EBRD Trade Facilitation Programme (TFP)

Crisis Response in Eastern Europe, the CIS, and the Southern and Eastern Mediterranean

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(all figures as of 31 December 2014)
What is the EBRD?

- International financial institution, promotes transition to market economies in 35 countries from central Europe to central Asia.

- In 2011, the Bank expanded its operations to include Egypt, Morocco, Tunisia and Jordan (Southern and Eastern Mediterranean – SEMED region).

- In 2014, the EBRD welcomed Cyprus and Libya as a recipient country and member respectively.

- Owned by 65* countries and two inter-governmental institutions.

- Capital base of €30 billion.

*Libya is yet to become a fully ratified member of the EBRD.
EBRD: Shareholding Structure

As at 13th July 2012

(1) Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries, France, Germany, Italy, and the UK each holds 8.6%.

(2) Russia at 4%
Export breakdown by destination

- European Union (27): 34%
- Russia: 23%
- USA: 2%
- India: 2%
- Turkey: 2%
- Indonesia: 2%
- Israel: 2%
- Other: 8%

Import breakdown by origin

- European Union (27): 38%
- Russia: 28%
- China: 22%
- Turkey: 3%
- USA: 1%
- Other: 8%

Source: WTO
<table>
<thead>
<tr>
<th>Foreign Trade 2014</th>
<th>Russia</th>
<th>Ukraine</th>
<th>Belarus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export to CIS countries</td>
<td>-14%</td>
<td>-31%</td>
<td>-7%</td>
</tr>
<tr>
<td>Export to other countries</td>
<td>-4%</td>
<td>-4%</td>
<td>+6%</td>
</tr>
<tr>
<td>Import from CIS countries</td>
<td>-17%</td>
<td>-38%</td>
<td>-3%</td>
</tr>
<tr>
<td>Import from other countries</td>
<td>-8%</td>
<td>-23%</td>
<td>-8%</td>
</tr>
</tbody>
</table>

Source: Interstate Statistical Committee of the CIS (www.cisstat.com)
Less availability of trade finance in Eastern Europe and CIS countries due to

- Deteriorated credit standing of exporters, importers and distributors of imported goods
- Credit risk concerns of local banks
- Limited availability of trade finance provided by foreign banks, export credit agencies and private insurance underwriters, particularly for privately owned and smaller and regional banks, exporters and importers in Ukraine and other CIS countries
EBRD Trade Facilitation Programme (TFP)

Objectives:

- Help local banks in EBRD region to create track records with larger established commercial banks
- Fill the market gaps and provide continuity of support for trade
- Strengthen the trade finance capabilities of local banks
- Support the development of factoring services
- Strengthen EBRD relationships with local banks, develop opportunities for further operations

Key tools:

- **Guarantees** that cover risks arising from trade finance transactions
- **Short-term loans** to banks for trade finance purposes
- **Trade finance training and advisory service** to local banks
EBRD TFP - Case Study: Import of agricultural equipment from Turkey into Ukraine

- An Ukrainian importer buys agricultural equipment in Turkey
- A bank in Ukraine issues a payment guarantee to a bank in Turkey
- The EBRD guarantees 100% of the payment risk of the Ukrainian bank
• An Ukrainian company sells grain to a foreign importer

• The exporter requires advanced payment, secured by an advanced payment guarantee, issued by an Ukrainian Bank, confirmed by a foreign bank

• EBRD guarantees the payment of the advanced payment guarantee to the Confirming Bank
EBRD TFP Guarantees: Example – Export of laminate from Ukraine to Belarus

1. A Ukrainian exporter, Krono Ukraina, sells melamine boards and laminate to a Belarus importer

2. Priorbank Belarus issues a counter-guarantee for EUR 200,000 in favor of Credit Agricole, Ukraine

3. EBRD covers 100% of the political and commercial payment risk
EBRD TFP Results 2014: Top 20 Confirming Banks*

1. Commerzbank
2. Unicredit Bank
3. Deutsche Bank
4. BHF Bank
5. KBC Bank
6. UBS
7. Raiffeisen Bank International
8. ING Bank
9. WGZ Bank
10. ABN Amro
11. BNP Paribas
12. Intesa Sanpaolo
13. Credit Agricole
14. Yapi ve Kredi Bankası
15. Landesbank Baden-Württemberg
16. Turkiye IS Bankasi
17. Societe Generale
18. Credit Suisse
19. Ukreximbank
20. Banco de Sabadell

*Ranked by Number of Transactions in 2014
EBRD TFP: Co-Financing Partners

- ACE Global Markets (AGM) & Lloyds of London
- AKA Bank
- Confirming Banks
- Donor Risk Sharing Funds
- Export Credit Agencies
- FMO Netherlands
- OPEC Fund for International Development
- Private Investment Funds
<table>
<thead>
<tr>
<th>IFI</th>
<th>EBRD</th>
<th>IFC</th>
<th>IDB</th>
<th>ADB</th>
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</thead>
<tbody>
<tr>
<td>Programme Title</td>
<td>TFP</td>
<td>GTFP</td>
<td>TFFP</td>
<td>TFFP</td>
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<tr>
<td>Countries of Operation</td>
<td>Eastern Europe CIS Countries Southern and Eastern Mediterranean</td>
<td>worldwide</td>
<td>Latin America</td>
<td>Asia</td>
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<td>Programme start in</td>
<td>1999</td>
<td>2005</td>
<td>2005</td>
<td>2004</td>
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<tr>
<td>Number Transactions since start</td>
<td>15,508</td>
<td>31,600</td>
<td>4,457</td>
<td>8,338</td>
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<tr>
<td>Trade facilitated since start</td>
<td>EUR 9.9 bn</td>
<td>$ 28.8 bn</td>
<td>$ 4.23 bn</td>
<td>$ 16.7bn</td>
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<td>Number of Issuing Banks</td>
<td>109</td>
<td>280</td>
<td>100</td>
<td>63</td>
</tr>
<tr>
<td>Number of Confirming Banks</td>
<td>800</td>
<td>1,100</td>
<td>297</td>
<td>124</td>
</tr>
<tr>
<td>Number of Countries covered</td>
<td>23</td>
<td>96</td>
<td>21</td>
<td>18</td>
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Source:
International Chamber of Commerce (ICC), Global Survey 2014: Rethinking Trade and Finance
Trade finance crisis response programmes of multilaterals should

• be developed and tested already before a crisis starts, not only during or after a crisis

• cover risk and provide liquidity, depending on market requirements

• support not only a small number of large international banking groups, but also smaller banks and banks in less developed countries

• not refinance already existing exposure, but provide risk cover and liquidity for new trade transactions

• tightly control use of funds for genuine new trade finance transactions only

• offer co-financing opportunities for other development agencies, commercial banks and private insurance underwriters; however, co-financing should not be a pre-condition
EBRD - Blended Learning Solution
TFP TC Projects are funded by:

• The Early Transition Countries Fund
• The Shareholder Special Fund
• European Union
• Norwegian, Swiss, Italian, Canadian, Taiwanese funding and other donors.
To date 680 trade professionals from 150 banks in 23 countries enrolled on the programme.
Almost **100** students graduated in **2014**

**Best students**
received prizes and sponsored training programmes in leading European confirming banks and training companies:

**EBRD TFP - ICC e-Learning Programme**

**COMMERZBANK**

**Banca Popolare di Sondrio**

**China Systems**

**International Chamber of Commerce**

**BHF BANK**
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- Challenging and insightful discussion panels
- Opportunities to exchange views with the people who make things happen across the EBRD region
- Up-to-the minute facts, expertise and forecasts
- Numerous networking occasions

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