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# FINANCE EXPORT GUIDE

**UNDERSTANDING THE REQUIREMENTS FOR  
FINANCING EXPORTS**



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## UNDERSTANDING THE REQUIREMENTS FOR FINANCING EXPORTS

**DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# Finance Export Guide

The **West Africa Trade Hub** (WATH) prepared this Export Guide of best practices for West African businesses that intend to export products to the United States, Europe and other western markets. Its purpose is to provide a basic orientation and suggestions for financing exports.

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*Note: If you have any feedback or suggestions to improve the Export Guide, we would like to hear from you. We expect to update it regularly.*



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# 1. Introduction

This manual is designed to be a support tool – use it and keep it handy as a reference. The details may seem onerous, but losing your entire business and becoming bankrupt because certain basic rules were not followed is a disaster!

The day you decide to begin exporting your product because “it looks like a good opportunity” is the time to learn some essential lessons about business and financing.

You must have a plan. Prior to jumping into the business you must be absolutely certain of your ability to **meet standards set by the client** and **deliver your product on time**.

See Annex I for a checklist of categories and criteria to help you evaluate the “export readiness” of your business. For example, can you or a trusted colleague speak, read, and write in the language of your client? English is the language of commerce in the U.S.

Do you have the means to communicate quickly, efficiently and consistently with reliable telephone and email service? Western buyers expect you to respond to their sense of “time urgency.”

Be sure you understand all of the potential risks:

- You must know how to manage production for large quantities.
- Your product must be consistent and meet certain specifications set by your client.
- You must understand trends in the market, sources of raw materials, production management as well as any labeling, packing and shipping requirements and risks.
- You must know your export rules and the importer’s rules as imposed by tax authorities and customs officials.

Know the difference between investment and working capital.

**INVESTMENT** is for:

- Product design and product shows
- Capital improvements: buildings and equipment

The money for these investments must in all likelihood come from you. It is called **capital** or **equity**. Investments may also be supported by **long-term debt**.

**WORKING CAPITAL** (pre-export financing) is for:

- Supplies
- Raw materials
- Salaries
- Overhead

You may have to borrow money to meet production needs. Working capital is generally supported by **overdraft facilities** and **short-term loans**.

- Be sure you understand the banking system and mechanisms for payment.
- You must have financial statements.
- Inform your banker of your intentions at the outset.
- Be transparent. Show your client, potential financiers and bank officials the true financial situation of your business.

## 2. Initial Considerations

Recognize the risks before entering the business.

**Different perceptions of West Africa and the U.S.** Perceptions play heavily, and may be negative or positive! Only **quality** and **precision** can change perceptions and improve market share.

In order to **minimize** the impact of negative or wrong perceptions:

- ❑ Learn the history and language of the country of your buyer of finished goods.
- ❑ Learn the history and language of the country of your supplier of raw materials.
- ❑ Be ready to inform your buyer and your supplier about your country and your region.
- ❑ Ask your buyer or supplier if they have any constraints.
- ❑ Do not hesitate to explain your constraints as they influence:
  - Negotiations
  - Contracts
  - Purchase of raw materials
  - Production costing
  - Delivery of finished goods



### **Checklist of Risks:**

#### **Supplier**

- ❑ Supplier capacity
- ❑ Performance
- ❑ Regulations

#### **Client**

- ❑ Ability to pay
- ❑ Payment delays
- ❑ Regulations

#### **Commercial**

- ❑ Performance and payment
- ❑ Quality and quantity
- ❑ Monetary
- ❑ Communications
- ❑ Transport and shipping

**Do not enter into a transaction that you cannot fulfill or that contains risks that are not acceptable to you as an exporter.**

### 3. Preparations

What to do PRIOR to putting a product on the market:

#### Step 1. Analyze Trends

- ❑ Familiarize yourself with current trends in the target market.
- ❑ Keep production in mind when designing your product (for example, design and develop products you can *efficiently* produce).

#### Step 2. Develop Production Systems

- ❑ Determine the different stages of production required to create the product.
- ❑ Do a trial run of production.
- ❑ Develop production aids, e.g., templates and checklists, to ensure efficiency and consistency of production.



#### Step 3. Define Production Capacities

Try to accurately estimate production capacities. NOTE: This is crucial for negotiating order quantities and lead-times.

#### Step 4. Cost the Packing and Packaging

- ❑ Develop appropriate packaging for the products.
- ❑ Remember that packaging is meant to **protect** your products during shipment!
- ❑ Provide extra protection for delicate products or fragile parts.
- ❑ Do drop testing.
- ❑ Develop **packing units** (i.e., number of items per box).
- ❑ Keep shipping container dimensions in mind when determining box sizes.
- ❑ Introduce **standard boxes** where possible.
- ❑ Develop packing details - number of items per (inner/outer) box; box dimensions; box volume; gross weight; number of boxes/items per container.

#### Step 5. Cost the labor component

- ❑ If you are paying your workers on a piece-basis make sure to link price per piece to **productivity**.
- ❑ How many items can the average producer make in an 8-hour work day?
- ❑ Decide on the average/targeted daily wage that you want your producer to earn.

## 4. Pricing Levels – Point of Payment

### **F.O.B. (Free on board) price (recommended for West Africa):**

- Production materials and inputs
- Labor costs
- Packaging
- Product development/design cost (on a % basis)
- Overheads (on a % basis)
- Cost of forwarding to harbor + all export handling charges
- Profit

### **CIF (Cost Insurance and Freight)**

- Production materials and inputs
- Labor costs
- Packaging
- Product development/design cost (on a % basis)
- Overheads (on a % basis)
- Cost of forwarding to harbor + all export-handling charges
- Cost of freight for shipping the goods to the U.S.
- Cost of marine insurance
- Profit



### **Special Sector Variations:**

#### **FEW: Free Export-Agents Warehouse (Handicraft Industry)**

Working through an export agent: Point of Payment; agent's warehouse:

- Who will be paying for local export handling?
- Are you going to pay the agent a fee?

#### **CMT: Cost Material and Trim (Garment Industry)**

Buyer supplies all raw materials. Producer is paid a fee to cover costs, sewing, cutting, and trimming.

### **Graduated Pricing**

Based on your costing and understanding of your business you can develop pricing scales to assist with your negotiations. Know the upper and lower limits of your pricing. Know why your prices are established at certain levels. **Do NOT negotiate below the level of profit.**

#### **Develop a graduated price list linking prices to order quantities:**

- What is your lowest possible price? Make sure you are still making a profit at this price.
- What is your highest price? This should have a reasonable profit margin. Do not out-price yourself.
- What is your maximum production capacity in a given time (e.g., 90 days)?
- What is your minimum order quantity?

Lowest price => maximum order quantity  
Highest price => minimum order quantity

ITEM	MIN. ORDER QUANTITY 50 PIECES F.O.B. USD	51 – 100 PIECES F.O.B. USD	101-200 PIECES F.O.B. USD	201 – 500 PIECES F.O.B. USD	> 500 PIECES F.O.B. USD
ASHANTI STOOL	32,00	30,00	28,00	26,00	24,00

**Advantages to Graduated Pricing**

- Can entice some buyers to buy more than initially.
- Offers your buyers a choice!
- Planned in order to benefit from a lower price.

**Disadvantages to Graduated Pricing**

- Gives some buyers an insight into your profit margins.
- Some buyers will try to negotiate you downwards to your minimum price regardless of the order quantity.

**Use Percentage Discounts:**

Be sure to fix your minimum price first and make sure your maximum discount price is not less than the minimum price.

ITEM	MIN. ORDER QUANTITY 50 PIECES	51 – 100 PIECES 5%	101-200 PIECES 10%	201 – 500 PIECES 15%	> 500 PIECES 20%
ASHANTI STOOL	32,00	30,40	28,80	27,20	25,60



## 5. Know your Client – Who's Who?

Understand the hierarchy in your buyer's company:

- ❑ Who is responsible for what?
- ❑ Who has the authority to make decisions?
- ❑ Do not be fooled by appearances.
- ❑ Visit your buyer's offices and warehouses.

It is a good idea to meet the client's banker to be sure that the bank can handle transactions with West Africa. Many U.S. banks do not know how to issue **Letters of Credit** for international business and have limited correspondent banks (sister banks) in West Africa.



Many buyers are now moving away from letters of credit. What is the position of your buyer? What is best for you?

At the same time, you should ask about the requirements for opening an account at a bank in the U.S. to facilitate payments. Under the laws of your country, are you allowed to open foreign accounts?

### **COMMUNICATE with Buyers!**

- ❑ Develop good communication practices.
- ❑ Send regular reports and discuss problems as early as possible. This gives buyers the chance to offer advice and help resolve problems or delays in production.
- ❑ Document all correspondence and try to get confirmation in writing for any agreements reached.
- ❑ Keep buyers informed about your production progress. This will foster their confidence in you. **Building relationships is critical!**

## 6. Develop your own Terms and Conditions

Prior to entering into negotiations, **be prepared**. This means that you understand yourself and your business, and you know your limits.

### Step 1. Put all agreements in writing.

- ❑ Both parties should sign all agreements.
- ❑ Have your buyer confirm all verbal agreements in writing.

### Step 2. Filing and archiving.

Keep hard and “soft” copies of all emails and contracts. These may become useful evidence in case of a dispute.

### Step 3. Develop your own terms and conditions.



### Terms of Payment

- ❑ Calculate the timing of payments due according to your financial capacity and profitability.
- ❑ Always include financial costs in your calculations of all costs in price determination.

### Terms of Delivery

- ❑ When and how are products to be shipped?
- ❑ Who carries which costs of delivery?
- ❑ **Ownership clause:** A crucial safeguard when your buyer files for bankruptcy before paying you in full for your order. State that “...All items remain your property until fully paid.”

### Timing of Payments

- ❑ Refer to the time when payment for the goods will be made.
- ❑ Payments are based on performance as detailed in the contract:
  - Cash Advance, or % of Total Billing
  - Cash on Delivery (COD)
  - Cash Against Documents prior to physical delivery
  - Letters of Credit:



- Typical Payments Delays:
  - Particularly important if the buyer asks to pay after delivery (60, 90, or 180 days).
  - You will have to carry the costs until payment.
- In Africa this generally means:
  - Your 100% collateral is blocked.
  - Your collateral may or may not be earning interest.
  - You are paying effective or real interest charges on overdrafts or other pre-export financing.

**Method of Payment**

- Cash
- Money Transfers
- Checks & Drafts
- Letters of Credit (L/C)
- Purchase Orders
- Collections Against Documents

**Recommended Method of Payment**

For West Africa, use **Letters of Credit**. Letters of Credit oblige both parties to comply with the conditions of the contract, principally the need to perform and pay. The bank acts as referee.

**Types of L/C:**

**Irrevocable Confirmed L/C.** Fairly easy to obtain. Negotiate who pays for the L/C. Do not accept outright "Payment for the account of the beneficiary." Payment is contingent on performance.

One common error is to think that an L/C is a guarantee of payment. **It is not!** The closest you can get to a guarantee is for the client to provide an advance through the mechanism of a letter of credit.

**Red Clause L/C.** In the context of a **good client relationship**, a red clause L/C permits partial drawdown of proceeds to cover working capital requirements.

The client must agree to these types of payments during the **negotiation phase**.



## 7. Negotiations

### *The Order Negotiating Phase*

This is probably the most important phase of an order.



In negotiations you are determining how each party can make a reasonable profit on the sale and purchase of finished product. Your position on product and product quality should be communicated to the buyer. His needs and requirements must be met from his perspective.

Your job in negotiations is to be sure you can produce and supply a product in a manner satisfactory to the buyer. This goal must be accomplished in a manner satisfactory to you.

#### NOTE:

- The key to any business deal is negotiating.
- Buyers are not doing you a favor! Nor should you do the buyer a favor!
- The goal of negotiating for both sides is to ensure that each party makes a profit!

Be sure the **product** represented can be produced to the standard, quantity, quality, and specification sought by the buyer, and delivered on time.

- Be transparent:
  - Explain how you arrived at your pricing.
  - Describe potential production problems.
  - State requirements for financial support.
  - State issues specifically relating to your country and its laws.
- Be sure information is accurate.
- Only trust the facts.

### **Price negotiations**

#### **Step 1. Never negotiate prices without linking them to:**

- Order quantities
- Production capacity

#### **Step 2. Find out what other costs your buyer may want you to carry.**

Factor these costs into your pricing.

#### **Step 3. Some buyers will demand that you carry a number of added costs:**

- Export agency charges. Surcharges to be absorbed by you.
- 10% new stock
- 5% defective merchandise
- 0,01% for 30-day Letter of Credit

#### **Step 4. Packaging: Who absorbs cost?**

- For example, one item per box/or inner and outer boxes
- Labeling (including cost of printing and shipment)
- Dry bags

- Freight insurance
- Quality control samples
- Production samples (including courier charges)
- Participation at training courses (sometimes abroad)

### **Step 5. Documentation**

Inquire about documentation required for export:

- Certificate of origin
- Packing lists
- Bill of lading
- Marine Insurance
- Commercial invoices, etc.

When do you hand over shipping documents? Once shipping documents are handed over you have no control over payment or the goods. Make sure to state this in your terms of payment.

### **Step 6. Pricing terms:**

- FOB
- CIF
- FEW (handicrafts)
- CMT (textiles)



### **Other terms and conditions**

The following section describes other terms and conditions of a contract (Termination, Applicable Law, etc.), which may include additional costs such as hotel and travel expenses and consultancy fees.

## 8. Contracts

**Written Contract.** When negotiations are terminated, you must insist on a written agreement that fairly represents the negotiations on every issue (see sample in Annex 2). You do not need to sign the contract immediately. You can refer it to your lawyer, partners, or others for examination prior to signing, even if that means returning to West Africa from the U.S.

COMMUNICATE: Use telephone, email and courier services as necessary.

**Pro-forma Invoice.** Once signed, the contract should be represented by pro-forma invoice. You must verify that the pro-forma invoice conforms to the contract. The pro-forma invoice is the basis for the **Letter of Credit**.

It is essential to understand and verify the contract:

- It is entirely based on your negotiations and must reflect them accurately.
- Focus on key and essential issues.
- It is the basic document concerning your order.
- It is the only written evidence of negotiations.
- Be sure you understand the penalties for poor or non-performance.
- It is the legal basis upon which all litigation will be based.
- Once the contract is signed there is **no simple way** to turn back without substantial penalties.

### **Summary of major points in the contract**

This summary indicates, but is not limited to, major paragraphs that should be included in a contract.

Clearly state or describe:

- The FULL names and addresses of the parties
- The purpose for the contract
- The commodity or product to be sold
- Amount, price, and pricing calculation (FOB, CIF, etc.)
- Payment terms (timing of payments)
- Payment methods: (advance, cash, collections, Letter of Credit)
- Which party pays L/C fees: (advising, confirming)
- Which party is responsible for sundry surcharges and expenses
- All considerations concerning the final product
  - Specifications
  - Quantities
  - Special regulations (processing requirements, etc.)
  - Packing requirements
  - Labeling requirements
  - Shipping requirements (partial shipment, type of container, etc.)
- Shipping details
  - Type of service (courier, air freight, sea freight)
  - Latest delivery date
- Penalties for partial or non-performance and slow or non-payment
- Any unusual or particular requirements
- Applicable law
- Jurisdiction and whether settlement by arbitration
- Termination conditions
- Duration of contract
- Required notification addresses and methods
- That signatories have authority to engage their company in the transaction
- Title and full name of signatory

## 9. Financing the Order

### ***Pre-financing an order***

(Review Section I definitions of investment and working capital.)

Now that you have negotiated your order you must be in a position to:

- Finance the raw material.
- Manufacture the finished product.
- Deliver the product in accordance with the conditions of the contract.

Remember that you need to know your sources and costs of financing **before** negotiating.

### ***Different ways of pre-financing an order:***

- Your own funds
- Advance payment from buyer
- Bank loan:
  - Do not be afraid to negotiate with the bank: lending terms, miscellaneous bank charges, etc. Remember that banking is business! Banks are not there to do you a favor!
  - Speak to other banks to get alternative offers. Even if you decide to stay with your bank, this will strengthen your bargaining position.
  - Keep your financial statements up to date, as you will be required to show these.
  - Consider the assets (building and securities) that you could offer as collateral.

### ***Implications of an Overdraft Facility or a Loan***

(See also Annex 3: The Banking Chain.)

If you are securing a loan in local currency or foreign currency, consider all the terms that are negotiable:

- Amount
- Terms of payment
- Duration
- Interest rate
- Repayment rate
- Grace periods (interest and principal)



Donor, Government Loan, or Guarantee Facilities: Can you wait several months prior to receiving the financing?

- These programs offer more favorable terms.
- You must explicitly ask for or research these facilities.
- Conditions may exist for sourcing raw materials.
- Documentation is difficult (both bank and donor).
- It involves several levels of decision-making and is a lengthy process (start early).

## 10. Production

Control your costs. Margins are thin, get second orders.

### **Production organization**

In order to maximize returns and minimize costs, the production facility must be efficient:

- ❑ Organize production to ensure maximum efficiency.
- ❑ Constantly review your production systems and improve or adapt as necessary.
- ❑ Introduce production aids to ensure consistency in production and avoid waste.
- ❑ Develop production lines where possible.
- ❑ Minimize the damage that occurs through improper handling of semi-processed pieces. The **rule** is: The less handling and movement of an item during production the better!

### **Raw materials acquisition**

- ❑ This is one of the most underestimated and significant causes of waste and quality problems in production.
- ❑ Raw material acquisition is the key to quality production.

### **Procurement**

- ❑ Procurement of materials and inputs should be carefully planned and efficiently carried out.
- ❑ Take time to estimate required quantities of raw materials and inputs required for the production of an order.
- ❑ Buy in large quantities and use this as a bargaining tool to obtain discounts.
- ❑ Many companies still resort to buying small quantities, and then running back to buy more when stock runs out. The cost of this kind of procurement is often underestimated:
  - Higher prices for smaller quantities.
  - Extra transport costs for frequent shopping trips.
  - Higher labor charge for those involved in buying.
  - Inefficiency due to interruptions in production.



### **Storage and distribution: raw materials production inputs**

A major source of losses and waste during production.

- ❑ Provide proper storage for raw materials!
- ❑ Develop systems to monitor and document the distribution of materials; for example, link the distribution of materials to expected productivity.

### **Production management**

This is a weakness of most African producers.

- ❑ Production supervision and management is the key to successful production.
- ❑ Training production managers is one of the key challenges in the future.

### **Production monitoring**

Develop systems to project your production targets as well as continuously monitor progress.

### **Storage**

Provide adequate space or shelving for the storage of semi-processed and finished products. Make sure these are well ventilated.

**Quality control**

- ❑ Carry out your quality control checks at all stages of production and not only at the end of production.
- ❑ Develop quality control aids such as templates or QC checklists for each product.

**Controlling your finances**

- ❑ Keep careful track of all expenditures with receipts.
- ❑ All expenses should be documented; for example, use petty cash vouchers.

**Packing and labeling**

Select the right packaging materials to safely pack your products:

- ❑ Label each box with its contents.
- ❑ Prepare proper packing lists.

**Packing the container**

Preparing accurate packing details allows your buyer to structure the order so as to efficiently fill a container.

- ❑ Use a “shadow container” to trial pack.
- ❑ Take utmost care when handling finished goods.
- ❑ Moisture control: Use dry bags and check to see if your goods need to be fumigated.
- ❑ Avoid hiring packers. Use your own packers if possible. They know what is in each box and how it has to be handled in order to avoid unnecessary damages.
- ❑ Consider that it might be safer to bring the container to your warehouse to pack it, rather than transporting your goods to the harbor yourself. (The additional 200 U.S. Dollars are often well invested!)

## 11. Post-Shipment

### **Order evaluation**

Take the time to carefully analyze and evaluate the order:

- ❑ Where did things go wrong?
- ❑ What needs to be avoided or improved for future orders?
- ❑ What worked well and should be instituted for all future orders?

### **Commend your workers and staff**

If possible, develop a bonus system for your workers to reward them for the successful execution of an order. Show your appreciation.



### **Finances**

Close out rapidly:

- ❑ Prepare and send your buyer your final invoice ASAP!
- ❑ Most buyers cannot pay you until they have received your invoice.
- ❑ If payments are not made within the agreed time, send a written reminder. Repeat this at regular intervals.
- ❑ As soon as payments arrive on your account, pay off your loans ASAP to avoid unnecessary interest charges.
- ❑ Review your expenses:
  - Where did you spend more than you budgeted for?
  - Where did you have unforeseen expenses?
  - Where did you spend less than you budgeted for?
- ❑ Review your prices and adjust if necessary.

## Annex 1. Export Readiness Checklist

### Communications

- Telephone: Ability to call and be accessible; awareness of time difference
- Email: Negotiations, contracts, documentation, marketing
- Capacity: Read, write, and speak English; respond to buyer's urgency

### Support

- Financial Responsibility: Ability to communicate with financial institutions
- Compliance: Financial statements, tax and legal requirements
- Understand: The export rules of your country – overseas bank accounts
- Transparent: Good governance, procedures, and controls

### Marketing

- Recognize: Your culture and be inspired – don't knock it!
- Advertising: Professional, well-placed target markets
- Photography: A photo is worth a thousand words
- Design: Style and image
- Branding: Communicate your name and quality
- Corporate Image: Logo
- Exhibitions & Trade Fairs: Identify and negotiate with buyers
- Invitations: Invite your buyer for a visit to your workplace

### Production

- Labeling and Packaging: Quality + image = good materials + well packed
- Consistent: No variation in production
- Specification: Recognize and respect specifications
- Production Management: Targets and tracking
- Association: Combine efforts, obtain government incentives
- Publications: Contribute to magazines – read and be inspired
- Competition: Be quick and win the race
- Build Market: Sell in the sub-region – keep your workers busy

### Plan ahead

Do you have vision in product development and marketing?

Be ready to produce and finance your production and shipping:

- Know your **suppliers** well
- Know your **buyers** well
- Know your **bankers** well
- Know the **production management**, production procedures and profile production manager



## Annex 2. Sample Contract

### Preamble

Whereas the Buyer, ....., represented by ....., is interested in buying *[the seller's product]*

and

Whereas seller ....., represented by ....., is interested in identifying markets for its *[products]*:

The following has been agreed to by the Seller and the Buyer (heretofore the "Parties")

### Representations

1. The Buyer's representative is duly authorized to negotiate on behalf of the Buyer and engage the Buyer in the purchase of *[product]*.
2. The Seller's representative is duly authorized to negotiate business on behalf of the Seller and engage the Seller to provide the *[product]*.

### Description

- a. The Seller agrees to supply the Buyer with the *[product]* as described herewith:
  - a. Description (describe the products in detail – add photo or sample).
  - b. Specifications (refers to: size, shape, humidity content, etc.)
  - c. Quantity (number of items, pieces, etc.)
  - d. Packaging (type of packing, dry bags, size of boxes, type of packing materials, etc.)
  - e. Labeling (specific labeling requirements requested by the Buyer or in conformity with the country of origin or the country of destination local rules or laws).
  - f. Shipping Method: (any specific shipping requirements: type of container, sealing of container, climate controls, etc.)
  - g. Partial Shipments: (partial shipments not allowed, partial shipment allowed in minimum lots of...)
  - h. Shipping Dates *[The product shall be shipped no later than...date]*.
  - i. Shipping Insurance
  - j. Guarantees of Quality

### Pricing and Payment

1. Pricing shall be based on ... *[FOB, CIF, etc.]*
2. Total Price to the Buyer is: ... *[currency and amount]*
3. Method of Payment: *[cash advance %; cash partial payments; irrevocable, confirmed L/C, etc.]*
  - a. Charges: All charges *[transfer charges, cheque charges, L/C charges, etc.]* related to the payment shall be for the account of the... *[Buyer or Seller]*
4. Terms of Payment shall be...*[sight, 30 days sight, 30 days in advance, partial payments, etc.]*
  - a. In conformity with this contract, and reflect:
    - Shipping delays
    - Inspection delays
    - Port delays
    - Local freight forwarding delays
  - b. Payment schedule attached (in case of partial payments).

### Conditions of Payment

Payment shall be made ... *[when such and such has occurred...goods delivered to local port, goods inspected, 60 days after arrival of goods]* ... be very specific.

### Pre-export Financing

For example:



## Annex 3. The Banking Chain

With a strong banking chain you may incur lower costs. Lower financial costs will have a dramatic effect on your ability to compete in international markets. Build confidence through performance. The least expensive financing is secured when your buyer tells his banker he trusts your ability to perform.

**Bankers** are an integral part of export financing. Do not hesitate to get to know them. Start approaching them as soon as you have committed to entering the export market.

### ***Approaching Banks and Financial Institutions***

Start early to establish open communication and good relationships with all of the banks involved in an export transaction.

**Buyer's bank.** Ask your buyer to introduce you to his banker during your stay overseas.

**Your overseas bank.** If your local banking laws make you eligible, determine how to open an account at an American bank.

Develop good relations with:

- Your buyer's bank.
- Your overseas bank.
- Your local international bank in your country.
- Your rural bank or branch bank office.

### ***Provide accurate and honest information***

- Everything will be checked.
- Inconsistencies = NO financing.
- Communications are open and easy to access (remember time zones).



With a good banking chain you may be able to obtain a “Red Clause” Letter of Credit, which will provide pre-financing for purchases.

Remember bankers are people. They make important decisions, and can help you if you are honest, straightforward and consistent.

**Financial planning is critical. Prepare for contingencies!**