de-risk trade finance and infrastructure projects through a multi-faceted approach. It features a revolving fund model that assists in various stages of project development.



## Project preparation facility

Turns concepts into viable investment-ready projects through technical assistance, expert advice, planning, funding feasibility studies, and first-loss equity during the risky development stages.



## Developer window

Deploys concessional and catalytic capital to support and de-risk the development of physical and digital infrastructure. TCA acts as a proactive project sponsor that initiates and conceptualises specific trade-focused projects, including identifying credible partners and co-creating projects, ensuring that the initial groundwork aligns with national trade goals for political buy-in. It then utilises financial mechanisms, such as subordinate loans, convertible loans, or equity, to attract a mix of commercial and developmental capital, thereby mitigating risks associated with early-stage investments. TCA's technical assistance can be deployed towards various interventions, from feasibility assessments and project preparation and structuring to implementation, ensuring projects are efficiently executed. As an investment manager, TCA then collaborates with investors to prepare projects for subsequent investment phases, including detailed oversight and monitoring success against initial objectives.



## Trade financing window

Offers short and medium-term financing initiatives to enhance trade finance accessibility for SMEs in sectors with high export potential, such as agro-processing, horticulture, trade, and CTG. TCA boosts these enterprises' capacity to engage in export value chains by offering subordinated debt to trade finance vehicles, promoting economic growth and inclusivity. TCA will partner with financial institutions, including commercial banks, fintechs, development finance institutions (DFIs), and non-banking financial institutions like SACCOs. Diverse partnerships will deliver broad reach and effective delivery of competitive financial products. For investors, the Trade Finance Window offers a chance to be part of a transformative initiative that promises to reshape trade dynamics in emerging markets, ensuring robust returns and lasting social impact.

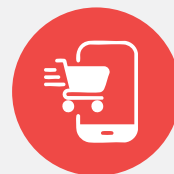


# Focus Investment Areas



## Trade infrastructure

One-stop border posts, logistics facilities, ports, equipment leasing, and industrial parks



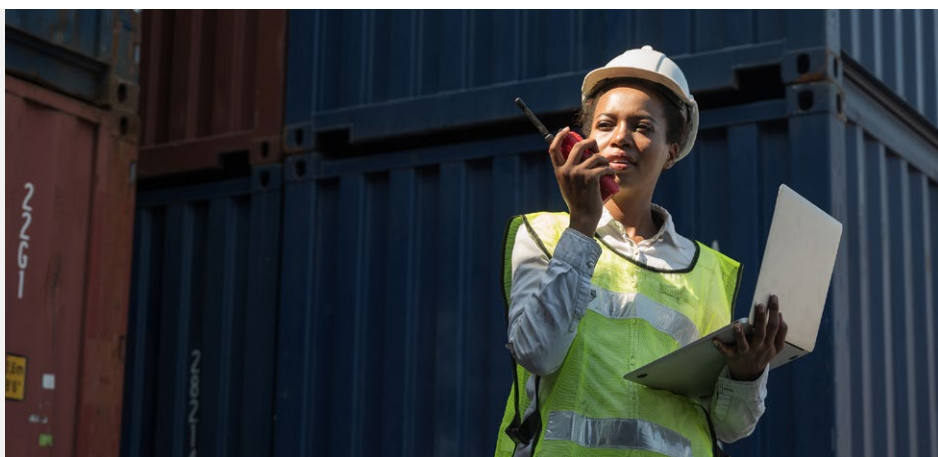
## Digital infrastructure

Single window, e-commerce platforms, digital trade corridors



## Trade finance

Supply chain finance, micro and small SME credit facilities



# Ongoing and Completed Projects

## Nakonde One Stop Border Post in Zambia (ongoing)



### Problem

The Nakonde border, a major trade route linking Zambia to Tanzania, suffers from infrastructural bottlenecks, causing significant delays in crossing the border. It takes more than two days to clear cargo trucks crossing the border, leading to significant delays and losses for businesses.

### Solution

Upgrade road infrastructure within the OSBP and truck parking yards, construct additional office buildings and warehouses and install a modern cargo scanner. Digitise clearance processes and install smart gates to cut dwelling times for cargo trucks by 100%.

### Capital being raised

The estimated project cost is \$19 million.

### TCA intervention

\$300 thousand to facilitate feasibility studies, design and reviews, and mobilisation of early-stage investments. This unlocked funding of an \$8.2 million grant from the UK government and a potential \$22 million from the World Bank.

### Project participants



### Targeted result

The project will improve the flow of goods and people along the Dar es Salaam Corridor, promising to streamline operations and reduce cargo clearance times by more than 100% on both sides of the border

## Trade Finance Platform for SMEs - EASETRADE (ongoing)



### Problem

In Eastern Africa, banks frequently demand collateral well over 150% of the loan amount, putting financing out of reach for many SMEs. This is made complex by SME's lack of a long or formal credit history, leading to loan application rejections. The African Development Bank reports that SMEs contribute up to 45% of total employment and 33% of GDP in emerging economies; however, around 70% of SMEs in developing countries are denied access to the credit needed for growth. This stifles their ability to grow and compete internationally.

### Solution

The deployment of a digital trade finance platform (named EASETRADE) to connect SMEs to uncollateralised debt, facilitated by an innovative credit scoring algorithm. This initiative will serve as a proof of concept to catalyse further investment from financial institutions.

### Deployed Capital

\$8 million fund (\$4.25 million each from TCA and Trade and Development Fund (TDF)) aiming to leverage an additional \$10 million from foundations, commercial, and development banks.

### TCA intervention

To facilitate the platform's development, seed capital will be provided as project preparation funds, and a subordinated concessional trading line of \$4.25 million will be provided to the platform. The platform aims to catalyze over \$100 million in SME funding within three years.

### Project participants



microfinance and commercial banks, and SMEs across Eastern Africa

### Period of implementation

The platform is expected to be operational by the end of 2024.

### Partnership opportunities

Investment in the platform itself, providing capital for its expansion and operational needs. Initial funding is \$8 million, with possibilities for further equity injections as the platform scales.

Opportunities to provide debt financing alongside TCA and TDF, especially to support the \$10 million expected to be leveraged from commercial banks.

For tech investors, funding the development and scaling of the underlying digital platform offers a chance to participate in a high-growth fintech venture.

Banks, financial institutions, and fintech companies can form strategic partnerships with the platform by integrating their services or co-developing new financial products.



### Targeted returns

Projected annualized returns of 13-20% for investors, based on the cost of funds and credit risks



# Ongoing and Completed Projects

## Garment Park Development at Athi River EPZ, Kenya (ongoing)



### Problem

Lack of ready-to-use fit-for-purpose spaces in Export Processing Zones (EPZ) for the garment sector in Kenya, hindering sector growth.

### Solution

Development of a 5,000-square-metre garment park to provide necessary infrastructure and facilities, supported by TCA through a blended finance model, including viability gap funding. This initiative, implemented by MODULAR EPZ, will create an EDGE-certified sustainable garment manufacturing facility using upcycled containers. The site incorporates solar renewable energy and water conservation facilities. The upcycled approach achieves speedy implementation and lower construction costs.

### Capital raised

TCA has invested \$1.3 million in subordinated debt, while Modular EPZ has invested \$300,000 of its equity with Gatsby Africa providing an additional \$300,000 grant. USAID-ERRA has provided a \$530,000 grant to fund the greening of the warehouse space.

### TCA interventions

Provision of subordinated debt, facilitation of senior debt, and viability gap funding to ensure project execution.

### Project participants



Modular EPZ

### Period of implementation

Construction started in May 2024, with completion targeted at the end of April 2025.

### Partnership opportunity

TCA seeks to address the lack of industrial space by structuring projects that deliver the required sustainable infrastructure to unlock garment manufacturing while providing returns adjusted for risk. This is a sweet spot for accelerating economic impact and promoting sustainability practices in construction while generating financial returns. Given the high job creation and export growth potential garment manufacturing provides, these projects should appeal to investors looking for impactful ventures.



### Targeted results

At full capacity, this industrial shed will house a garment factory, generating over 2,000 jobs, 80% of which will be women and youth



# Explore Investment Opportunities in TCA's Targeted Focus Areas

TCA has designed investment opportunities to yield financial returns and catalyze economic, social, and environmental benefits across the Eastern African region. Each project offers a blend of risk and reward, appealing to a diverse range of investors, from traditional financiers to impact and green investors.

## One-Stop Border Posts (OSBPs)

Investors can participate directly in funding OSBP's development, with opportunities for debt or equity contributions in the infrastructure build.

- Given the OSBPs project's public utility nature, there's potential for Public-Private partnership arrangements where investors can engage in long-term contracts under a build-operate-transfer (BOT) or similar model.
- Senior and subordinated debt opportunities are available with TCA and development partners likely to commit significant initial amounts. Additional debt could be structured with favorable terms considering the project's risk mitigation mechanisms.
- Given the project's potential to significantly reduce trade barriers and costs, projects of this nature are attractive to impact investors seeking to contribute to sustainable development and regional economic growth and integration.



## Green Industrial Park Development

Industrial parks and industrial infrastructure is critical to generate employment opportunities and boost exports, aligning with the goals of impact investors focused on social and economic benefits.

- Investors can co-finance the construction and development phases of industrial sheds. This includes direct investment in the infrastructure at various development phases.
- Contribute to bridging finance that covers the shortfall between necessary spending and actual revenues in the early stages of the project, ensuring the project's economic feasibility.
- TCA is committed to supporting green industrial parks, by leveraging eco-sustainable solutions such as solar panels and other smart water management utilities.



## The Team



### **Duncan Onyango**

Chief Executive Officer

Duncan Onyango is the inaugural CEO of Trade Catalyst Africa Limited (TCA), effective July 3, 2023. With over two decades of management experience across donor, development finance, and private and public sectors, Mr. Onyango brings a wealth of expertise to the role. He transitioned to TCA from Pharo Ventures East Africa, where he focused on investing in sustainable enterprises. His broad experience includes leadership positions at ACUMEN, SUED, and AECF, as well as board memberships internationally, positioning him well to lead TCA's efforts in scaling up investments to enhance trade efficiency across Africa.



### **Antoinette Tesha**

Investment Director

Antoinette has deep expertise in investment, finance, banking, and development. With a career beginning in Tanzania at Stanbic Bank, she expanded her skills in South Africa at Thomson Reuters and ABSA Capital, focusing on financial markets sales and the strategic deployment of online trading platforms. Later, as the leader of TIB Rasilimali in Tanzania, she spearheaded significant financial projects, including corporate bond arrangements and share listings. Most recently, she directed Gatsby Africa's Regional Textiles and Apparel sector program, driving initiatives to grow exports across East Africa. Her background and strategic vision are instrumental in advancing development through private sector growth across Africa.









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