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THE CHALLENGES OF EXPORT LOAN IN ETHIOPIA

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STATEMENT OF DECLARATION

I ,the under signed ,declared that this project paper is my original work and all source of materials used for the project has been duly acknowledged.

Declared by :

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External Examiner Signature ----------------- Date -------------------------

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Acronyms

Abbreviations	Meaning
ATI	**Assessment of Technology Institute**
BA	Banker's Associations
BAFT	Banker's Association for Finance and Trade
CBE	Commercial Bank of Ethiopia
CBO	Co-operative Bank of Oromiya
CIA	Cash in advance
CBN	Central Bank of Nigeria
DBE	Development Bank of Ethiopia
DG	Director General
Dr	Doctor
ECA	Export credit Agency
ECI	Export Credit Insurance
EMC	Export Management company
ETC	Export Trade Company
FDI	Foreign Direct Investment
FOB	Free on Board
GDP	Gross Domestic Product
IMF	International Monetary Fund
LC	Letter of Credit
NBE	National Bank of Ethiopia
MDBs	Multilateral Development Banks
OA	Open Account

OECD	Organization For Economic Co-operation and Development
SMEs	Small and Medium Enterprises
TNCs	Transitional Corporations
UNDP	United Nations Development Program
US	United States
WTO	World Trade Organization

Abstract

The focus of the paper to assess the challenges of export loan in Ethiopia using primary and secondary data from government and private banks central processing units. The research approach adopted in this thesis is mixed research approach using primary data and secondary series data set that consists of five years export loan amounts. The time period covered was 2013/14 to 2017/18. This is primarily due to start of export loan in 2013/14.Primary data was collected through questionnaires .Descriptive statistics were employed to analysis

and presented using tables ,charts and frequency of obtained data . The findings from this research show that 89 % of the requirements to get an export loan are a great obstacle and challenge, this leads to 85% of the rejection of requested export loan .Banks do not know 70 % of their customers use or not the loan for the intended purpose , 62 % of export loan users did not generate the intended hard currency .In line with primary data analysis of this study it is found that exporters have huge problems on the clarity of export loan use and did not give enough training and equal treatment by the banks.

This paper recommends that policy makers should revise export promotion proclamations and regulations by doing further specific researches on each challenges stated above.

Key Words : Challenges of export loan in Ethiopia

Chapter One

Introduction

1.1 Background of the Study

Export plays a significant role in the national economy. Export influences the level of economic growth, employment and the balance of payments. The expansion of export is well appreciated and takes a major place in government policy. As the Country Economy is growing, Exports of the country are also growing. This result in the growth of the exporter's requirements and their expectations from the organizations associated with them that provide different kinds of services. Ajay Kumar (2013)

The developing countries have to find out ways and means of increasing their exports in order to sustain themselves in the face of the serious balance of payments problems the world over. To enable the exporters to meet the present challenge, there is a need for evolving systematic plans of export financing and export credit insurance among other infrastructural facilities. An importer needs credit to defer the payment for the goods or services until such time as he is able to sell the goods.It is clear that export trade for developing countries' exporter great challenge due to lack of experience, limited resources or other perceived or real obstacles .One of the limited resource is working capital. Many countries for solving their exporter problem have established specific policy for exporters only these policies have many export promotions. Among export promotion one is export loan or export finance.(www.export.gov)

Ethiopia has great advantages if it increases exports. Because now a day almost 80 percent of consumable and capital goods imported from abroad. In this case, it needs foreign currency for importing these items. To increase foreign currency inflow amount, the government established different exporters promotions. Among for exporters promotions listed export credit or export loan is one. But it did not brings the intended objectives. Banks are one of the most important links in this export business which participate in the right form the first step. They provide financial services to the exporters for the smooth functioning of their business.

Currently almost all government and private banks give export loan in Ethiopia .The government was expected more foreign currency flow to Ethiopia by solving working capital shortage as consider export promotion but did not be effective and come intended result. Enhancing exports remains to be the key challenge of the Ethiopian economy(UNDP 2018) .

This paper tried to assess the problems associated with export loan in Ethiopia .The paper has the following parts .Statement of the problem , research questions ,general objective of the study ,Specific objective , scope of the study , Significance of the study ,Research Method, Limitation of the study ,organization of the paper ,Literature review ,data presentation ,data Analysis , conclusion and recommendations.

1.2 Statement of The problem

Ethiopia shipped US$2.9 billion worth of goods around the globe in 2017, up by 10.5% since 2013. Year over year, that dollar amount also equals a 9.4% improvement in Ethiopian export sales from 2016 to 2017.(Retrieved-http:(//www.worldstopexports.com/)ethiopias-top-10-exports/)

Based on estimates from the Central Intelligence Agency's World Fact book, Ethiopia's exported goods plus services represent 8.1% of total Ethiopian economic output or Gross Domestic Product(GDP). The analysis below focuses on exported products only. On a per-continent basis, $1.2 billion or 42.7% of Ethiopian exports by value were delivered to Asian countries while 29.1% were sold to European nations. Ethiopia shipped another 16.8% worth of goods to fellow African nations, with 8.5% of Ethiopia's shipments going to customers in North America.

Given Ethiopia's population of 108 million people, its total $2.9 billion in 2017 exports translates to roughly $27 for every resident in that country. But in 2014 its total export was $ 3.3 billion and its population was 100 million . Per residents it was $ 33 .It is very low in 2017 with compare to 2014 .Ethiopia's unemployment rate was forecast to be 16.8% as of October 2017 according to Trading Economics.(Retrieved- http://www.worldstopexports.com/ethiopias-top-10-exports/)

The amount of foreign exchange so earned can be utilizes to import scare consumable and capital goods .Such imports are necessary for rapid economic development of the country but cannot cover by export income.

The Ethiopian government is intense to encourage exports & to attract foreign investment in priority sectors. The export trade policy of the country focused not only on removing export duties &taxes but also introducing trade incentives. To get more foreign currency through export Ethiopian government established different export promotion for exporters .Among exporter promotions export loan or export financing is one .Export financing is, therefore, a key factor in any successful international trade. (Retrieved.www.google.com)

The objective of the export trade promotion scheme is to improve export trade & to enable exporter access inputs at world market price so that they will be able to compete on equal footing with their competitors in the international trade. (International Trade Center,2001).

However by give export loan facility the intended result did not come even if export loan amount increases from year to year . On the other hand foreign currency inflow decreases from year to year.(Refer Table 2 & 3) . As far as the researcher knows this types of research was not done previously in Ethiopia.

1.3 Research Question

The main research question is :-

What are the challenges for not effectiveness of export loan?

1.4 Objective of the study

1.4.1 General Objective

The general objective of this research is to assess on challenges of the export loan in Ethiopia in the case of all local banks at the main processing center.

1.4.2 Specific Objective

To assess exporters generate hard currency as it was planned

To assess whether the export loan is utilized for an intended purpose or not

To assess export loan customers use the money properly.

To assess exporters have experience how to utilize the export loan

To assess exist complains in the banks

1.5 Scope of Study

Ethiopia has many exporters which uses export loan but the researcher could distribute 50 questionnaires through banks and answered only 38 of export loan customers and There were 18 banks accepted questionnaires but 12 local government and private banks including national bank of Ethiopia responded .Except National Bank of Ethiopia all of have many branches in Addis Ababa and out of Addis Ababa but the research was done only in each bank head office.

1.6Significance of The study

The significance of the study is to assess the challenges associated with export loan and suggest some solutions for decision makers . The study will contribute to improve the proper utilization of export loan and thus expected to contribute the performance of export trade of the country. With improved export performance ,the country will generate the needed foreign currency to finance its imports. The results of the study will help the exporters to become financially strong and able to compete in the international market as well as the country to become economically strong.

1.7 Limitations of Study

The study is conducted in Addis Ababa head office of each bank central processing units . All banks have so many branches in Addis Ababa and in Ethiopian regions. And also the banks have many export loan customers but the study got only 38 export loan user from Addis Ababa central processing office. The limitations were lack of transport facilities, time constraint, lack of organized secondary data, lack of willingness of some banks and export loan users.

1.8 Organization of the Paper

This paper is organized in five parts. The first part try to cover background of the study, statement of the problem, objective, significance, scope of study and limitation of the study

The second part comprise the relevant literatures in the field are reviewed as theoretical and empirical evidences from past studies .The 3rd discusses the methodology of the study such as research design , source data , method of data collection ,method of data analysis ,and sapling methods are presented. Chapter four present the results and discussion of the study. Finally, chapter five portrays the summary, conclusions and recommendations of the study.

Chapter Two

Literature Review

2.1 Theoretical Review

These are definitions of terms which found in different places of this research paper that the researcher used it from different sources. Those terms which took from reference materials are defined as conceptual and those used basically in the operation of the business defined by the researcher himself as operational.

2.1.1 Export Promotion

Export promotion programs may act to stimulate export expansion and guide firms to choose appropriate strategies and develop and implement export plans(Reid,1984).

Export promotion programs are provided by governments, trade associations and other organizations to help company especially small and medium-sized ones, to overcome these limitations (Wheeler,1990).

Export promotion programs are public policy measures which actually or potentially enhance exporting activity at the company, industry or national level (Root1971).This involves the creation of awareness of exporting as a growth and market expansion option, the reduction or

removal of barriers to the exporting and the creation of promotion incentives and various forms of assistance to potential and actual exporters(Seringhaus and Rosson 1990).

The goal of export promotion programs is to enhance export performance by improving firms capabilities, resources ,and strategies and overall competitiveness (Czinkota, 1996; Diamantopoulosetal.1993;Seringhaus and Rosson,1990),which in turn ,have been demonstrated to improve export performance (Aaby and Slater,1989;CavusgilandZou,1994; Zou and Stan, 1998).

However, According to (Abraham &Dewit, 2000), Free trade proponents claim that export promotion undermines the multilateral system and distorts competition while advocates of such agencies claim that availability of the independent official organizations strengthens the export position of export companies.

According to Kotabe and Czinkota's(1992)review of the evidence for the effectiveness of export promotion programs found that the effectiveness of export promotion efforts is limited.

To date, there has been limited empirical evidence of the effectiveness of these efforts (June Francis and Colleen Collins-Dodd 2004)

2.1.2 Types of Loan

Long Term Loan:-is a type of loan which is given for a period of up to 20 years including any grace period (DBE loan policy, 2015).

Medium Term Loan: is a type of loan which is given for a period of from 3 to 5 years including any grace period (DBE loan policy, 2015).

Short Term Loan:-is a type loan which is given for a period of one year (DBE loan policy2010).

2.1.3 Export Loan or Finance

Export loans are provided to overseas importers and financial institutions to support finance exports of Japanese machinery, equipment, and technology mainly to developing countries. In particular products such as marine vessels ,power generation facilities and other types of plant incorporate a significant amount of advanced technology and their export will be instrumental in enhancing the technological base of Japanese industries . Furthermore , Japanese shipbuilding and plant facilities industries have a broad range of supporting industries ,including SME producing parts and components , and thus the loans are expected to positively contribute to the business of these Japanese companies (Japanese bank for international co -operation 2019)

Although trade credit decision is complex (Ross & Pike, 1997) Auboin (2009) indicates that 80 to 90 percent of all exports rely on a form of trade finance or credit.

Whether global markets are smooth or under stress, exporter firms utilize export credit insurance to protect themselves from a risk of payment default. Imperfection in the credit market restrain exports particularly if the sectors rely strongly on external finance. (Manova,Wei, &Zhang, 2015).

Export loan may become an option for national governments to revitalize their domestic industries and economies concurrently with the stimulation of international trade.The provider of export loan is usually a state-owned or private organization. Egger and Url (2006).

Export loans cover in principle, 50-60 % of goods and services exported (OECD guidelines July 2019)

Although trade credit decision is complex (Ross & Pike, 1997) Auboin (2009) indicates that 80 to 90 percent of all exports rely on a form of trade finance or credit. That much reliance on trade credit will create dependency and have a potential disruptive role in case of financial frictions in the global credit markets. Whether global markets are smooth or under stress, exporter firms utilize export credit insurance to protect themselves from the risk of a payment default. Imperfection in the credit market restrains exports particularly if the sectors rely strongly on external finance. (Manova, Wei, & Zhang, 2015).

Export finance is short-term working capital finance allowed to an exporter. Finance and credit are available not only to help export production but also to sell to overseas customers on credit.

The Export loan may become an option for national governments to revitalize their domestic industries and economies concurrently with the stimulation of international trade. The provider of export loan is usually a state-owned or private organization. Governments provide officially supported export loan through Export Credit Agencies (ECAs) in support of national exporters competing for overseas sales. Such support can take the form either of "official financing support", such as direct credits to foreign buyers, refinancing or interest-rate support, or of "pure cover support", such as export credits insurance or guarantee cover for credits provided by private financial institutions .Egger and Url (2006).

2.1.4 International Trade

Trade is the activity of buying and selling goods or service between people or countries . Trade can play in driving economic growth, development and job creation around the world. International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy, in which prices, or supply and demand, affect and are affected by global events. International trade is strongly connected with a well-developed and functioning financial environment. Carrying out trade at an international level is a complex process when compared to domestic trade. When trade takes place between two or more nations factors like currency, government policies, economy, judicial system, laws, and markets influence the trade. International economic and trade organizations address the process of trade as the political relations between two countries also influences the trade between them and the obstacles of trading affect the mutual relationship adversely. To smoothen and justify the process of trade between countries of different economic standing, some international economic organizations were formed. These organizations work towards the facilitation and growth of international trade. Increasing international trade is crucial to the continuance of globalization. Nations would be limited to the goods and services produced within their own borders without international trade. International trade is, in principle, not different from domestic trade as the motivation and the behavior of parties involved in a trade do not change fundamentally regardless of whether trade is across a border or not .Carrying out trade at an international level is a more complex process than domestic trade. The main difference is that international trade is typically more costly than domestic trade. This is due to the fact that a border typically imposes additional costs such as tariffs, time costs due to border delays, and costs associated with country differences such as language, the legal system, or culture. International trade is costly and risky. Shipping goods across borders takes longer than shipping domestically and thus requires more working capital. Shipping longer distances also increases the risk of damage, adding to insurance costs. In an international trade transaction the exporter faces the risk that the importer might default, and the importer faces the risk that the exporter might fail to meet the product quality specifications set out in the contract. Such risks and costs are further heightened in light of the fact that international trade involves partners located in different countries with different jurisdictions. This makes conflicts both harder and more costly to resolve. In many countries, innovative small and medium-sized companies engaged in the export economy have a higher growth rate or are even at the heart of the social market economy's growth model. Dollar values of international trade flows are strongly influenced by exchange rates and commodity prices.(Encyclopedia)

International trade plunged in the latter half of 2008 and throughout 2009 (Baldwin 2009). The global financial meltdown not only led to a substantial drop in economic activity in both emerging markets and the developed world, but also made it increasingly difficult for potential trading partners to gain access to external finance. Although trade finance—due to its self-liquidating character—is generally on the low-risk, high-collateral side of the finance spectrum and underwritten by long-standing practices between banks and traders ,developments have shown that it has not been spared by the credit crisis (Auboin2009; Chauffour and Farole 2009).

Based on Asmundson et al. 2011 International trade typically takes place on the basis of cash or short-term credit, without intermediation through financial markets. International trade has plunged in the latter half of 2008 and the course of this year (Baldwin,2009) .

Foreign trade plays a key role in the development of an economy and has always been the major force behind the economic relations among nations .In view of its paramount importance and the bank’s role to promote the growth of the Ethiopian economy.

(Dashen Bank Export loan policy 2019)

In direct terms trade, is simply to buy and sell. While international trade is the exchange of products, services, and money across national borders; essentially trade between countries .Selling products or services export markets can be a very profitable and a true engine for growth of companies. Manufactures, service providers and traders can all benefit from adding foreign markets to their portfolio of customers. Hence, access to working capital is one of the most important components of the export transaction, providing a means for companies to process and acquire goods and services to fill purchase orders and to ship and extend credit to their buyers.

(Pilbeam , 2006)

2.1.5 International trade financing

International trade financing is required especially to get funds to carry out international trade operations. Up to two thirds of the value of global merchandise trade is organized using either ‘open account’ or ‘cash-in-advance’ terms. In these transactions, the buyer and the seller are able to agree on terms to share the credit or country risk without intermediaries, although they may mitigate and manage their risks in other ways (for example, diversifying by selling to a number of buyers across a range of markets). Where transactions are undertaken on open account terms, the exporter delivers the goods to the buyer without payment, and the buyer is expected to pay on delivery according to the sales contract. Under this arrangement the exporter draws on working (or other sources of) capital and bears much of the credit risk involved in the transaction. For cash in advance arrangements, the buyer is extending working capital to the exporter and bears much of the credit risk .Depending on the types and attributes of financing, there are five major methods of transactions in international trade payment methods.

(Retrieved www.tutorialspoint.com/international trade finance)

1/Prepayment

Prepayment occurs when the payment of a debt or installment payment is done before the due date. A prepayment can include the entire balance or any upcoming part of the entire payment paid in advance of the due date. In prepayment, the borrower is obligated by a contract to pay for the due amount. Examples of prepayment include rent or loan repayments.

2/Letter of Credit

A Letter of Credit is a letter from a bank that guarantees that the payment due by the buyer to a seller will be made timely and for the given amount. In case the buyer cannot make payment, the bank will cover the entire or remaining portion of the payment.

3/Drafts- two types

A/Sight Draft − It is a kind of bill of exchange, where the exporter owns the title to the transported goods until the importer acknowledges and pays for them. Sight drafts are usually found in case of air shipments and ocean shipments for financing the transactions of goods in case of international trade.

B/Time Draft − It is a type of foreign check guaranteed by the bank. However, it is not payable in full until the duration of time after it is obtained and accepted. In fact, time drafts are a short-term credit vehicle used for financing goods' transactions in international trade.

4/Consignment

It is an arrangement to leave the goods in the possession of another party to sell. Typically, the party that sells receives a good percentage of the sale. Consignments are used to sell a variety of products including artwork, clothing, books, etc. Recently, consignment dealers have become quite trendy, such as those offering specialty items, infant clothing, and luxurious fashion items.

5/Open Account

Open account is a method of making payments for various trade transactions. In this arrangement, the supplier ships the goods to the buyer. After receiving and checking the concerned shipping documents, the buyer credits the supplier's account in their own books with the required invoice amount .The account is then usually settled periodically; say monthly, by sending bank drafts by the buyer, or arranging through wire transfers and air mails in favor of the exporter.(Retrieved www.tutorialspoint.com/international trade finance)

The global financial meltdown has not only led to a substantial drop in economic activity in both emerging markets and the developed world, but has also made it increasingly difficult for potential trading partners to gain access to external finance. While trade finance - due to its self - liquidating character-is generally on the low risk and high collateral side of the finance spectrum, as well as underwritten by long standing practices between banks and traders ,developments have shown that it has not been spared by the global credit crisis. The dynamic growth of world trade over the past decades was only made possible by a rapid expansion in trade finance. The latter is crucial for trading partners in order to bridge the time lag between export order and payment for goods and services produced. Factors such as Retrieved transaction volume and credit period can considerably increase costs of financing or even make it difficult to obtain funding at all. Disruptions in trade finance lead to a severe decline in companies' output on a micro level as well as a contraction in trade on a macro level. (Auboin 2009,Chauffour and Farole, 2009).

2.1.6Definition of Export

The term **export** in international **trade** means the sending of goods or services produced in one country to another country. The seller of such goods and services is referred to as an exporter; the foreign buyer is referred to as an importer. **Export** of goods often requires involvement of customs authorities.(Retrievedwww.google.com).

Exporting is just trading but the customer lives in another country. Exporting is only extension of the need trade. Man's economic and social progress has developed because of the increasing specialization of labor. (Kapoor , 2002)

Exporting is becoming the most common form of internationalization because it is associated with minimal resources, lower risk and structural flexibility (Olejnik and Swoboda, 2012).

The extent of their internationalization is limited by the barriers to exporting (Leonidou, 1995; Leonidou et al., 2011).

Exporting has both macro and micro benefits to the economy. These economic benefits form the basis for government intervention in encouraging exporting (Francis and Collins-Dodd, 2004; Gençtürk and Kotabe, 2001).

2.1.7 Types of Export Business

Export businesses are mainly classified into three categories .They are export traders,export manufacturers and service exporters.

1. **Export Traders**

The export traders include the export companies known as trading houses, trading companies, buying offices, buying agents, purchasing agents ,resident buyers ,sourcing agents, export representatives, export distributors, export agents, export management companies and Manufacturers representatives. The export trader operates on a buy and sell basis or a commission / fee basis, or a combination of these two .In the buy and sell basis, the export trader buys from export . Manufacturers and adds a mark up to the export price .In the commission / fee basis ,the export –trader collects a commission or fee from the export –manufacturer or the foreign importer , or from both of them without adding a markup to the price.

2. **Export – Manufacturers**

Export –manufacturers include the manufacturers, producers, assemblers, and processor of export goods .Export manufacturers either directly export the goods or indirectly export the goods through the export traders.

3. **Service – Exporters**

Service – exporters include the banks , ocean shipping(steamship) companies ,air cargo companies or airlines ,trucking companies , rail carriers , insurance companies , freight forwarders or consolidators , consulting firms , and miscellaneous service companies . Service exporters provide services to export traders and export manufacturers.

(Retrieved www.foreign trade.com)

2.1.8 Why Export matters?

"**Export growth**, defined as the expansion of exports in volume and value, is recognized since the mercantilist era, as critical for any country for a variety of macro and microeconomic reasons including the: (i) need to generate foreign exchange vital to finance imports; (ii) need to exploit larger scale economies that can be achieved by producing for export markets, given the small size of many developing countries and their negligible purchasing power; and (iii) potential contribution to employment and growth of national product. Increasing exports is therefore a key concern for development economists and policy makers in all developing countries, and integration to global markets brings with it exposure to new technologies, new designs and new products while enhancing production efficiency and competitiveness. On the other hand, export development entails promoting export growth accompanied with improved quality and structural transformations (e.g. increasing the share of a country's exports in dynamic rather than stagnant products in world trade, expanding shares of exports sectors or employment associated with raising living standards and country's overall competitive position, enhancing country's performance in a particular export category, and structure and improving the quality of jobs generated in the export sector).Higher export growth without structural transformation of export patterns (e.g. higher export concentration in some products subject to major price and volume fluctuations),may not be conducive to development. Hence, what a country exports matters.Samen (2010: pp 3-9)

2.1.9 Export diversification

It aims at moving away from a limited basket of exports in order to mitigate economic and political risks of dependence upon a few primary commodity exports. When export is concentrated in a few primary commodities, there can be serious economic and political risks. Economic risks include: in the short term, volatility and instability in foreign exchange earning which have adverse macroeconomic effects (on growth, employment, investment planning, import and export capacity, foreign exchange cash flow, inflation, capital flight and undersupply of investments by risk averse investors, debt repayment); and in the long term, secular and unpredictable declining terms of trade trends which exacerbate short run effects. Political risks include worsened governance and risk of civil war in fragile states. Dependence on primary commodity is associated with various dimensions of poor governance and the risk of conflict is strongly related to the level and growth of income, as well as its structure as reflected in the dependence on a few primary export commodities. Heavy dependence on a small number of primary commodities exposes a country to the negative effects of unfavorable characteristics of world demand and negative supply side features of these primary products. On the demand side, the low income elasticity of world demand of primary commodities can lead to falling export revenues which can be exacerbated by historically downward trends in primary commodities relative to manufactures .Collier (2002)

Although, according to Cashin and Dermott (2002) real commodity prices have declined by about 1% per year over the last 140 years, volatility and persistence of commodity price shocks can have more dramatic consequences than the long term downward trend of commodity prices. On the supply side, the combined effect of lower skills and technology content of commodity production and its negligible backward and forward linkages with the rest of the economy usually lead to negative growth spillovers(Salomon, 2010).

A diversified portfolio could help minimize volatility in export earnings and boost overall growth by replacing primary commodities with positive price trends products and adding value through additional processing or marketing. As traditional exports are particularly vulnerable to exogenous shocks and face limited demand due to their low income elasticity and declining terms of trade, diversifying away from traditional exports is expected to raise growth rates and lower their variability. Hence, export diversification can also aim at improving backward and forward linkages to domestic inputs and services, and expanding opportunities for export in existing or new markets. Reducing dependence upon one or a limited number of geographical destinations or origins can also be a major objective for export diversification (Salomon, 2010).

2.1.10 Export competitiveness

It is at the center of all policy discussions in all countries. The term appears to be very obvious to many people, but its definition is quite problematic, meaning different things to different people (mercantilists, classicists, strategists, or realists). The concept can be analyzed and assessed both at the micro (firm), meso (sector), and macro (nation) levels; with the definition of competitiveness for a nation being more complex than for a firm or an industry (Salomon, 2010).

At the micro-level, export competitiveness can defined as the ability of a firm to compete on domestic and international markets. A firm will be said to be competitive if it can produce products and services of superior quality, at lower costs than its domestic and international competitors (Buckley et al., 1988). From that perspective, export competitiveness of a country essentially depends on its domestic enterprises (Metcalf et al.,2003). The competitiveness of domestic enterprises / firms in turn depends on their ability to expand and sustain their positions in international markets directly or indirectly by supplying quality products, in desired quantities, on time, and at competitive prices; and by responding quickly to changes in demand through development of innovative capacities and market strategies. At the meso and macro levels, a nation's competitiveness can be defined as the ability of a nation to compete or the ability of a country to produce goods that meet the test of international markets, while simultaneously maintaining and expanding the real income of its citizens. Using the simplistic dichotomy (lower price/ best quality), international price competitiveness can be assessed based on evolution of its market shares and the real effective exchange rate; using aggregate price indexes to measure relative prices. Other macroeconomics indicators can include Revealed Comparative Advantage (RCA),Domestic Resources Cost (DRC), FDI inflows, export performance, or Total Factor Productivity (TFP). International competitiveness compares potential or actual success in: exporting, attracting foreign direct investment (FDI) and increasing real incomes in an increasingly globalized world where countries are competing for export market shares and internationally mobile industries (Salomon, 2010).

2.1.11 **Export Finance Methods**

1. Account Receivable financing – an exporter that needs funds immediately may obtain a bank loan that is secured by an assignment of the account receivable.
2. Factoring (Cross –border factoring) – the accounts receivable are sold to a third party (the factor) that then assumes all the responsibilities and exposure associated with collecting from the buyer.
3. Letter of credit – These are issued by a bank on behalf of the importer promising to pay the exporter upon presentation of the shipping documents.
   (Retrieved www.google.com)

Letter of credit is frequently the method of payment. The buyer's bank pays the seller against presentation of documents and compliance with conditions stipulated by the buyer. In any international trade transactions, security is of prime importance to both exporters and importers.

The exporter wants to ensure that payment will be made for goods supplied, while the importer wishes to be satisfied that payment will be made only after dispatch of the goods as specified in the prior agreement. By using a Letter of Credit (also known as a Documentary Credit), both parties have a considerable degree of security in the commercial contract because it is handled or honored through the banking system. In addition to rendering expert advice in handling documents and financing the transactions, banks join in as intermediaries to keep the interest of the two parties. so that both parties will not relinquish title to property or money before the benefits specified in their contract accrue to the respective parties. (Falsom, et al, 1992)

The basic components of a letter of credit are: advising bank name, beneficiary's name and address, aggregate amount in specified currency, terms of trade, mode of transport, required documents, expiry date and place, date of shipment, description of goods and/or services, port of loading, port of discharge, payment conditions, and method of payment .There are four methods of Payment under a documentary credit one of which has to be indicated in a letter of credit such as Payment at Sight, Negotiation, Acceptance of Term Draft (bill of exchange), and Deferred Payment (Mathani, 2001)

1/Banker's Acceptance

A banker's acceptance (BA) is a short-term debt instrument that is issued by a firm that guarantees payment by a commercial bank. BAs are used by firms as a part of the commercial transaction. These instruments are like **T-Bills** and are often used in case of money market funds.

BAs are also traded at a discount from the actual face value on the secondary market. This is an advantage because the BA is not required to be held until maturity. BAs are regular instruments that are used in international trade.

2/Working Capital Finance

Working capital finance is a process termed as the capital of a business and is used in its daily trading operations. It is calculated as the current assets minus the current liabilities. For many firms, this is fully made up of trade debtors (bills outstanding) and the trade creditors (the bills the firm needs to pay).

3/Forfeiting

Forfeiting is the purchase of the amount importers owed the exporter at a discounted value by paying cash. The forfeited that is the buyer of the receivables then becomes the party the importer is obligated to pay the debt.

4/Countertrade

It is a form of international trade where goods are exchanged for other goods, in place of hard currency. Countertrade is classified into three major categories – barter, counter-purchase, and offset.

- **Barter** is the oldest countertrade process. It involves the direct receipt and offer of goods and services having an equivalent value.
- In a **counter-purchase,** the foreign seller contractually accepts to buy the goods or services obtained from the buyer's nation for a defined amount.

[(Retrieved www.tutorialspoint.com/international_finance/international_trade_finance)]

2.1.12 **Types of Export Finance**

1. Pre-shipment finance – referred to as packaging credit. It is working capital finance provided by financing banks to exporter prior to shipment of goods. The finance required to meet various expenses before shipment of goods.
   As explained by Kapoor D.C. (2002), there are many reasons why companies may doubt about deciding to export. One of the most important reasons is the loan. Companies need more finance for export business than for home sales, if only because transit times are longer and thus payments tend to be delayed unless payment is made before shipment.
2. Post-shipment finance - is provided to meet working capital requirements after the actual shipment of goods. Credit facility extended to an exporter from the date of shipment of goods till the realization the exporter proceeds is post shipment credit.
3. Deferred export Finance –export finance against allowances and subsidies.
   (Retrievedwww.google.com)

Countries the world have increased their use of export credit to ensure the competitiveness of their exports. Financial markets are volatile and subject to periodic crises. In a financial downturn, private credit often contracts, including financing for trade. Government back export credit helps to fill this gap. The global financial crisis in 2008 exemplified these realities. As commercial credit contracted dramatically government export credit agencies played a critical role in keeping international trade moving and preventing the financial crisis from spiraling into

a worldwide depression. (Kristen Hopewell 2017)

2.1.13 Sources of Export Finance

An exporter could secure funds in any one of the following four ways:-

1. Own resources,
2. Credits from suppliers,
3. Advance payments from overseas, buyers and
4. Finance from financial institutions.An exporter's operations would be severely limited if he does business only with his own resources. The credit that he can obtain from his suppliers would definitely augment his resources. The supplier's credit is dependent on a host of factors over which the exporter has no control. Hence, no exporter can consider this to be a dependable source of finance. the case of capital and producer goods, it is normal practice to receive about15 percent to 20 percent as advance payment, of which a portion is paid only on shipment. Thus, the exporter’s needs of pre-shipment financing cannot be met from this source either. As such, an exporter has to look to the financial institutions for providing the bulk of the required finance. Among the financial institutions, it is the commercial banking network which bears the brunt of the burden of export financing. Commercial banks' involvement in medium-term and long-term financing in developing countries is rather of recent origin because of their conservativeness and lack of adequate skilled personnel to handle the complex financing methods. Innovation in this field is the setting up of export-import banks or export banks which deal exclusively with the financing **of** medium-term and long-term exports. Financing of exports a short-term basis, accounting for the major portion of the exports of a country, still remains the domain of commercial banks.Thomas Graham (1984)

2.1.14 Export Credit Insurance

Export credit insurance is a financial instrument whereby exporters ensure themselves directly against the risk of buyers’ default. The insurer reimburses the firm in case of non-payment. An export credit guarantee provides a guarantee to banks or other financial institutions that are willing to lend either to the exporting or the importing firm. The guarantor takes responsibility for a financial obligation if the primary liable borrower fails to perform.Payments for exports are open to risks even at the best of times. The risks have assumed large proportions today due to the far-reaching political and economic changes that are sweeping the world. An outbreak of war or civil conflict may block or delay payment for goods exported Economic difficulties or balance of payment problems may lead a country to impose restrictions on either import of certain goods or the transfer of payments for goods imported. In addition, the exporters have to face commercial risks of insolvency or protracted default of buyers. The commercial risks of a foreign buyer going bankrupt or losing his capacity to pay are aggravated due to the political and economic uncertainties. Export credit insurance is designed to protect exporters from the consequences of the payment risks, both political and commercial, and to enable them to expand their overseas business without fear of loss. Companies willing to export therefore often need credit insurance to access credit facilities and manage their receivables risk. This applies, in particular, for large transactions with longer maturities. Typically, risks arise from non-payment for political or commercial reasons. Political causes of loss can be the lack of hard currency in the buyer's country or, for example, wars, civil unrest or a payment moratorium imposed by a government. Commercial risks include payment defaults by the customer or insolvency leading to temporarily uncollectible receivables or full write-offs.

It is common to distinguish short-term (credit terms of up to and including 12 months for the purpose of this paper) and medium to long-term export credit insurance. Medium to long-term insurance is typically used for large transactions such as those related to capital goods, large machinery and turn-key plants. World Bank (2010)

In some cases (e.g. projects as Three Gorges Dam), this type of insurance has been used in the financing of large scale floating collateral against current and future receivables, a type of insurance that perhaps not necessarily qualifies as trade finance in the stricter sense.

Based on the World Bank Poverty Reduction and Economic Management Network International Trade Department January 2010 report. The market for export credit insurance and guarantees comprises not only private but also public players, namely ECAs. Whereas the market for short-term insurance is dominated by private agencies (some 80 percent the overall business), ECAs underwrite the wider majority of medium to long-term commitments. An agency will typically aim at alleviating the risks inherent to international trade by providing adequate insurance to domestic exporters. Such risks are likely to be more significant in relation to medium and long-term credit arrangements. The issuance of export credit insurance and guarantees is an important spectrum of trade finance, reducing credit risks and allowing exporters to offer open account terms in competitive markets. It is a spectrum of trade financing that is of crucial importance in the current environment of high systemic risk; with a declining secondary market to offload loans, as well as an increase in bank counter-party risk, demand for export credit insurance and guarantees is high. Indeed, export credit insurance may enable increased financing of foreign receivables on more favorable terms and amounts than otherwise available. Moreover, risk management tools such as export credit insurance and guarantees can be critical to access financing, both because of the higher risks of cross-border trade and the fact that less creditworthy exporters can use insured receivables from high-quality foreign customers to guarantee domestic credit. Insurance or guarantees on export credit can be issued by both private insurers and public agencies. Export credit insurance is very closely related to export financing. This insurance takes care of the risks of non-payment by the importer for commercial reasons like bankruptcy or protracted default, and political reasons such as war, civil war, the balance of payments problems, etc. The premiums charged by export credit insurance organizations are normally quite low and they absorb a very large portion of the loss in case of default by the overseas buyer. Export credit insurance also makes bank finance come more easily the exporter's way as the bank knows that in case of default. Export credit insurance organizations issue guarantees to banks in order to compensate them for any loss arising out of default by the exporter. Export credit insurance is one of the substantial tools to promote export in a country. Companies exporting their goods and services abroad face risks that are different from the risks faced by firms who do not engage in international trade. It is common practice to allow the receiving party to pay in installments. The exporting firm faces credit risk, but as in most countries, Ethiopian companies can ensure such risks. To some extent, such export credit risks can be insured on the private market. There are private insurance companies that ensure short-term risks.Indicate cross border trade credit insurance has been a domain of public export credit agencies until the beginning of the 1980s as private insurance companies were reluctant to undertake this risk.Whether global markets are smooth or under stress, exporter firms utilize export credit insurance to protect themselves from risks a payment default. Imperfection in the credit market restrains exports particularly if the sectors rely strongly on external finance. (Manova, Wei,&Zhang, 2015).

2.1.15 Export Credit Agency

An **export credit agency** (known in trade finance as an **ECA**) or **investment insurance agency** is a private or quasi-governmental institution that acts as an intermediary between national governments and exporters to issue export financing. ECAs can be government institutions or private companies operating on behalf of governments. An ECA is usually set up as a statutory institution that aims to facilitate foreign trade primarily between private parties. In reality, a government, through the ECA's operations, directly or indirectly becomes a party to a private trade transaction. A range of countries has established one or more such specialized financial institutions, each of which may have a distinct organizational structure and business model. At a broader organizational level, ECAs can be set up in various ways such as government departments, agencies or independent financial institutions which may be partly or entirely owned by the state. ECAs can also be set up as private institutions administering an account on behalf of the government that is separate from their own commercial business (Gianturco, 2001).

The financing can take the form of credits (financial support) or credit insurance and guarantees (pure cover) or both, depending on the mandate the ECA has been given by its government. ECAs can also offer credit or cover on their own account. This does not differ from normal banking activities. Some agencies are government-sponsored, others are private, and others a combination of the two. [(Retrieved https://en.wikipedia.org/wiki/Export_credit_agency)]

According to HICKIE (2009) In the midst of the global economic crisis and the collapse of private international finance, export credit is finding renewed relevance as a fundamental component of the global economic recovery package. Reaffirming a commitment against protectionism, the G20 has pledged approximately $250 billion to be delivered through export credit agencies ('ECAs') and multilateral development banks ('MDBs') to support trade. With protectionism and trade barriers an untenable vehicle for supporting vulnerable domestic industries, export credit may become an option for national governments to revitalize their domestic industries and economies concurrently with the stimulation of international trade.While there is no such thing as a typical export credit agency, ECAs have historically operated as nationalized corporations providing bilateral insurance, guarantees or loans for the export of domestic goods and services. ECAs promote their domestic economies in overseas markets by providing financial products and assistance to exporters who cannot secure private commercial finance or insurance. Narratives on the expanding power of transnational corporations ('TNCs') in international trade systems have often overlooked ECAs, the 'unsung giants 'and the 'financial lubricant of the international finance market. As financial institutions, they have a pivotal role in global export systems, providing over 80 percent of foreign direct investment ('FDI') in developing countries supporting over US$1.5 trillion in global export business in 2008.ECAs occupies a unique place within the global economic system as organs of sovereign nations. On the exterior, they display all the hallmarks of a private multinational financier, operating under a similar international framework as TNCs. Beneath the surface, however, their legal nature, constitution, and mandate draw an important demarcation between ECAs and other international finance market players. Export transactions with risky markets can often only be realized on the basis of governmental support. Government export credit agencies (ECAs) are regarded as an insurer of last resort and only step into the breach when private insurers do not offer sufficient cover. They are official or quasi-official branches of their governments and as such form an integral part of national governments' industry, trade promotion, and foreign aid strategies. There is a causal link between export credits and merchandise. ECAs pursue their aims by providing export credit insurance facilities of privately financed transactions through direct lending or pure cover support. Collectively, ECAs account for the world's largest source of government financing for private sector industries. Felbermayr (2013)

According to Felbermayr (2013) explains the reason why public export credit agencies were able to provide such services although under current WTO norms such export subsidies would be outlawed: WTO Agreement on Subsidies and Countervailing Measures exempt export insurance credit schemes if a sufficiently large number of GATT members are members of an "international undertaking on official export credits" that regulates the use of those guarantees.

Over 50 countries have ECAs and they have a similar product to promote export. WTO objective and supplemental agreements like the Arrangement on Guidelines for Officially supported export credits require ECAs to break even in the long term. (del Carmen García-Alonso, Levine, &Morga, 2004).

According to Blackmon, (2014) Developing countries owe a huge amount of debt to ECAs and it is a critical aspect for developing countries in terms of debt sustainability. These countries are not relieved by the rescheduling of the debt. Export credit agencies play an important role in providing access to capital. Traditionally mostly supporting public African buyers, there is a growing number of transactions with private businesses. But to support private sector development, a comprehensive policy framework is crucial**. (**Klasen, A. 2015)

The ECAs' impact is mainly associated with the promotion of national exports, and the general objective is to stimulate growth through foreign trade. The underlying export credit is usually commercially motivated and has no explicit objective of promoting economic development welfare in host economies. However, by mitigating risks for investors and enabling production and large infrastructure or energy projects, these flows play an important role in providing access to capital in developing countries. Export credit agencies are therefore also meant to give importers in emerging markets access to finance in situations and on terms not available in private markets. A large portion of exports from industrialized to emerging and developing countries are insured. For example, in 2014 developing and emerging economies accounted for approximately 84% of all insured transactions in Germany.

Non-governmental organizations have mentioned potential adverse effects of export credit insurance on developing countries, for example, due to negative environmental impacts and human rights infringements associated with commercial activities supported by ECAs. There are two examples of effectively combining private sector development and government support through export credit agencies. Traditionally supporting mostly public buyers in African economies, there now is a growing number of insured transactions with private buyers, in particular in sub-Saharan Africa. Exporters and importers benefit from export credit insurance as ECAs are able to relieve balance sheets by transferring risk, effectively open African markets and provide acceptable finance conditions for local companies. In many cases, African businesses are able to place orders only because of export credit insurance, as exporters from many different industries are able to manage potential bad debt losses. This again supports economic diversification, being at the heart of many African economies for decades.ECAs are also important for private sector development because of another fundamental challenge for Africa: Energy supply and climate finance. African companies suffer from a lack of access to a reliable electricity supply. They regularly experience power shortages and service interruptions resulting in lost sales or damaged equipment. On the other hand, Africa is becoming the 'go-to destination' for renewable energy solutions. The private sector occupies a substantial portion of the renewable energy finance space and ECAs (often together with international financial institutions) fill existing gaps. As part of the UN’s Energy for All (SE4All) initiative, several ECAs support renewable energy projects in Africa with specific reference to climate finance. This applies, for example, to the US or Danish export credit insurance programs, but also for the multilateral African export credit agency ATI. Supported with a grant from the European Investment Bank, ATI enhances its underwriting capabilities for renewable energy transactions in order to boost private sector investment. For highly industrialized countries, export plays a significant role in the national economy and innovative and integrated government financing instruments have to successfully support the competitiveness of national companies in the global economy. In addition, the objective of ECAs must be to give importers in developing countries access to finance. Using commercially motivated export credits insured by ECAs and governed by global standards ensures coherence between job impact and environmental as well as social protection. Financing and supporting foreign trade with private businesses in Africa occupies a pivotal role, impacting from new product development and job creation in developed countries through economic growth and human development in African countries. (Andreas Klasen 2015)

According to World Bank international trade report 2010, New data on export insurance and guarantees suggest that publicly backed export credit agencies have played a role to prevent a complete drying up of trade finance markets during the current financial crisis. Given that export credit agencies are mainly located in advanced and emerging economies, the question arises whether developing countries that are not equipped with these agencies should establish their own agencies to support exporting firms and avoid trade finance shortages in times of crisis. In fact, the effectiveness and sustainability of an ECA depend on how well these risks are managed. WorldBank (2010)

Due to their frequent use as instruments of mercantilist trade pro An ECA is usually set up as a statutory institution that aims to facilitate foreign trade primarily between private parties. In reality, a government, through the ECA’s operations, directly or indirectly becomes a party to a private trade transaction. ECAs have long been a cause of concern in the international trading system. Criticism has centered on their role in distorting international and domestic markets (Baldwin, 1970; Hufbauer and Erb,1984; de Meza1989). As a result of their support of domestic exporting firms in their international operations.

The alleged frequent use of ECAs for this purpose is the reason why some observers view their involvement in financial markets as nothing more than 'export subsidies under a different name.

Concerns have also frequently been voiced as regards the involvement of ECAs in aid projects which may lead to a problematic mix of trade and aid policy (Preeg, 1989; Morrissey, 1993).

At the international level, initiatives have been undertaken to regulate government-backed ECAs since the 1950s. The various purposes for which ECAs can be used and the ambiguous effects of their operations on trade competitors have severely complicated the international regulation of these agencies (Evans, 2005). Attempts to enact a comprehensive regulatory agreement have been undertaken via various institutions including the WTO, the Berne Union, and the OECD.

The "Arrangement on Guidelines for Officially Supported Export Credits"11 members have in spite of its limited membership (22 members) and the fact that it is neither a formal agreement nor a legally binding treaty (Ray, 1998) - been the most influential in recent years as regards its involvement in enacting and enforcing rules. The 'arrangement' regulates many aspects of ECAs' operations although its strength varies across sectors and different modes of financing. Having initially concentrated on efforts to minimize interest rate subsidies, the coverage of the arrangement currently includes various more specialized regulations (Evans and Oye, 2001) and has evolved into a comprehensive regulatory scheme, affecting most export credit activities, with an impressive compliance record (Levit, 2004).

Evans and Oye (2001) identify three fundamental justifications for a public role in export financing from the perspective of an international regulator. First, ECAs may provide support to exporting firms in order to offset possible market failures such as the absence of appropriate financing option for exports to high-risk destinations. Second, ECAs may have an important role in adjusting credit terms for non-financial externalities (domestic economic spillover effects, national security costs, environmental externalities) arising from the failure of non-financial domestic markets. Third, there is a rationale for offsetting perceived unfair support of foreign exporters via their respective governments and ECAs. All three of these rationales are heavily disputed, especially with respect to the analysis of particular cases in which they may or may not be valid. It is, however, apparent that an improved code of conduct has developed that, in spite of limited coverage, regulates much of ECAs' activities in international markets successfully. Most ECAs have been founded with the stated objective of promoting foreign trade and/or alleviating financial sector related constraints in providing the necessary financial sector products to domestic firms involved in foreign trade. Given the renewed interest in these institutions and the fact that such institutions have for decades been part of the financial sector landscape in many countries, including many developed countries with relatively large foreign trade sectors, the question arises whether developing countries should follow suit and establish their own agencies to support exporting firms and to avoid complete trade finance shortages in times of crisis.

Export credit agencies (ECAs) have played a critical role in financing for developing countries in recent years. Export credit Agencies reinforced their exposure to certain large middle and low-income countries with relatively large export activities and to countries where their risk assessment remained favorable. All agencies remained open for business generally without restrictions in China and Indonesia.

Three key issues have affected export credit markets in recent years.

1. Project Financing –refers to any financing by ECA or banks that relies primarily on the projects cash flow to repay external loan obligations rather than on the general creditworthiness of the borrower.
2. Investment Insurance –Export credit agencies –have traditionally supplied insurance against political risks other than traditional transfer risks.
3. Forfeiting Market – has become an additional source of export finance for some developing countries.Forfeiting market as a complement to the more traditional role of export credit agencies.Forfeiting market has helped improve the flexibility of terms and conditions for export operations.(International monetary fund annual report March 1997)

Many countries both in the developed and developing world have set up ECAs to finance exports and alleviate market failures and market imperfections. Whether these specialized financial institutions are useful and on balance add value is debatable. While it is easy to take sides in this debate, especially on ideological grounds, it is arguably difficult, if not virtually impossible, to make a conclusive statement which could apply to all circumstances as to the need for, and the most appropriate shape and form of these institutions. Given the fact that restructuring, reforming or abolishing a public institution is more difficult than establishing one, the decision to set up an ECA should come as a result of a comprehensive evaluation process.Export credit agencies use three methods to provide funds to an importing entity:

- Direct Lending: This is the simplest structure where the loan is conditioned upon the purchase of goods or services from businesses in the organizing country.
- Financial Intermediary Loans: Here, the export-import bank lends funds to a financial intermediary, such as a commercial bank, that in turn loans the funds to the importing entity.
- Interest Rate Equalization: Under an interest rate equalization, a commercial lender provides a loan to the importing entity at below market interest rates, and in turn receives compensation from the export-import bank for the difference between the below-market rate and the commercial rate.

  [(Retrieved https://en.wikipedia.org/wiki/Export_credit_agency)]

2.2 Empirical Review

The major aim of most governments in developing countries is to stimulate and guide their economic and social development. One of the most important policy upon which most agreed is that emerging economies must increasingly mobilize their own internal resources to provide economic growth.

According to International Monetary Fund (2007:122), export credit scheme aids export financing and boosts a country's Balance of Payment. It notes that if done right, it can be profitable and can sometimes bring a business more profit than selling within the country. Export financing, notes Soludo (2009:15) is loan meant for shipping of products outside a country or region.Three surveys of 88 major banks in 44 countries conducted by the IMF in cooperation withBAFT in December 2008, March 2009 and August 2009 support the view that the cost of trade finance has increased and that the supply of trade financing instruments has dried up in late 2008-early 2009 (IMF/BAFT, 2009). Whereas total trade finance activities appear to have increased slightly in value between 2007 and 2008 (4 percent), a marked fall in trade finance volumes (-11 percent) is detected for the period 2008 – 2009. During the same period, the value of Letters of Credit (L/C) business declined by 8 percent and the value of export credit insurance business by 12 percent. Although the survey finds that the demand for trade activities is the major driving factor behind these developments, 41 percent of respondents acknowledge that the lower availability of trade finance instruments in their institution has played a notable role in the fall of trade finance volumes. In general, the impact of the financial crisis on developing country exporters has not been uniform. Banks indicated that guidelines tend to be stricter for countries with weaker sovereign credit ratings. Regions most affected initially were the industrial countries and Latin America and, then, emerging countries in Eastern Europe. In the most recent survey, respondents suggested that recovery was underway in some regions, but the trade finance markets that fuel global trade have not fully bounced back. Compared to the previous survey, notably fewer respondents thought the value of transactions had declined due to credit availability at the banks. The sharp drop in trade volumes was driven primarily by a contraction in global demand. Yet, the decline in trade finance - itself driven mainly by the fall in the demand for trade activities, but at least partly also by liquidity shortages - is likely to have further accelerated the slowdown. Surveys conducted by the IMF in cooperation with the Bankers' Association for Finance and Trade (BAFT) and by the World Bank suggest that some emerging markets have been impacted severely by the lack of available trade financing options (IMF/BAFT, 2009 and Malouche, 2009). The anecdotal evidence from banks and traders reinforces this view; as does the sharp increase in short-term trade credit spreads and the sheer size of the drop in trade volumes. Reliable statistics on trade finance are scarce, which poses major problems for the analysis of the underlying reasons driving the collapse in world trade. But available evidence suggests that trade credit was the number two cause of the trade collapse after demand (Mora and Powers, 2009).

Both bankers and the international community have since called upon state-backed Export Credit

Agencies (ECAs) to expand their operations to mitigate credit risk and keep trade finance markets from drying up. At two BAFT trade finance summits in January and April of 2009 the international community pledged to "enhance the secondary market for trade finance risk with ECAs" and to "adjust ECA programs to facilitate and accelerate trade financing in emerging markets". At their September 2009 summit in Pittsburgh, leaders of the G20 welcomed the swift implementation of the $250 billion trade finance initiative that was agreed at their April 2009 meeting in London to support trade finance, including through their export credit and investment agencies. The recent financial crisis and the trade collapse that followed in 2009 have attracted particular attention to trade finance. The WTO was been one of the first to stress the importance of trade finance as a key driver of the dramatic decline in international trade. According to Auboin (2009), 10-15% of the decrease in international trade could have been due to a decline in trade finance. In addition, the reduction in trade finance has been particularly important in emerging countries.

Auboin (2009) reports that spreads on 90-days letters of credit issued by emerging or developing countries rose from 10-16 bp to 250-500 bp during 2008. These facts suggest the need to explore the theoretical transmission channels from trade finance shocks to trade in greater detail.

Because they are crucial in financial during periods of crisis, the literature devotes particular attention to letters of credit. In line with the hierarchy proposed by Schmidt-Eisenlohr (2013),a particular characteristic of letters of credit is that their use crucially depends on the financial conditions in both the importer' and exporter's countries. As explained above, letters of credit are preferred to OA and CIA when financial costs are low and enforcement frameworks are weak in both countries. Thus, if a global financial crisis prompts an increase in financial costs in both countries, it becomes impossible to resort to letters of credit. Moreover, there is no available alternative for exporters and importers to finance their international activity, as OA is used when financial costs are low in the exporter country while CIA is more attractive when financial costs are low in the importer country. This results in a sharp decline in world trade.

As underlined by Ahn (2011), the strong sensitivity of world trade to financial shocks are also due to their interbank dimension, as two banks, the exporter' and the importers' s, are involved in the device. Financing of international trade thus crucially depends on the intensity of informational asymmetries between banks. In the event of a global banking crisis, interbank frictions are accentuated and the cost of letters of credit rise (and/or their availability declines), thus harming international trade. Finally, Amiti and Weinstein (2009) refer to the financial accelerator" to explain how financial shocks are amplified and ultimately alter real economic performance. According to this view, when banks face difficulties in raising funds on the interbank or financial markets, they tighten credit (Bernanke and Gertler, 1989). The effect of credit rationing is stronger for bank-dependent firms (typically small- and medium-sized firms) because they have no alternative to finance their investment. Interestingly, this reasoning can be transposed to the case of international trade. As exports are particularly sensitive to letters of credit and bank financing, financial crisis have a particularly pronounced adverse effect on international trade ,compared to domestic activities.

Ross and Pike (1997) employ a survey of Canadian export credit managers to understand how the export credit decision is made. Their findings demonstrate that existing trade credit models are insufficient to explain the export credit decision. Trade credit offer decision in an exporting firm is effected by export specific risks although they are not as important as standard credit risks in the trade credit decision. Still, export specific risks account for a good proportion of the variance in the trade credit model.

Garcia-Alonso, Levine and Morga (2004) analyze the role played by export credit guarantees in encouraging exports to developing countries. They relate export credit to moral hazards and export quality in their theoretical attempt. Verifying the actual quality of the export product will limit its ability to encourage trade through Export loan.

Their result suggest that export credit guarantee may encourage risk-averse firms to trade with countries which might have political risks. The scope for trade may also decrease as the credit guarantee may increase the incentive of firms to export low quality. That result suggests us an interesting policy answer that excessive level of coverage will have a negative impact on trade.

The (Organization for Economic Co-operation and Development)OECD has a long tradition of rule-making in the area of officially supported export credits, dating back to 1963.The OECD provides a forum for exchanging information on Members' export credits systems and business activities and for discussing and coordinating national export credits policies relating to good governance issues, such as environmental and social due diligence, and sustainable lending. These discussions take place under the auspices of the Working Party on Export Credits and Credit Guarantees (the "Export Credits Group", or ECG). All OECD Members are ECG Members, except Chile and Iceland. The OECD is also a forum for maintaining, developing and monitoring the financial disciplines for export credits, which are contained within the Arrangement on Officially Supported Export Credits (the "Arrangement"). These disciplines stipulate the most generous financial terms and conditions that Members may offer when providing officially supported export credits. Discussions relating to the Arrangement take place under the auspices of the Participants to the Arrangement on Officially Supported Export Credits (the "Participants"). The Participants are composed of Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, and the United States.

The resulting export credits disciplines apply first and foremost to OECD Members; however, several key non-Members regularly observe meetings of the ECG and the Participants. In addition, adherence to any of the OECD export credits disciplines (de facto and de jure) by any non-Members on a voluntary basis would be welcomed and, in this regard, the OECD Export Credits Secretariat is ready to assist non-Members in any way. Lastly, both the export loan and the Participants consult with relevant stakeholders, such as non-governmental organizations, business and banking groups, labor unions, and other international organizations , on an annual basis and in one-off special sessions when negotiating revised disciplines. (Retrieved. http://www.oecd.org/trade/topics/export-credits/)

Countries the world have increased their use of export credit to ensure the competitiveness of their exports .Financial markets volatile and subject to periodic crises .In financial down turn ,private credit often contracts ,including financing for trade .Government back export credit helps to fill this gap .The global financial crisis in 2008 exemplified these realities .As commercial credit contracted dramatically government export credit agencies played a critical role in keeping international trade moving and preventing the financial crisis from spiraling into a worldwide depression.(Kristen Hopewell 2017)

Many countries have prospered by establishing competitive export industries, and GDP growth helped to generate economic resources needed to improve people’s living conditions such as access to healthcare, education and housing. Faster trade expansion is being driven by stronger growth across most regions ,especially in developing economies. In 2017 developing economies' imports grew faster in value than those of developed economies with imports increasing by 13 per cent. Meanwhile ,exports from developing economies grew by 12 per cent, reaching a share in world trade of just over 43 per cent. More than half of this trade takes place with other developing economies, with an increasing share of trade in manufactured goods .The share of Africa's merchandise exports within the continent has nearly doubled ,jumping from 10.3 of total exports (by value) in 2010 to 19.6 per cent in 2017. At the same time the continent saw record growth in international tourism revenue. Asia recorded the highest growth in merchandise trade volume in 2017 for exports (6.7 per cent).Merchandise exports of least-developed countries increased 13 per cent. However, their share in world trade remains low, below 1 per cent. This growth has helped to support economic growth and poverty alleviation, thereby advancing progress towards the Sustainable Development Goals. (World Trade report 2017)

2.2.1 How to export Finance Can help

According to World Trade Organization report 2018. It is widely acknowledged by WTO members that access to trade finance is one of the most important conditions for creating trade opportunities. Up to 80% of international trade is based on some form of credit or guarantee. This is because of the time lag between when the exporter expects to be paid (at the latest, upon shipment of the goods) and when the importer wants to pay (at the earliest, when the merchandise reaches the importer). This time lag leads to the need for credit facilities of 90 to 120 days, constituting a market of over US$ 10 trillion annually, according to the Bank for International Settlements. Since the global financial crisis of 2008, international banks have been reducing the size of their networks, leading to negative consequences for the smallest traders and poorest countries, who find it hardest to access trade finance. The global trade finance gap is estimated to be US$ 1.5 trillion per annum, with 60% of trade finance requests from small businesses refused by banks. This significantly hampers the opportunities for small businesses to trade.WTO Director-General Roberto Azevêdo, advised by a group of “high-level” experts from the trade finance industry and supported by the WTO’s Working Group on Trade, Debt, and Finance, has proposed that work focus on four areas: WTO(2018)

1. Enhancing existing trade finance facilitation programs of multilateral development banks to reduce the financing gap by US$ 50 billion annually.
2. Reducing the knowledge gap in local banking sectors for handling trade finance instruments by training at least 5,000 professionals over the next five years.
3. Maintaining an open dialogue with trade finance regulators to ensure that trade and development considerations are fully reflected in the implementation of regulations
4. Improving monitoring of trade finance providers to identify and respond to gaps, particularly relating to any future crises.

The WTO works with multilateral development banks and other stakeholders to conduct these activities. The WTO Secretariat reports to WTO members on the steps taken and responds to members' suggestions for future action. At a meeting of the WTO Working Group on Trade, Debt and Finance in June 2018, DG Azevêdo highlighted the significant progress made in improving access to trade finance in a number of areas. This includes working with partners to enhance existing trade finance facilitation programs. Financial support represents an essential part of the assistance provided to domestic firms in order to promote their international expansion .however it is also the category of export promotion that is the most widely contested because of its potential distorting effects. Financial support generally falls into two categories:- Financial incentives and direct financial support. On the other hand, exports can be encouraged through financial incentives that consist of modifying normal rules so as to treat a firms' export activity more favorable than its regular domestic operations. Fiscal incentives are widely used and consist of exempting partially or completely or deferring direct and indirect taxes as well as social security payments. Permitting accelerated depreciation and the constitution of tax -free reserve funds are other forms of fiscal incentives. Other financial incentives are offered by reducing or **exempting** import duties on the inputs utilized in the production of export goods or by using various currency practices at the advantages of export firms.WTO(2018)

On the other hand, exports can be promoted through direct financial support where government funds are used to directly to finance specific steps of the export processor to offer direct advantages to the exporter. Direct financial support includes the provision of export credit insurance and guarantees to exporting firms. The credit policy of exporting firm is an essential element of its international competitiveness. Other forms of financial supports are low- interest rate, grants, and subsidies to exporting firm.WTO (2018)

Based on Dr. Sylvester Ugoh(2004) Traditional export finance has limited scope for supporting export development. Export development financing requires specialized forms of credit that meet the requirement of all parties in the export chain, ranging from term financing for export creation, working capital financing for maintaining production, packing credit for preparing exports to export credit insurance to cover trading risks. (Retrieved - www.afreximbank.com)

Developing an export commodity requires a lot of funds and financing becomes crucial. If new processing plants will need to be set up, the cost of that will depend on the capacity of the plant, the kind of technology, the availability of infrastructural facilities, such as roads, electricity, telephone, railways, etc. (Retrievedwww.afreximbank.com)

In addition to the capital investment, one has to consider the running costs which have to be met. When these facilities are not available or are not reliable, they become sources of additional costs to doing business, thus, making the products being produced less competitive. In addition to the above, producing for export has its own risks. Therefore, to assist exporters to break into the export market, African countries must come up with packages of financial incentives designed to help the exporters. (Retrieved www.afreximbank.com)

Export finance offers a way for businesses to release working capital, specifically from overseas transactions, that might otherwise remain tied up in invoices for long periods of time.

This type of trade finance is very specifically tailored to suit the financial demands of companies who export trades. It allows business selling invoices overseas. It also increases your trade with large foreign multinationals.There are a lot of benefits to b a business selling invoices overseas but there can also be a lot of financial risks as well.The exporter may require short term, medium term or long term finance depending upon the types of goods to be exported and the terms of a statement offered to an overseas buyer.(Retrieved www.marketinvoice.com)

Chapter: Three

Research Methodology

The purpose of this chapter is to describe an appropriate research method for the study. The chapter discusses about the research design, population and sample size, source and type of data, data collection instrument and method of data analysis and interpretation. In a brief, this section presents and gives insight on how and from where the data are collected

3.1Research Approaches

According to Hair(2000) the heart of any research design is the method and the technique actually used to collect the required data. In recent years the methods available for collecting data has been generally classified into three broad categories qualitative, quantitative and mixed research methods.

3.1.1 Qualitative Research Approach

According to Hair (2000) qualitative research tends to focus on the collection of detailed amount of primary data from relatively small samples of subjects by asking questions or observing behavior .One of the main objectives of qualitative research is to gain preliminary insights into decision problems and opportunities. As Ortinau(1999) noted on the surface qualitative research methods incorporate some scientific elements but normally lack of critical elements of true reliability . In this research questionnaire interviewing techniques played an important role to collect qualitative data.

3.1.2 Quantitative Research Method

According to Harold (1958) quantitative research is commonly associated with survey or experiments and is still considered the main stay of the research industry for collecting data .Qualitative research places heavy emphasis on using formalized standard questions and predetermined response options in questionnaires or surveys administered to large number of respondents.

Normally in quantitative research the information research problems and opportunities are specific and well defined and the decision maker and the research have agreed on what the precise information needs are .As Harold (1958) noted the main goal of quantitative research is to provide specific facts decision makers can use to :

- Make accurate predictions about relationship between factors and behaviors

- Gain meaningful insights into those relationships

-Verify or validate the existing relationships.

3.1.3 Mixed Research Method

As Sheth (1971) stated triangulation is the term used to describe the combination of several qualitative methods or combining qualitative with quantitative methods. This method is invented because of the controversy between qualitative and quantitative methods. Possibly because of their origin, qualitative methods do not enjoy the unqualified endorsement of upper management. Many senior managers maintain qualitative data are too subjective and susceptible to human error and bias in data collection and interpretation.

3.2 Methods Adopted

However there are three types of research approaches, mixed research method is appropriate to assess the challenges of export loan in Ethiopia. To get the most advantageous characteristics of conducting mixed methods research that is possibility of triangulation, i.e., the use of several means (methods, data sources and researchers) to examine the same phenomenon. Triangulation allows one to identify aspects of a phenomenon more accurately by approaching it from different advantage points using different methods and techniques. Successful triangulation requires careful analysis of the type of information provided by each method, including its strengths and weaknesses. Because of the research problems needs both quantitative data and qualitative data and hence, descriptive survey type of research was used for the study. In survey method research, participants answer questions administered through questionnaires. After participants answer the questions, researchers describe the responses given. In order for the survey to be both reliable and valid it is important that the questions are constructed properly.

3.3Target Population:

The target population of this study was all employees of head Office export loan department and sample from exporters.

3.4 Sample and Sample Technique

The researcher used purposive sampling/judgmental sampling/ method .Purposive sampling is one of the most cost-effective and time-effective sampling methods available. Purposive sampling may be the only appropriate method available if there are only limited number of primary data sources who can contribute to the study. The total number of banks in Ethiopia are eighteen (18) including national bank of Ethiopia .Currently almost all banks give export loan to exporters except national banks .NBE's duties are supervise all commercial banks .I was distributed most structured questionnaire paper for all banks but 13 banks answered and returned .The sample size taken from direct concern employee each bank head office and sample from export loan customers through questionnaire . The lists of banks that are currently give export loan are presented in Table 3.1

Table 1 Number of Employees working in export loan Department

S.No.	Name of Banks	Number of Employees	Answered employees	Remark
1	Abay Bank S.C.	1	1	
2	Addis Bank S.C.	8	8	
3	Anbesa Bank S.C.	4	4	
4	Awash Bank S.C.	10	10	
5	Commercial Bank of Ethiopia	6	6	
6	Development bank of Ethiopia	4	4	
7	Debub Global Bank .	3	3	
8	Enat Bank S.C.	6	6	

9	Oromia Co-operative Bank S.C	4	4	
10	Oromia Bank S.C.	1	1	
11	Wogagen Bank S.C.	6	6	
12	Zemen Bank S.C.	7	7	
13	NBE	0	0	
	Total	60	60	

Source ;-Annual report of National Bank of Ethiopia.

All employees who are working in export loan section included in the survey . I was distributed 50 questionnaire paper for export loan customers through banks because banks accepted only this quantity but 38 questionnaire papers are answered and returned.

3.5 Source of data

The researchers obtained data from primary and secondary data sources in order to obtain a reliable data and achieve the stated objectives of this study. In the study, both primary and secondary data sources were used.

I .Primary Sources of Data

This primary source of data collection was employed through the use of questionnaires. The researcher used both quantitative and qualitative methods of data collection to gather the data. With the help of the loan officers of the department, the exporters and employees of export loan department filled questionnaires.

II . Secondary Sources of Data

Secondary data was obtained from documentary sources such as books, journals, newspapers, publication, reports, articles and other research related to this study. These sources were very useful in the literature review about export finance and export performance, challenges and opportunity. The literatures reviewed were served for both theoretical and empirical base for the analysis of the data collected.

3.6 Method of data collection

The researcher used Questionnaires types of data collection to get the following advantages: **r**esponses can be analyzed with quantitative methods by assigning numerical value. Results are generally easier to analyze and Pre-test/Post-test can be compared and analyzed .The researcher used one set of structured questionnaire for the survey which was answered by employees of export loan department. Most of the questions were close ended. In addition there was some open ended questions.

3.7 Method of Data Analysis

For the qualitative researches using questionnaire date collection methods the researcher analyzed the data to involved in identifying common patterns within the responses and critically analyzing them in order to achieve research aims and objectives.

The researcher used the following statically calculations to look insight into the responses:

S.No.	Objective	Calculation
1	To identify how many individuals check the answer	Frequency
2	To proportion people answer in certain way	Percentage

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 SECONDARY DATA ANALYSIS

Under this chapter the study discussed about total export loan given for exporters in the past five years from 2013/14 to 2017/18 and foreign currency inflow for the last five years .As stated earlier in the research design part, the research follows a descriptive method to analyze the data collected from primary as well as the secondary sources.

To gather data to get a solution for the problems stated in the statement of problem section, the student researcher distributed questionnaire to employees of 18banks(included NBE) but only 12 banks employees them answered and returned that means 67 percent(12/18) and for 50 export loan users of exporters distributed but only 38 questionnaire papers answered and returned that means 76 percent(38/50).

In the below listed tables the researchers presented total export loan and foreign currency inflow.

4.1.1Export loan Performance

Export loan is one of the most important source of working capital of exporters .Exporters received export loan from banks ,may not be incurred for their benefit alone .In Ethiopia ,government get various types of foreign currency. From the table below the researcher concluded that on average exporters took export loan 5.765billion birr in the past five years from 2013/14 to 2015/16 and Ethiopian government on average got 2.929 billion dollar the last five years.

Table 2 Total Export Loan in last five years (in million)

Sr	Name of Banks	2013/14	2014/15	2015/16	2016/17	2017/18	Total
1	Abay Bank S.C.	31.52	86.20	143.84	61.27	173.38	496.21
2	Addis Bank S.C.	57.88	98.10	111.20	79.80	149.50	496.48
3	Anbesa Bank S.C.	76.90	177.42	236.64	166.90	438.70	1,096.56
4	Awash Bank S.C.	58.37	258.62	273.41	156.27	169.32	916.00
5	Bank of Abyinia	166.17	72.10	416.02	546.17	974.00	2,174.46
6	Berhan Bank S.C.	27.23	18.75	211.12	207.21	330.16	794.47
7	Buna Bank S.C.	23.11	94.54	96.96	82.13	237.71	534.44
8	CBE	267.64	499.13	408.76	667.59	826.58	2,669.70
9	CBO	66.42	159.16	174.18	323.02	1053.26	1,776.04
10	Dashen Bank	222.65	254.68	143.72	491.59	658.92	1,771.55
11	DGB	10.43	53.27	237.48	177.06	651.78	1,130.02
12	Enat Bank S.C.	114.79	106.99	94.26	87.02	152.94	556.01
13	Nib Bank S.C	1223.81	1229.09	1091.71	1707.45	1325.44	6,577.50
14	OromiaBank S.C.	69.05	159.17	69.62	246.13	1323.79	1,867.76
15	United Bank S.C.	206.71	195.45	324.86	477.70	647.59	1,852.31
16	WogagenBank S.C.	318.32	254.75	212.28	280.58	2271.38	3,337.31
17	Zemen Bank S.C.	32.33	63.01	158.82	304.29	218.76	777.21
	Total	2,973.32	3,780.43	4,404.89	6,062.17	11,603.21	28,824.04

Source: National Bank of Ethiopia

Chart 1 Amount of export loan in birr(in million)

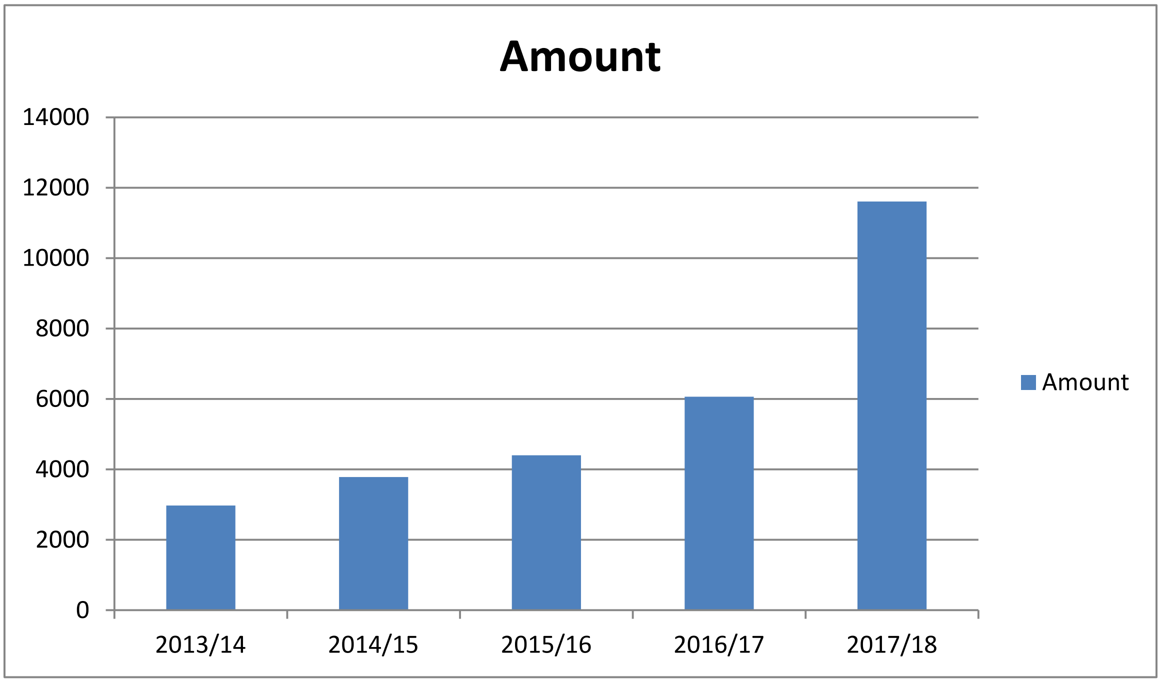
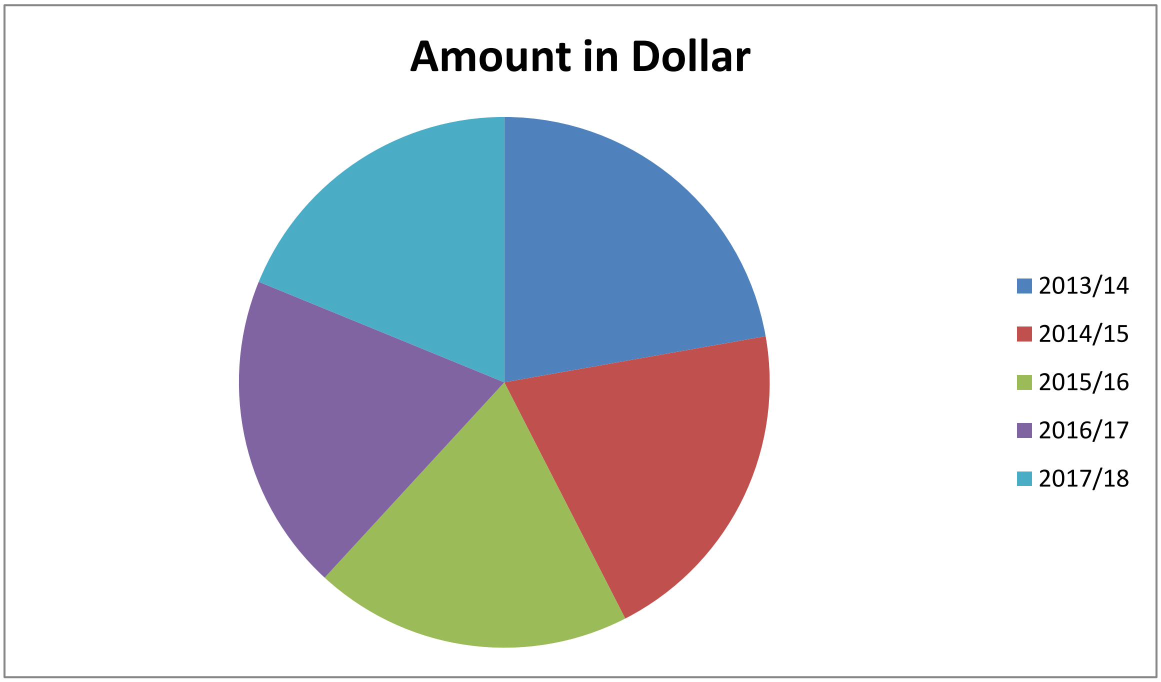


Table 3 Total Foreign Currency inflow for the Last Five Years

Year	Amount US dollars(000,000)
2013/14	3,254.80
2014/15	2,965.20
2015/16	2,836.30
2016/17	2,834.10
2017/18	2,755.60
Total	14,646.00

Source: National Bank of Ethiopia

Chart 2: Amount of foreign Currency inflow in USD(in million)



As we look at Table 4.1 in the above from the year 2013/14 to 2017/18, a dramatic increment of export loan given to exporters. Within five years export loan amount reached 28.8 billion birrs but the foreign currency inflow is the opposite.

As shown in Table 4.2 from the year 2013/14 to 2017/18 decrease foreign currency inflows from export trade. From the above table 4.2 it can be seen that the amount of hard currency earned from an export business which is decreases and It was reached 3.255 billion us dollar during the year 2013/14. Later on, it starts to decrease and reached 2.755 billion USD by the year 2017/18. During that time even if the amount of export loan provided to exporters increased, the hard currency generated was not much better from the previous year. There are different reasons stated by the banks in relation to utilizing export loan. Among others, the exporters did not use the money properly for pre-intended objectives. They divert the money for other purposes. Because the interest rate of the export loan is low. This shows that the exporters might not use the loan only for the intended purpose. This entirely agrees with the responses of the banks. If they used it for the intended purpose only, the amount of hard currency they generated should move according to the loan approval.

There are also different reasons stated by exporters. Among other Financing banks did not realize the loan immediately. Delay in approval of the export loan costs the exporter a lot. Even the loan approved, there are many conditions set by the bank which makes the exporter inconvenient and out of which disbursement in different phases mentioned as a challenge. Every commodity has its own season to harvest and take out in the local market. The exporter needs to buy the commodity from the local market when the harvest season started. During this time the exporters buy the commodity at a reasonable price and compete internationally, otherwise, he/she suffer from price fluctuation and may lose. This can be taken as a major reason for the decline of foreign currency inflow from year to year.

According to (Salomon, 2010) Export competitiveness is at the center of all policy discussions in all countries. The concept can be analyzed and assessed at the firm, sector and nation levels. One of the major reasons for the establishment of the Export loan enables the exporters to have access to finance and enhance their competitiveness internationally. In this case, our exporter competes with that of exporters which found globally. Unless the exporters get enough amount of loan to finance their export transaction on time, they can't compete with that of the foreign competitors and hence the country export declines.

Hunke (2014) suggest that in order to assure the viability of the loan, it is better to relax some of the rules which ties the performance of exporters. This can be taken as a major problem and needs to be resolved due to the fact that the decline of export trade contradicts with that of establishment objectives of the export loan.

4.2 Related directives to an export loan issued by NBE

To encourage exporters National Bank of Ethiopia issued directives No.SBB/041/07.According to NBE directive .there are two types of export loan.

1. The Pre-shipment export loan is provided by financing banks a maximum of 365 to exporters.
2. The Post-shipment export loan provided by the financing banks a maximum of 180 days to exporters.

   In addition to the above export term loan –gives to build a factory which will produce products for export give by the development bank of Ethiopia.

4.2.1 Eligibility Criteria (Requirements to get an Export loan)

Based on NBE directives exporters shall satisfy all of the following in order to be considered eligible for an export loan.

- The export project to be financed under the export loan shall be bankable.
- Exporters shall not carry 'loss' category loans as defined in the bank directives on provisioning owed to any bank in Ethiopia.
- Exporters shall produce evidence of a valid investment certificate and trade license.
- New exporters shall:- produce property or other collateral equivalent to at least 40 % for producer exporters and 50% for other exporters of the amount of the loan requested.
- Existing exporters shall produce from local banks documentary evidence about the receipt of export proceeds in the 12 months preceding the date of application for an export loan under the export credit guarantee scheme.
- Exporters shall submit all documents required by financing banks to conduct their normal credit risk analysis.
- All exporters to get an export loan from financing banks must fulfill the requirements set by the National bank of Ethiopia and in addition to it, they have to present the following necessary documents.
- **Necessary documents/attachments**
- The following are the necessary Documents/attachments to be fulfilled for export loan borrow.
    - Copy of exporter's (borrower's) application letter for export loan filed with the financing bank.
    - Copy of business license
    - Membership certificate from Ethiopian commodity exchange.
    - Copies of export proceeds tickets evidencing export receipts over the recent 12 months prior to the application date

  Copies of recent audited financial statements of the borrowing company

    - Exporter's letter of a declaration stating that all information provided and documents submitted to the financing bank is correct and true to the best knowledge of the borrower.

- Business plan
- Written documents that show the applicants credit discipline
- Clearances letter from Ethiopia revenue office

4.2.2 Obligation of Banks

Financing banks shall:--Critically evaluate the creditworthiness of the exporter who applies for a loan and shall ensure that the export project to be financed is bankable. Finance only bankable export projects Some of the obligations are:-

- Collect credit information from all banks in Ethiopia to ensure that an exporter applying for the export loan does not carry 'loss' category loans owed to any bank.
- Exercise all reasonable and usual care regarding operations of export financing and act with utmost good faith.
- Channel to the exporter's loan account, in the settlement of the loan, all export proceeds collected from an exporter after the disbursement of the loan covered by the export loan.
- Relevant credit risk analysis report and all other documents necessary to ensure the export project to be financed is bankable.
- Monthly export loan performance report such as report shall be filed within twenty days after the end of the reporting month.

4.2.3Obligation of Exporter

The exporter shall:-

1. Provide accurate information accompanied by all supporting documents, to financing banks on their business, export activities and bank loan repayment status.
2. Exercise due care so as to ensure that the advances are used for the purposes they are remarked for
3. Repay the entire amount of the outstanding loan and interest thereof to the financing bank on or before due to the date of the loan.

4. In case of difficulties experienced in the manufacture or shipment of goods or realization of export proceeds from foreign buyers, they should discuss the problem and the proposed course of action with their financing banks.

4.2.4 Rate of Interest

1. Financing banks shall charge their respective prevailing lowest lending interest rate on pre or post-shipment loans covered by the export loan. Currently, the interest rate is from 7 % to 8.5 %.
2. Non-compliance with the stipulation of the export loan might result in charging the penal rate used by the financing bank. In the case of proven misuse of money, the financing bank may demand immediate repayment of the loan.

4.3 ANALYSIS OF PRIMARY DATA

In the following sections data collected as a primary source of data to answer research questions related with challenges of export loan from two groups of the respondents' which is bank employees at central processing units and users of export loan.

From 60 number of questionnaires distributed to export loan department employees 60filled questionnaires are acceptable for further analysis and from 50 questionnaires distributed to export loan users 38 with care filled questionnaires are acceptable for analysis.The tools used for an analysis was mainly descriptive statistics to identify the frequency of the responses for each types of variables.

Finally the result was presented in tabular form showing the frequency and percentage and explained in words and conclusion was drawn by referring the percentage value.

4.3.1 Background of the Respondents of Bank Employees

To get an insight knowledge into the respondents back ground we asked the questions about their education back ground, age, and their respective work experiences for an employee and customers of central processing office are presented separately under respective types of questions.

Table 4: Background of Employees

S.No.	Variable	Obser.	Response	Percentage
1	Age	60	18 - 25	2
			26 – 40	88
			41-55	10
			Above 55	0
2	Education qualification	60	Diploma	0
			Degree	60
			Masters	40
			PHD	0
3	Work Experience	60	1 – 3	55
			4 – 7	25
			8 – 10	15
			Above 10	5
4	Training of banks Employees		Agree	57
			Disagree	43

Source:- questionnaire March/April 2019

From the above table we can distinguish that 88 % of the bank employee respondents' age was from 26 to 40 years, 10 % of the bank employee respondents' age was from 41 to 55, 2% of the bank employee respondents' age was from 18 to 25years .

From these result we can conclude that large number of bank employee's respondents' age was from 26 to 40 years ,so an employee respondents are young. Even thought there was no direct relation between age and export loan as man getting older the ability to evaluate things will increase so customers' response may be more valuable if their export loan awareness is good.

From the above table we can differentiate that bank employee respondents' educationalqualification60 % of the employees have degree and 40 % of employees have master degree.

From these result the majority of the employees are holder of degree in different educational fields these will have positive impact on the responses from two groups of respondents since they can understand easily the questionnaires and fill carefully which improve the research findings.

The work experience of the respondent employees 55% have 1 to 3 years of work experience, 25 % of the respondents have 4 to 7 years work experience, 15 % of the respondents have 8 to 10 years of work experience and the rest 5 % have more than 10 years of work experience and 57 % of respondents have taken training and the rest 43 % did not take training. This analysis explained to us the respondent employees are matured, qualified, well experienced and trained. Therefore, the researcher student concluded they have given more reliable information.

Table 5: Export Loan process and Follow ups

Variable	Obser	Agree	Disagree	Do not know
Did your banks advertise export loan service it gives for exporters?	60	95%	5%	
Do you prove the originality of exporters supply documents?	60	97%	3%	
Have you ever reject export loan request?	60	85%	15%	
Do you follow up customers by attained in their business area physically?	60	85%	15%	
Do you check customers use the loan for export purpose only?	60	30%	30%	40%
Did customers generate expected foreign currency ?	60	38%	48%	14%
Have you ever accept to complain about the export loan?	60	80%	20%	

Source:- questionnaire March /April 2019

95 % of the respondent employees agree that their banks advertised export loan service to exporters and the rest 5 % of the respondent did not agree their banks advertise. This can inform us most exporters have information about banks give export loan services.

when the researcher look the result showing the originality of document which is one of part of control mechanism it reveals that from the total 60 respondents in the sample 97 % of them responds agree that it is easy to determine the originality of the documents and the rest few 3 % respondents disagree . They said it is difficult to determine the originality. In this case, the student researcher guesses that there is a strong control mechanism and it is easy to determine the originality and quality of the documents.

Questions presented to evaluate whether there are many rejections of customer's request of export loan or not and at it shows 85 % of the total employee respondents agree that experienced in rejection of export loan requests and the rest 15 % disagree the reject requests. From the above analysis, the student researcher understands that even though it is easy to determine the originality of documents the employees are serious in checking documents and reject many requests. From this analysis, the student researcher guesses that the bank failed to make awareness of standards and policies for exporters. Therefore exporters can fill the necessary documents to avoid rejections that lead to costly services and rejections.

Question Shows that follow up employees done through physically, Almost 85 % of the employees agreed that they conduct regular follow up on the utilization of the export loan but 15 % of employees disagree . They said there is no conduct regular follow up. From this analysis made to check on the follow up of employees to the customer business through physical appearance. It states that control and follow-ups are very high and strong to help export loan customers to be effective in their trade and pay their debts to the bank efficiently.

A question designed to investigate whether the customers are using the loan for the intended purpose or not Hence at it shows 30 % of the total employee respondents agreed that or believe that exporters use the loan for intended purpose only, 30 % of total employees respondent said that they disagree use for the pre-intended purpose only and the rest 40 % of them are neutral.

38 % of the total employee respondents agree that exporters generate hard currency as per their intended plan. But 48 % of out of the total respondents are not agree. They said did not get the intended foreign currency and the rest 14 % are neutral to the statement. From this analysis, we

can understand that even though customers generate some hard currency most of them did not generate the intended hard currency amount they planned. Based on this analysis one can conclude export loan customers did not generate the intended hard currency.

The major challenges mentioned by banks include: the exporters receive export loan use it for an unintended purpose, lack of knowledge about international market/export business by exporters, government policy, global market condition, fluctuation of commodity price and poor quality of commodity in local market, and exporters do not get enough time to search market.

Almost 80 % of the bank employee respondents said that the customer presented their complaints and the rest 20 % did not present complains. This analysis shows that most of the service takers complained in the service of export loan and none of them get any effective solution to the problems they faced, which can create a poor relationship between the bank and customers

Table 6:Export loan Taking Time

Variable	Obser	Response	Percentage
How do you rate the process involved to give export loan?	60	Immediate	67
		1-3 month	32
		4-6 month	1
		Above 6 month	0
How long has your bank given export loan to exporters?	60	0-1 years	0
		2-3 years	0
		4-5 years	10
		More than 5 years	90
On which part are complain presented from the following	60	Document requirements	75
		Interest rate	0
		Service Payment	0
		Time taking process	25

The question presented to know the time takes to the available export loan after completed necessary documents and formality by exporters is analyzed. Therefore from the employee respondents 67 % them said that the time taking is immediate, 32 % of them said that the time taking is from one month to three months and the rest 1 % They said that it takes from 4 months to six months. From this analysis the student researcher study proves the customer get immediately the requested export loan after completed the necessary documents and procedures.

The question raised to know how many years the banks give export loan answered as follows Based on the table shows that 90 % of the bank's employee respondents their banks give export loan more than 5 years and the rest 10 % said that it gives from 3 to 5 years. From this analysis, the study indicates that almost 90 % of the banks have enough experience to manage export loan customers.

The question that customer on which parts have complain . Accordingly, as it stated in the table majority 75 % of customers of export loan have complained about document requirements and the rest of 25 % have complained on time taking process. From this analysis, the study implies that most of the exporter does not get an export loan by the case of document requirements and time taking process. This could lead to the demoralization of exporters and corruptions.

Table 7 **:**Background of export loan Customers

Variable	Obser	Response	Percentage
Age	38	18-25	0
		26-40	18
		41-55	68
		Above 55	14
Educational qualification	38	1st cycle	0
		2nd cycle	0
		Diploma	24
		Degree	63
		Master	13
		PhD	0
Work experience with export trade	38	0-5 years	24
		6-10 years	0
		Above 10 years	76

Source:- Questionnaire March/April 2019

The age of the customers (exporters) of export loan user is in the range of 40-55(68%) ,18 % of the respondents of customers in the range of 25-40 years and the rest 14 % are above 55 years and the educational qualification of the respondent customers which shows 63 % (24) are degree holders,24 % (9) are diploma holder ,and the rest 13% (5) of them have masters degree . The work experience of customers with foreign trade respondents more than 76 % of the respondents have above 10 years of work experience and the rest 27 % have 5 to 10 years of work experience. This analysis can lead the student researcher believes the customers who filled the questionnaire are well matured, educated and experienced. They can understand easily the questionnaires and fill carefully which improve the research findings. Therefore they gave more relevant information.

Table 8 :Information ,Duration and Performances

Variable	Obser.	Response	Percentage
From where you get information about the export loan?	38	Bank	84
		Trade Office	0
		Individual	16
		Mass media	0
How do you long to get the export loan after complete the necessary formality?	38	Immediate	29
		1-3 month	63
		4-6 month	8
		Above 6 month	0
The bank gives the training to export loan customers about the service of an exportloan.	38	Agree	34
		Disagree	66
How much your working capital shortage solved after got export loan?	38	0-25%	3
		26-50%	50
		51-75%	47
		76-100%	0

Do you think customers treated equally in the host of export loan?	38	Agree	8
		Disagree	68
		Do not know	24
Do bank employees support you by coming to your business area?	38	Agree	87
		Disagree	13
Do you get the requested amount of export loan?	38	Agree	34
		Disagree	66
Do you have to complain about the export loan?	38	Agree	92
		Disagree	8
On which parts are your complain from the following	38	Requirements to get the export loan	89
		Time taking process	11
		Interest rate	0
		Service charge	0
		Employees week capacity	0
Does it have increment your foreign currency inflow after taking the export loan	38	Agree	37
		Disagree	0
		Some amount	63
How many years use your company export loan?	38	0-1 year	0
		1-3 year	0
		3-5 year	24
		Above 5 year	76
Do you have the interest to stay in export trade?	38	Agree	100
		Disagree	0

Source:-Questionnaire March/April 2019

Based on the study almost 84 % of the customers got information about an export loan from the bank and the rest 16 % said that from the individual. As the same the previous page 95 % of bank employees respondent said that the bank advertised an export loan service. From this study, one can conclude that the bank advertises its export loan service properly.

The question raised to know how long the time the availability of export loan after complete the necessary documents and formality by customers. According to explain in the table, 63 % of the customers said that the time taking from 1 to 3 month 29 % of customers said the time taken is immediate and the rest 8 % is it takes 4-6 month. But from bank employee respondent 67 % immediate and 32 % from one month to 3 months. It seems to contradict but not. The word immediate was created perception difference and solved it. The study indicates that, If exporters completed necessary required documents and formalities to get the export loan they request do not take a long time.

The question raised for investigating whether banks give the training to export loan customers or not answered as follows:-The study indicates that from the total respondents of customers 66 % of them disagree .They did not get training and 34 % of customers are agree .They replied that the banks give training. This informs us of the top management of majority banks does not give proper attention to increasing awareness to customers.

Almost 50 % of the customer’s respondents agree that their working capital shortage solved from 25-50 %, 47 % of them said that from 50-75 % solved and the rest 3 % are solved 0-25 %. The study indicates that working capital shortage of majority customers did not solve completely.

Banks do not treat equal customers. Because the study indicates that 68 % of the total customer’s respondents disagree .They answered, Banks do not implement policies and procedures at all customers and 8 % of the respondent customers agree, which says customers are treated equally and the rest 24 % are neutral with equal treatment. It is biased and the ethics of business not to discriminate is a very week and in violated. All banks must follow the same requirements, policy, and procedure.

A question designed to evaluate bank employees whether to give support to customers or not. Based on the study indicates 87% of out of the total customer's respondents agree that bank employees give support to customers and the rest 13 % of them disagree .They said that no support given by the bank. It addressed that the control and support are too high and strong to support customers to be effective in their trade and pay the taken loan to the banks efficiently.

The question raised to show whether the bank gives the full amount of the requested export loan for their trade or not. According to the study, 66 % of the total respondents of customers disagree .They said that they did not get the full amount of the requested loan and the rest 34 % of them are agree that they got the full amount of requested loan.

From the study, we can understand that even if the banks give the full amount of the requested export loan to some customers, majority of the customers did not get the full amount of they requested an export loan. It implies that the majority of customers cannot fulfill the whole requirement. It will affect the customer business and the country's foreign currency inflow.

A question designed to know how many of the customers of export loan have complained. As indicated the study from the total respondents of customers 92 % of them have complained and the rest 3 % did not have to complain about export loan service. From this analysis understand that majority of export loan customers have complained and it is not good at all.

Question is raise to identify which area customers have complained. As it is stated in table 16, 89 % of the total customer respondents said that they have complained about the requirement to get an export loan and the rest 11 % of them said that they have complained on time taking a process or not to permit immediately.

The study indicates that the requirements to get an export loan are the major obstacle to existed exporters and barriers to new exporters to enter export trade many businessmen.

When the researcher looks the outcome of the study 63 % of the total customer respondents said that some amount has increment their hard currency inflow after taking an export loan and the rest 37 % total customer respondents said that it has increment. From this analysis, the student researcher understands that even if there is an increment but not enough.

A question designed to know how many years customers use export loan. Among the total customer respondent, 76 % of them said that they use the export loan for more than 5 years and the rest 24% they said that they use from 3 to 5 years. From this study, one can understand that customers have enough experience with export loan processes and using the system.

A question designed to know whether the export trader continues to stay in export trade or not. 100 % of customer respondents agree that they want to stay in export trade. This has great value to the government and the banks.

From this analysis, one can look that even if there is a great obstacle to getting an export loan, exporters have a great interest in doing export trade.

Chapter :- Five

Summary, Conclusion, and Recommendations

As explained in the first chapter the key objective of the research was to investigate, analysis and give recommendations for challenges of the export loan in Ethiopia. To achieve this objective related literature were reviewed and questionnaires were distributed to direct concerned bank employee and selected sample exporters.

Descriptive type of research is done to assess the challenges of the export loan in Ethiopia provided for private exporters by commercial banks .Assuming that the challenges could be emanating from the stakeholders who involved in the process of export loan provision and utilization. The stakeholders in this research process are banks and exporters. The study conducted by using a primary and secondary data source. Primary data collected from two stakeholders of the process through questionnaire and secondary data collected from the National Bank of Ethiopia.The questionnaire filled by the two stakeholders is the main for the identification of major challenges for the ineffectiveness of export loan in Ethiopia and least generation of hard currency by exporters. Based on data collection and analyzed, this chapter includes a summary, conclusion, and recommendations.

5.1 Summary of Major Findings

Based on the data presentation and analysis the study picks the following major findings:-

1. From the total respondents of employees, 85 % of them answered that there is a rejection of requested export loan and from total exporter respondents 34 % of them says they got the requested amount.
2. From the total respondents of employees, 40% of them answered that they did not know whether customers use the loan for the intended purpose or not and 30 % of the total employees respondent say they use for the intended purpose and the rest 30 % customers did not use for the intended purpose.
3. 48 % of from the total employee's respondents says, Customers did not generate the intended hard currency, 38 % of them say they generate the intended foreign currency and the rest 14 % are neutral and from the total customer respondents 63 % of them they generated some amount of hard currency.

4. From the total employee respondents, 80 % of them said that customers have complained and 92 % of the total customer respondents have complained.
5. 75 % of the total respondents of employees and 89 % from total customer respondents they said that the requirements to get an export loan are a great obstacle and challenge.
6. From the total customer respondents, 66 % of them answered that there is no training given by the banks.
7. From customer total respondents only 47 % of them answered their working capital shortage solved from 50-75 % these means 53 % of customer working capital shortage is not solved.
8. From the total customer respondents 68 %, they replied that the bank does not treat all customers equal.

5.2 Conclusions

This descriptive type of research is done to assess the challenges of export loan provided for exporters by the banks assuming that the challenges could be emanates from the stakeholders who involved in the process of export loan provision and utilization. The stakeholders in this process are: exporters and banks. The study conducted by using both primary and secondary data source. Primary data collected from the two stakeholders of the process through questionnaire and the secondary data collected from National Bank of Ethiopia.

The questionnaires filled by the two stakeholders are vital for the identification of major challenges/problems for the utilization of the export loan which hinders the export loan performance and the generation of hard currency by exporters through their respective banks. The secondary data source basically shows the performance export loan utilization, and foreign currency inflow with current operational status.

The major challenge stated for the utilization of the export loan is that even though the Government has interest to provide support for exporters are the requirement to get theservice. By cause of this challenge 85% of requested export loan rejected.

The other challenge was even though the banks mentioned that they conduct follow up for the proper utilization of the export loan, The result does not agree with this. Rather they suggest that the banks should conduct a proper and regular follow upon the proper utilization of the export loan. Due to this customers did not use the loan for the intended purpose.

Banks did not treat all customers equal. This is other challenge which contributes a lot for the utilization of the export loan.

The amount of export loan provided for exporters increased from year to year. But the amount of foreign currency inflow decreased from year to year. Currently all banks in Ethiopia give export loan for exporters.

5.3 Recommendations

In line with the above conclusion, the researcher propose the following recommendation to be taken by the concerned stakeholders for the proper utilization of the export loan and hence produce the desire outcome of the export loan establishment.

A. Export loan Requirements

The survival and growth of every business depends upon the continuous availability of the required amount of funds. This is also in the case of exports and domestic business, in regard to exports business, funds are required at the time of establishment of the business (long term funds) and for operating the business (short-term funds). The exporters in Ethiopia have the facility to obtain both the long-term funds and the short-term funds. Once the exporter has planned for the procurement of the materials required for the implementation of an export order, he has to arrange for the funds to finance the procurement of the materials and packaging of goods for shipment. The exporter would need funds to meet the requirements during the intervening period as well. The commercial banks provide funds to the exporter.

Export promotion is an integral part of the strategy of economic development of Ethiopia. To attain the objective of export promotion, the National Bank of Ethiopia has taken steps to ensure free flow of financial assistance to the exporters at low level interest rates .All commercial banks generally will adopt a flexible approach for lending to exporters.

All commercial banks are require to apply the following points while granting the loans against exports to the exporters.

1. The applications for export loan are to be disposed off immediately so that the exporters can get adequate amount of loan in time.

2. The banks should consider the export activity in totality and grant adequate amount of loan to the exporters both long term and short term.

3.While assessing the loan proposals from exporters, the banks should keep in mind their past performance and the future potential of their business activity. In the case of new exporters, their experience of conducting domestic business and other background factors must be taken into the consideration to assess the integrity of the exporter -borrower.

4. The banks should ensure that the funds lent by them are used for the implementation of the export work in time. Therefore, they should keep a close watch on the end use of the funds lent by them.

5.Making discussions between government, banks and exporters are important . Because the current export loan requirements need improvement.

B. Regarding follow up, the banks shall take this loan just like other loans they provide to their customers and conduct regular follow up for the proper utilization of the export loan and of course the timely repayment. Besides, the banks and the government shall conduct regular follow up jointly for the proper utilization of the export loan. Both banks and government jointly have responsibility to follow/assist the exporters to utilize the export loan only for the intended purpose .Utilizing the loan for another purpose cannot help to meet its establishment objective.

C. It is better to give proper training by the banks for exporters how to use export loan and its purpose .

D. For equally treatment banks must establish clear policies and procedures which are hosts all customers equally and distribute these policies and procedure for all customers.

E. It is better for the government to assist the exporters market search through Ethiopian embassies and prepare an experience share program with foreign exporters.

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Appendix –I

ADDIS ABABA UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

GRADUATE STUDIES PROGRAM

Questionnaire for Banks Employees

PURPOSE OF THE QUESTIONNAIRE

First of all, thanks for your co-operation to participate in this educational study.

This questionnaire prepared as a data gathering tool for the study as partial fulfillment of post

Graduate degree in Accounting and Finance Department at Addis Ababa University. The objective of the study is to assess the challenges of the Export loan in Ethiopia. Therefore I cordially request your genuine and unlimited co-operation in answering the required data since the result of the research will help all of us to prescribe a policy option, if necessary, in relation to the Export loan.

Questionnaire to be filled by Employees of the Banks

Thank you in advance for your best co-operation.

Note

1. No need to write your Name and Address
2. For closed-ended questions answer by a circle or underline the choose and for open-ended give Short answers in the space provided

Part- I General Information

1/Age A/18-25 B/26-40 C/41-55 D/ Above 55 years

2/Educational qualification A/Diploma B/ Degree C/Masters D/PhD

3/How many years do you work with an export loan? A/1-3 B/4-7 C/8-10 D/ Above 10 years

4/Did you get training about the export loan? A/Agree B/Disagree

5/Did your banks advertise export loan service it gives for exporters? A/Agree B/ Disagree

6/Do you prove the originality of exporters supply documents? A/Agree B/Disagree

7/Have you ever reject export loan request? A/ Agree B/ Disagree

8/How do you rate the process involve to give export loan after completed the necessary requirements by users? A/Immediate B/ 1-3 months C/ 4-6 months D/After 6 months

9/ Do your bank make follow up customers physically by attained in their business area?

A/ Yes B/No

10/ Do you check customers use the loan for export purpose only? A/Agree B/Disagree

11/Did customers generate expected foreign currency? A/Agree B/Disagree C/Some amount

12/How long have your bank give export loan to exporters? A/0-1 year B/1-3 years

C/4-5 years D/Above 5 years

13/Have you ever accept to complain about the export loan? A/Agree B/Disagree

14/On which part is complain presented from the following A/Requirements to get the loan B/Interest rate C/Service charge D/Time taking the process

15/What do suggest for exporters and government? ---

Thank you March/April 2019

Appendix –II

ADDIS ABABA UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

GRADUATE STUDIES PROGRAM

Questionnaire for Exporters

PURPOSE OF THE QUESTIONNAIRE

First of all, thanks for your co-operation to participate in this educational study.

This questionnaire prepared as a data gathering tool for the study as partial fulfillment of post

Graduate degree in Accounting and Finance Department at Addis Ababa University. The objective of the study is to assess the challenges of the Export loan in Ethiopia. Therefore I cordially request your genuine and unlimited co-operation in answering the required data since the result of the research will help all of us to prescribe a policy option, if necessary, in relation to the Export loan.

Questionnaire to be filled by Exporters

Thank you in advance for your best co-operation.

Note

1. No need to write your Name and Address
2. For closed-ended questions answer by a circle or underline the choose and for open-ended give Short answers in the space provided

Part- I General Information

1/Age A/18-25 B/26-40 C/41-55 D/ Above 55 years

2/Educational qualification A/1st Cycle B/2nd cycle C/Diploma D/ Degree E/Masters F/PhD

3/How many years do you work with export trade? A/0-5 B/6-10 C/ Above 10 years

4/From where get the information about the export loan? A/Banks B/Ministry of trade C/Individuals D/Media

5/How do you rate the process involved to get an export loan after completed the necessary requirements by users? A/Immediate B/ 1-3 months C/ 4-6 months D/After 6 months

6/Did you get training about the export loan by the bank? A/Agree B/Disagree

7/ How much your working capital shortage solved after got export loan?

A/0-25% B/26-50% C/50-75% D/76-100%

8/ Do you think customers treated equally in the host of export loan? A/Agree B/ Disagree C/ Do not know

9/Do bank employees support you by coming to your business area? A/Agree B/Disagree

10/Did you get the requested amount of export loan? A/Agree B/ Disagree

11/Do you have to complain about the export loan? A/Agree B/Disagree

12/On which part is your complaint from the following A/Requirements to get the loan B/Interest rate C/Service charge D/Time taking the process

13/Does it has increment your foreign currency inflow after taking the export loan?

A/Agree B/ Disagree C/Some amount

14/How many years use your company export loan? A/0-1 year

B/1-3 years C/4-5 years D/Above 5 years

15/Do you have the interest to stay in export trade? A/ Agree B/Disagree

16/What do suggest for banks and government? -- --

Thank you March/April 2019