

# Trade Exchange **ifp**

THE MAGAZINE ALL  
ABOUT THE EBRD'S  
**TRADE FACILITATION PROGRAMME**

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# EDITOR'S LETTER

Hello and welcome to the 2019 annual! What a year 2019 was – a year of celebration!

As the TFP turned 20 years old, the EBRD's Board approved an increase to the Programme's limit to €2 billion. Thanks to this, our trade finance instruments will be able to support up to five years of green trade.

Building low-carbon and resilient economies is one of the EBRD's priorities, and on page 4 you can read what the TFP has been doing to support projects in this area.

Carbon intensity in the EBRD regions is almost five times higher than the EU average. As high-carbon economies, they face significant pressures on their environmental assets – including land, soil, water, air and biodiversity – thus posing a risk to the health and livelihood of their citizens. The EBRD's Green Economy Transition (GET) approach builds on more than two decades of EBRD experience in financing green investments and uses the full range of the EBRD's financial instruments, including trade finance.

Our in-depth section contains some important reading. On page 38 we highlight the importance of moving towards a circular economy and look at how the EBRD's business model of investments, technical assistance and policy dialogue is helping Turkey to cut down on waste and minimise environmental damage. On page 40 trade finance consultant Igor Roussine examines the challenges of setting up trade finance departments in new banks. And on page 42 Milot Ahma of the EBRD talks through the development of factoring in Kosovo following the central bank's adoption of new regulation.

As always, we have an insightful contribution from our sponsors (see page 28); this time it's all about hidden champions – small companies that are little known in the rest of the world. Wan-Yu Kan at the EBRD explains about their importance in an economy and how the island is promoting them.

During the course of 2019 we contributed to the personal and professional growth of our colleagues in local partner banks, as well as extending our network via our usual events such as the TFP Annual Event and Awards Ceremony (page 12), the TFP Trade Finance Forum in Athens (page 30) and the Trade Finance e-Learning graduation ceremony in Minsk (page 20). At all these events we created platforms for open discussions on key challenges and barriers to trade.

Our popular clinic and crossword can be found from page 53 and, as always, we look forward to receiving your comments, solutions and recommendations.

We so enjoy working with our talented and enthusiastic colleagues and look forward to seeing you all throughout 2020.

Big hug!  
Kamola

The TFP team and Kamola Makhmudova,  
Senior Banker, Financial Institutions Team  
[@KMakhmudova](https://twitter.com/KMakhmudova)

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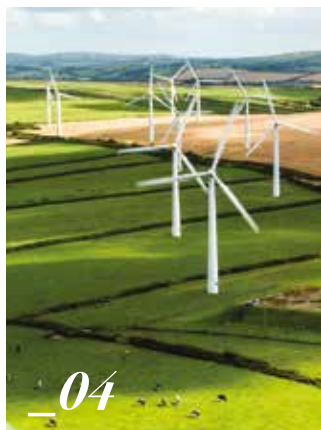


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## NEWS

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Find out about how the EBRD is promoting green trade and supporting trade finance across its regions.



## IN DEPTH

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Read our interview with Kosovo's central bank on the challenges of factoring, discover how the circular economy can promote sustainability, and explore the difficulties of setting up trade finance departments in new banks.



## TRAINING

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Find out about the latest courses and how the EBRD's Trade Finance e-Learning Programme has influenced international trade.

TFP  
BRAIN  
TEASERS  
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## GET IN TOUCH

Banks interested in participating in the Trade Facilitation Programme (TFP) can contact us at our London office or email us at [TFPOps@ebrd.com](mailto:TFPOps@ebrd.com)

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Email: [stephenj@ebrd.com](mailto:stephenj@ebrd.com)

Kellie Childs  
Tel: +44 20 7338 6991  
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Importers and exporters should contact an issuing bank.

TFP website  
[www.ebrd.com/tfp](http://www.ebrd.com/tfp)

EBRD Trade Finance e-Learning  
Programme:  
[ebrd.coastlinesolutions.com](http://ebrd.coastlinesolutions.com)

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EBRD Technical Cooperation Fund



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# NEWS UPDATE



## GREEN TRADE

# Green trade finance in a changing world

**At the 2019 WTO Public Forum in Geneva the EBRD presented its role in addressing global challenges**

The world is facing unprecedented challenges that require us to take a multi-dimensional approach. One area where the EBRD can help tackle these challenges is trade finance.

Trade finance can provide much-needed support for investments in, and the supply of, technologies that help the world adapt to and mitigate climate change.

At the World Trade Organization's (WTO) Public Forum in Geneva in October 2019 an EBRD delegation presented how the Bank is driving this process forward.

"We are proud of our pioneering role in facilitating access to trade finance and in promoting green economies," explained Francis Malige, EBRD Managing Director for Financial Institutions.

"No longer is a green economy just an environmental necessity, it also makes economic sense. With our Green Trade Facilitation Programme the EBRD can offer access to a wide-reaching and well-established

network of banks for financing the cross-border supply of key green technologies."

Under its Green Economy Transition (GET) approach the EBRD is supporting its regions in transitioning to low carbon and climate-resilient economies.

Trade finance has an important role to play in this. The uptake of green technologies that are essential for this transition is very often hindered by the underdeveloped supply chains of climate change adaptation and mitigation technologies in the EBRD regions.

**"We are proud of our pioneering role in facilitating access to trade finance and in promoting green economies."**

*Francis Malige, EBRD Managing Director for Financial Institutions*



These technologies are, with a few exceptions, not yet produced in these economies and need to be imported.

This is where the award-winning Green TFP comes in. To date, the EBRD has supported more than €675 million in green trade financing. Almost 900 Green TFP transactions have been financed in 22 economies where the EBRD invests, resulting in annual energy savings of 1,513,200 MWh, water savings of 1,681,399 m<sup>3</sup> and emission reductions of 605,376 tonnes CO<sub>2</sub> equivalent. These efforts, which can be replicated in other regions, should ultimately result in better adaptation to climate change





and faster transition to low carbon economies.

Part of the 2019 WTO Public Forum was dedicated to the role environmentally conscious millennials and representatives of the so-called Generation Z can play in addressing the challenges ahead. They are key to shaping the future of global trade and to mainstreaming and expanding trade in green technologies.

The WTO is the only global organisation dealing with the rules of trade between nations. Its Public Forum is its largest annual outreach event, providing a platform for participants to discuss the latest developments in world trade and ways of enhancing the multilateral trading system. The EBRD regularly participates in the WTO Public Forums and contributes to the Aid for Trade Global Reviews.●



## Green trade awards

In 2019 we recognised the most successful banks under the Green TFP by presenting them with awards for their performance in 2018.

The prize for the *Most Active Issuing Bank in 2018 – Green Trade* went to Raiffeisen Bank Aval.

The bank facilitated the highest number of transactions, most of them in the agribusiness sector, with an impact equivalent to annual energy savings of 18,514 MWh; in other words, a year's public lighting in Kherson, a city with 250,000 inhabitants.

The prize for the *Most Active Confirming Bank in 2018 – Green Trade* was awarded to UniCredit. The bank successfully supported the highest number of transactions under the Green TFP as a confirming bank with an impact equivalent to annual energy savings of 10,235 MWh, the same as a year-long charging of 1,741 electric cars.

The prize for *Deal of the Year – Green Trade* was awarded jointly to Converse Bank (Armenia) and KBC Bank (Belgium) for a transaction involving the import of a greenhouse by an Armenian strawberry grower, supporting private entrepreneurship in the country with the help of a local bank.

The environmental impact was equivalent to reducing 3,473 tonnes CO<sub>2</sub> annually, which is the same as the carbon emissions produced by 9,209 flights from Brussels to Yerevan.

Francis Malige, EBRD Managing Director for Financial Institutions, enthused: “The EBRD's commitment to sustainable economies comes in different shapes and forms, but in only one colour – green.

And we could not do this without our partners. We are proud to honour for the first time issuing and confirming banks that have shown an outstanding commitment to green trade. Trade in energy efficiency, water efficiency, renewable energy and climate resilience technologies is very important for the EBRD regions and contributes to the EBRD's commitment to supporting sustainable investments.”

**“The EBRD's commitment to sustainable economies comes in different shapes and forms, but in only one colour – green.”**

Francis Malige, EBRD Managing Director for Financial Institutions





## SUPPORTING LOCAL BANKS

# Boosting trade in the EBRD regions

**Last year – 2019 – was a busy year for us supporting local banks and creating new financing opportunities for exporters and importers alike. Two banks that benefited were Quds Bank and Asaka Bank**

## QUDS BANK

On 23 September 2019 the TFP provided US\$ 2 million in trade financing to Quds Bank to support Palestinian exporters and importers.

The financing will help Quds Bank to diversify its trade finance

business, increase available limits and offer longer-term maturities to its customers.

Quds Bank is the third-largest commercial bank in West Bank and Gaza and has been listed on the Palestine Exchange since 1997.



A technical assistance package, financed by the EBRD's West Bank and Gaza Trust Fund, will help Quds Bank to strengthen its skill-sets in trade finance and anti-money laundering, and in combating the financing of terrorism.



The agreement was signed by Mr Duried Akram Jerab, Vice Chairman and Mr Mike Taylor, Director, FI SEMED

## ASAKA BANK

On 4 September 2019 the EBRD opened a trade finance limit of up to US\$ 20 million to Asaka Bank.

With 27 branches across Uzbekistan, Asaka Bank is well placed to provide financial resources to domestic companies willing to expand their trade operations.

The trade finance facility will help Asaka Bank support import and export transactions, further develop its correspondent banking services and strengthen its trade finance product range.

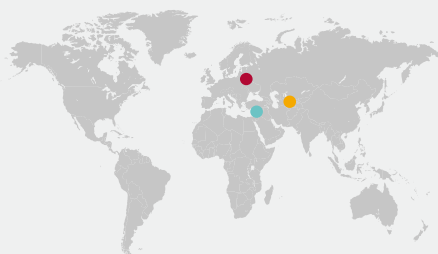
The TFP will provide access to finance for exporters and importers, including small and

medium-sized enterprises, strengthen local capacity in compliance and advance trade finance skills. The focus will be on supporting private sector transactions and facilitating trade for "green" technologies, materials and services.

**The trade finance facility will help support import and export transactions**



Alkis Vryenios Drakinos, EBRD Head of Uzbekistan, delivering his opening speech



**“We are delighted to welcome Quds Bank into our network. This trade finance line will support Palestinian exporters and importers.”**

*Mike Taylor, EBRD Director for Financial Institutions*

Mike Taylor, EBRD Director for Financial Institutions of the southern and eastern Mediterranean region, said: “We are delighted to welcome Quds Bank into our network. This trade finance line will support Palestinian exporters and importers and further enhance the financial skills of Quds Bank.”

Salah Hidmi, CEO of Quds Bank, added: “Today’s agreement represents a milestone for our bank not only in financing trade transactions but also in strengthening knowledge about trade finance instruments among our customers through online courses that the EBRD has made available to our staff and clients. Moreover, we expect this agreement to widen the relationships of Quds Bank with other correspondent banks.”●



Belaz will export  
77 dump trucks  
to India



#### EASTERN EUROPE AND THE CAUCASUS

## EBRD and Belinvestbank support truck producer Belaz

### Major transaction under the TFP

Belarus’s leading manufacturer of dump trucks and specialised equipment, Belaz, will be able to expand its export activity in the Indian market with a major trade operation facilitated by the EBRD and Belinvestbank.

Belaz will export 77 dump trucks to India after the company won a tender to supply trucks for use in the mining industry across India. Based in Zhodzina near the capital, Minsk, and established in 1948, Belaz is also the manufacturer of the biggest dump truck in the world.

Following the successful bid, Belaz had to provide a number of guarantees to secure the supply and performance of its products. The EBRD and Belinvestbank provided guarantees for the transaction, which is worth US\$ 200 million, under the EBRD’s Trade Facilitation Programme (TFP). Axis Bank of

India was the local confirming bank under the transaction.

Since the start of its operations in Belarus in 1992, the EBRD has invested almost €2.7 billion in 119 projects in various sectors of the country’s economy.●

**The EBRD and Belinvestbank provided guarantees for the transaction, which is worth**  
**US\$ 200 million**



## FACILITY EXTENSION

# Linking up with Lebanon

**Byblos Bank gets a trade finance limit of up to US\$ 75 million**

The trade activities of Lebanese businesses are set to receive a helping hand; the EBRD has extended a trade finance limit of up to US\$ 75 million to Byblos Bank, Lebanon's third-largest lender.

The facility will help Byblos to diversify its trade finance business, increase available limits and

offer longer-term maturities to its customers.

By joining the TFP, Byblos Bank will gain access to a community of over 100 issuing and 800 confirming banks worldwide, expanding its corresponding banking network and international business opportunities.

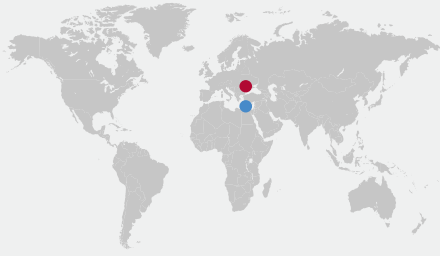
The facility extended to Byblos

Bank will be the EBRD's fifth in Lebanon since the start of operations there in 2017. To date, the Bank has invested almost €500 million in the country with a focus on supporting private sector competitiveness, promoting a sustainable energy supply and enhancing the quality and efficiency of public service delivery.●



The EBRD has extended  
a trade finance limit to  
Byblos Bank of up to  
**US\$ 75 million**





**MOLDOVA, TRADE**

# EBRD promotes international trade

## Trade finance limits extended to two key Moldovan banks

Moldovan businesses engaging in international trade will benefit from two trade finance lines provided by the EBRD to the major Moldovan banks, Moldova-Agroindbank and Victoriabank.

Under its Trade Facilitation Programme, the EBRD will extend trade finance limits worth US\$ 8 million and US\$ 5 million, respectively.

Through this facility the EBRD will issue guarantees in favour of international commercial banks covering the political and commercial payment risk of the transactions undertaken by the two Moldovan lenders, and will provide

financing for pre-export and import transactions.

The banks will also benefit from the EBRD's technical cooperation projects in trade finance.

The EBRD has recently unlocked financing to Moldova-Agroindbank and Victoriabank following steps by the two lenders to achieve

**The EBRD is the largest institutional investor in Moldova**

transparency of ownership and to restore corporate governance.

In April 2019 the Bank provided loans worth €5 million each through the EU4Business-EBRD credit line. The financing, aimed to help Moldovan companies' trade with the European Union, was accompanied by EU grant-based funding as part of the EU4Business initiative.

The EBRD is the largest institutional investor in Moldova. Since the start of its operations in the country, the Bank has invested €1.2 billion in more than 125 projects in Moldova's financial, agribusiness, energy, infrastructure and manufacturing sectors.●



# FACTS & FIGURES

## A brief history

Launched in 1999, the Trade Facilitation Programme (TFP) aims to promote foreign trade to, from and among the economies where the EBRD invests through a range of products.

Through the programme, the EBRD provides guarantees to international confirming banks and short-term loans to selected issuing banks and factoring companies for on-lending to local exporters, importers and distributors.

## TOP 10 confirming banks

January-December 2019

Bank	Country
1 Commerzbank	Germany
2 ING Bank	Netherlands
3 Unicredit	Italy
4 Raiffeisen Bank International	Austria
5 ODDO BHF	Germany
6 KBC Bank	Belgium
7 Deutsche Bank	Germany
8 Banca Popolare	Italy
9 Citibank	United Kingdom
10 UBS	Switzerland

**25,300+**  
**TOTAL NUMBER**  
**OF TRANSACTIONS**  
**SINCE 1999**



### PROMOTING FEMALE ENTREPRENEURSHIP

## Women in Business in Ukraine

**The EBRD is providing a financial package to Bank Lviv for on-lending to women-led businesses and trade support**

Women entrepreneurs in western Ukraine will benefit from Bank Lviv becoming the first bank in the country to join the EBRD Women in Business (WiB) initiative.

The EBRD is providing a financial package of up to €5.3 million to Bank Lviv for on-lending to women-led businesses and trade support.

The package will consist of a four-year loan of up to €4.3 million extended in local currency for on-lending to women-led micro, small and medium-sized companies. It will promote women's entrepreneurship and participation in business by assisting with access to finance, know-how and technical advice.

Bank Lviv is the first financial institution in Ukraine to join the WiB programme, which is funded by the EBRD, the EU through the EU4Business Initiative, Sweden, the EBRD Early Transition Countries Fund and the EBRD Small Business Impact Fund.

The programme also builds on advisory services projects with training, mentoring and longer-term coaching to provide women entrepreneurs with the

knowledge and confidence to take the next step.

The WiB programme will also benefit from technical support provided to assist financial institutions in better serving women-led businesses.

The second component of the EBRD package will be a €1 million trade finance limit to Bank Lviv under the TFP to stimulate international and regional trade.

The WiB programme, launched in 2014, is currently operating in 18 countries and has helped over 50,000 women entrepreneurs to access finance and advice for their businesses.●



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**800+**  
NUMBER OF  
CONFIRMING BANKS  
IN 88 COUNTRIES

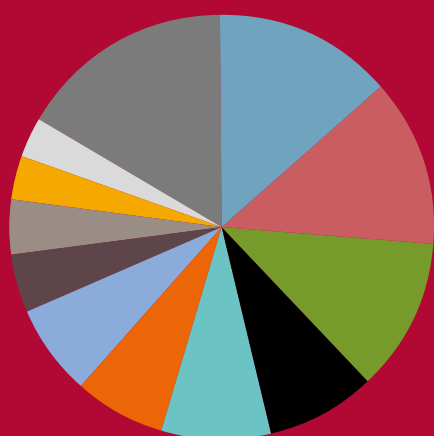
**TOP 10**  
countries by number  
of transactions

*January-December 2019*

1. Greece
2. Lebanon
3. Serbia
4. Uzbekistan
5. Ukraine
6. Cyprus
7. Belarus
8. Georgia
9. Armenia
10. Egypt and Mongolia

**€20bn+**  
TOTAL TRANSACTION VALUE  
SINCE 1999

**Top sectors supported in 2019**



**123+**  
NUMBER OF  
ISSUING BANKS  
IN 30 COUNTRIES

# TFP Annual Event and Awards Ceremony 2019

The Trade Facilitation Programme (TFP) holds its annual awards ceremonies at the EBRD's Annual Meeting and Business Forum to honour the most active issuing and confirming banks involved in the Programme.

The 2019 TFP Event and Awards Ceremony took place on 7 May 2019 in Sarajevo as part of the EBRD Annual Meeting and Business Forum.

The event attracted over 270 representatives from issuing and confirming banks, as well as key industry specialists, regulators and representatives from the World Trade Organization, the International Chamber of Commerce, International Compliance Association and the Wolfsberg Committee.

In his opening remarks Francis Malige said: "Trade finance is key to boosting economic development and growth. And it is our strong network of partner banks that is helping to make this happen by providing the financial means and support that

allow companies to identify, explore and conquer new markets. At the EBRD we are extremely proud to work with these partner banks across three continents. The TFP awards today reflect that pride, as well as our recognition and appreciation for their efforts in making an impact."

Discussions focused on the development of trade finance in the Western Balkans, and correspondent banking and de-risking; experts highlighted responses to current trends and challenges in anti-money laundering (AML), compliance and know-your-customer (KYC) regulations, and outlined solutions that would support the free flow of trade in the EBRD regions.

The event concluded with a dinner reception hosted by the TaiwanBusiness-EBRD Technical Cooperation Fund, where attendees had the opportunity to enjoy traditional cuisine and hospitality from Bosnia and Herzegovina, while networking and making new business contacts in the region.

This year's TFP Annual Event and Awards Ceremony could not have happened without generous support from the TaiwanBusiness-EBRD Technical Cooperation Fund and funding from our sponsor Addiko Bank.●



David Yung-Lo Lin, Taipei Representative Office in the UK



Sanela Pašić from our sponsor, Addiko Bank



Right: Moushira Samir, Qatar National Bank Alahli, Egypt and Francis Malige, EBRD





Senad Softic, Central Bank of Bosnia and Herzegovina

## WHAT PEOPLE SAID

“The EBRD is a key partner in addressing the global impact of de-risking on trade. TFP annual events raise awareness and help disseminate good ideas and practices. They are a must.”

**Marc Auboin**  
World Trade Organization



Left to right: Marco Nindl, EBRD; Ayse Betül Kurtulus, FCI, Turkey; Francis Malige, EBRD; Çağatay Baydar, FCI, Turkey; and Rudolf Putz, EBRD



Lambros Ioannou, Eurobank Cyprus; Lakis Pantelides, Bank of Cyprus; and Suzana Pahita, Bank of Cyprus at the evening reception

## WHAT PEOPLE SAID

“Trade Finance is the backbone of the global economy. It is also a rapidly changing business and we need experienced and dedicated people to handle it. The TFP Information Session is one of the most important events for trade finance experts to meet and discuss the developments and challenges of the business.”

**Andrea Hauptmann**  
Raiffeisen Bank International



Kamola Makhmudova, EBRD, with David Yung-Lo Lin, Taipei Representative Office in the UK, Bo-Wei Jiang, EBRD, and Yun-Ping Chang, Taipei Representative Office in Hungary



Celebrating 20 years of the TFP: Zammurad Salam, Kamola Makhmudova, Francis Malige, Maria Mogilnaya, Rudolf Putz, Anna Brod (all of the EBRD); David Yung-Lo Lin, Taipei Representative Office in the UK; and Marco Nindl, EBRD



Nelli Kocharyan, Converse Bank, Armenia; Innesa Amirbekyan, ID Bank, Armenia; Tamara Khizanishvili, TBC Bank, Georgia



Below: Karlheinz Dobnigg, Raiffeisen Bank DD Bosnia I Hercegovina, Bosnia and Herzegovina; and Francis Malige, EBRD

#### WHAT PEOPLE SAID

“An excellent event giving delegates the opportunity to learn through the very informative and well-prepared presenters and interesting panel discussions.”

**Lakis Pantelides**  
Bank of Cyprus



DS SPECIAL~



TFP AWARDS  
2019

Most active TFP issuing banks and confirming banks in 2018, by number of transactions

## Most Active Issuing Bank In Armenia



## Most Active Issuing Bank In Belarus



## Most Active Issuing Bank In Bosnia And Herzegovina



## Most Active Issuing Bank In Bulgaria



## Most Active Partner Bank In Croatia



## Most Active Issuing Bank in Cyprus



## Most Active Issuing Bank In Egypt



## Most Active Issuing Bank In Georgia



## Most Active Issuing Bank In Greece



## Most Active Issuing Bank In Jordan



## Most Active Issuing Bank In Kazakhstan



## Most Active Issuing Bank In Kosovo



## Most Active Issuing Bank In The Kyrgyz Republic



## Most Active Issuing Bank In Lebanon



## Most Active Issuing Bank In Moldova



## Most Active Issuing Bank In Mongolia



## Most Active Issuing Bank In Montenegro



## Most Active Partner Bank In Morocco



## Most Active Issuing Bank in North Macedonia



## Most Active Issuing Bank In Romania



## Most Active Issuing Bank In Serbia



## Most Active Issuing Bank In Tajikistan



## Most Active Issuing Bank In Tunisia



## Most Active Issuing Bank In Turkey



## Most Active Issuing Bank In Ukraine



## Most Active Issuing Bank In Uzbekistan

Most Active Confirming Bank  
COMMERZBANKMost Active Issuing Bank – Green Trade  
Co-branded with FT Specialist and The BankerMost Active Confirming Bank – Green Trade  
Co-branded with FT Specialist and The BankerDeal of the Year – Green Trade  
Improving the energy efficiency of greenhouse infrastructure in ArmeniaAcademic Excellence Award  
in Cooperation with the ICC

Yun-Ping Chang, Taipei Representative Office in Hungary, with Kamola Makhmudova, EBRD



Joe Yuanchao Kuo, Taipei Representative Office in Hungary; Shiu-Yen Lin, National Treasury Administration, Ministry of Finance; Hui-Wen Hsu, TaiwanICDF; Yun-Ping Chang, Taipei Representative Office in Hungary; Elvie Wu, EBRD; Jui-Kun Huang, Ministry of Foreign Affairs

## WHAT PEOPLE SAID

“The event was fantastic. Nearly 200 people were in attendance, which gave me the opportunity to expand my connections and build quality relationships.”

Ola Odeh  
Cairo Amman Bank

Commerzbank receive their award for Most Active Confirming Bank in 2018



SPECIAL ~ TFP

# AWARDS SPECIAL ~ TFP AWARDS SPECIAL



Sherzod Mirkomilov, National Bank of the Republic of Uzbekistan; and Rudolf Putz, EBRD

## WHAT PEOPLE SAID

“This event is such a good platform for networking, establishing new contacts and sharing experiences and best practices. TBC Bank is very proud to get its award from the EBRD; it serves as a motivation for our bank and confirms the intensive partnership between TBC Bank and the EBRD.”

**Tamara Khizanishvili**  
TBC Bank, Georgia



Tasting award-winning strawberries from Armenia!



Andrea Farovini (left), Banca Popolare di Sondrio, Italy, networks with another attendee



Anzhela Barseghyan, Armswissbank, Armenia; Maria Mogilnaya, EBRD; Nelli Kocharyan, Converse Bank, Armenia



Our wonderful  
award winners!



Left to right: Marc Auboin, World Trade Organization, Switzerland;  
Chafic Haddad, Citibank, UK; Kamola Makhmudova, EBRD;  
Alan Ketley, Global AML Advisory, MUFG, USA and Wolfsberg  
Correspondent Banking DDQ Steering Committee, Switzerland; Bill  
Howarth, International Compliance Association, UK

## WHAT PEOPLE SAID

“Many thanks EBRD for providing this valued event that enriched the knowledge of all participants and contributed to the increase in the level of economic interaction.”

**Mokhtar El Kotb**  
National Bank of Egypt



*Most Active  
Issuing Bank*  
**Ukraine**

Brian Caplen, *The Banker*, UK; Kateryna Shulga, Raiffeisen Bank Aval, Ukraine; Francis Malige, EBRD



# AWARDS SPECIAL ~ TFP AWARDS SPECIAL



Kamola Makhmudova, EBRD; Senad Softic, Central Bank of Bosnia and Herzegovina



Selma Omić, Addiko Bank, Bosnia and Herzegovina; and Anna Brod, EBRD



Georges Andraos, Fransabank, Lebanon; Vincent O'Brien, ICC; Nada Abi-Nader, Bank Audi, Lebanon; and Neil McKain, EBRD

## WHAT PEOPLE SAID

“It was an outstanding and professionally organised event with wide networking opportunities and very interesting panel discussions. It was also a great honour to be awarded with the “Deal of the Year – Green Trade” prize, evidencing that our two institutions’ strategic priorities pace the same way.”

**Nelli Kocharyan**  
Converse Bank



Ola Odeh, Cairo Amman Bank, Jordan; and Faycal Badawi, BMCE Bank Of Africa, Morocco





Above, left to right: Marco Nindi, EBRD; Ayse Betül Kurtulus, FCI, Turkey; Francis Malige, EBRD; Kamola Makhmudova, EBRD; Çagatay Baydar, FCI, Turkey; Rudolf Putz, EBRD; Zammurad Salam, EBRD

**WHAT PEOPLE SAID**

“What an excellent event. Topical, informative, good speakers, detailed support presentations and highly relevant to the trade-based finance industry. A pleasure to attend.”

**Bill Howarth**

President, International Compliance Association, UK



Left to right: Selma Omić, Addiko Bank, Bosnia and Herzegovina; Elena Ristevska, Komercijalna Banka, North Macedonia; Rudolf Putz, EBRD; Jelena Moraca, Eurobank, Serbia; Hans-Joerg Krohn, Commerzbank, Germany



Francis Malige and Kamola Makhmudova, EBRD, present Mokhtar El Kotb, National Bank of Egypt, with the TFP Academic Excellence Award

Academic  
Excellence  
Award

# The best of trade finance's best MINSK ~ 2019

The EBRD's TFP team hosted the annual graduation ceremony for the EBRD Trade Finance e-Learning Programme in Minsk on 4 March 2019.

In total, more than 5,000 students from at least 340 organisations in 48 countries across eastern Europe, Central Asia and the southern and eastern Mediterranean (SEMED) had taken part and finished the course by the end of 2018, and we are proud to share with you our top 25 graduates.

The EBRD Trade Finance e-Learning programme is supported by funding from donors such as the EBRD's Shareholder Special Fund and the European Union.

The EBRD also greatly appreciates the enthusiastic support from international commercial

banks; each year our top students spend trade finance internships in Austria, France, Germany, Italy and the United Kingdom.

Huge thanks also go to other sponsors Commerzbank, KBC Bank Belgium, Banca Popolare di Sondrio, Bank of China, Deutsche Bank, ICC Austria, ICC Paris, BRC Publishing, China Systems and Coastline Solutions.

Our e-Learning Programme is growing from year to year and 2019 follows this trend with large numbers of students having enrolled.

We congratulate all our graduates. These trade finance professionals are a true example for peers in the sector and we are looking forward to following their successful careers. •



Hannah McKay and Anna Brod, EBRD



Eman Hussein and Ghada Mohamed  
Abbas Ahmed, National Bank of Egypt,  
with Kamola Makhmudova, EBRD



Rudolf Putz, EBRD,  
presents Nadezhda  
Khrustaleva, Demir  
Kyrgyz International  
Bank, Kyrgyz Republic  
with her award



## WHAT PEOPLE SAID

“We are delighted to support and attend the EBRD’s graduation ceremony. It is a wonderful energetic event which showcases the success of the EBRD Trade Finance e-Learning Programme.”

**Stephen Clinton**  
Coastline Solutions

David Ghazaryan, Converse Bank, Armenia  
and Innesa Amirbekyan, ID Bank, Armenia

Stephen Clinton, Coastline Solutions  
and Eleonore Treu, ICC Austria



Our international  
e-learning graduates



Eleonore Treu, ICC  
Austria presents Karim  
Ahmed Mohamed  
Ahmed Afifi, National  
Bank of Egypt, Egypt,  
with his award

## WHAT PEOPLE SAID

“The e-Learning Programme was a great and unique experience that increased my knowledge in trade finance.”

**Natasia Asprovskia**  
NLB Banka Skopje, North Macedonia



Friends and  
colleagues from  
Bank Dabrabyt,  
Belarus





#### WHAT PEOPLE SAID

“After many years of experience in the documentary business, it was amazing to learn new aspects of trade finance thanks to the TFP e-Learning Programme.”

**Alexandra Voronkova**  
Bank Dabrabyt

Suzana Franz, ODDO BHF, Germany; Anush Aghabekyan, Armeconombank, Armenia; and Rudolf Putz, EBRD

Cheers to our hard-working TFP team and sponsors!



Left to right: Anna Brod, EBRD; Hovsep Voskanyan, Commerzbank; Hossam Eldin Mostafa Sayed, National Bank of Egypt; Kamola Makhmudova, EBRD; Rudolf Putz, EBRD



Hovsep Voskanyan, Commerzbank

**Award**  
Internship at  
Commerzbank





# TOP 25 GRADUATES 2019

1. **Hossam Eldin Mostafa Sayed**, National Bank of Egypt, Egypt
2. **Nora Vanyan**, Armeconombank, Armenia
3. **Anahit Khudaverdyan**, Armeconombank, Armenia
4. **Anush Aghabekyan**, Armeconombank, Armenia
5. **Aghavni Tolmajyan**, Armeconombank, Armenia
6. **Kristine Mkrtchyan**, Armeconombank, Armenia
7. **Karim Ahmed Mohamed Ahmed Afifi**, National Bank of Egypt, Egypt
8. **Marine Badalyan**, Armeconombank, Armenia
9. **Nayera Shafik Helmy Shafik El-Ashry**, National Bank of Egypt, Egypt
10. **Dimitra Kyrianidi-Nikolaidi**, National Bank of Greece, Greece
11. **Ekaterini Mavroudes**, National Bank of Greece, Greece
12. **David Ghazaryan**, Converse Bank, Armenia
13. **Papastathis Zacharias**, National Bank of Greece, Greece
14. **Natasa Asprovaska**, NLB Banka Skopje, North Macedonia
15. **Lilit Mkhitarian**, ArmSwissBank, Armenia
16. **Nancy Noshey Fahmy**, Arab African International Bank, Egypt
17. **Theodora Georgakopoulou**, National Bank of Greece, Greece
18. **Rania Osama El Sayed**, Arab African International Bank, Egypt
19. **Filip Sharevski**, NLB Banka Skopje, North Macedonia
20. **Sara Mostafa**, Arab African International Bank, Egypt
21. **Nourhan Mostafa Tarek**, National Bank of Egypt, Egypt
22. **Alexandra Voronkova**, Bank Dabrabyt, Belarus
23. **Nadezhda Khrustaleva**, Demir Kyrgyz International Bank, Kyrgyz Republic
24. **Andreea Simona Baiasu**, Piraeus Bank, Romania
25. **Vadim Yakubenko**, Bank BelVEB, Belarus

## MINSK 2019 \_E-LEARNING GRADUATION

Rudolf Putz, EBRD  
with Mansur  
Avchiev, Asia  
Alliance Bank,  
Uzbekistan



Irina Chuvakhina,  
Priorbank, Belarus;  
Innesa Amirebekyan,  
ID Bank, Armenia;  
Vincent O'Brien,  
ICC; and Kamola  
Makhmudova, EBRD



### WHAT PEOPLE SAID

"The benefits of having the e-Learning Programme in my life last year are hard to underestimate: strong theoretical support and professional development, and an amazing graduation ceremony with great networking opportunities. Thank you EBRD!"

**Nadezhda Khrustaleva**  
Demir Kyrgyz International Bank



Friends and colleagues from  
Belinvestbank, Belarus

# OS SPECIAL ~ MINSK AWARDS SPEC

## WHAT PEOPLE SAID

“We had an amazing time, from the workshop through to the graduation ceremony, which ended with a great party! I expect to gain a lot out of my prize – attendance to the DB International Bankers Seminar in Frankfurt – for which I deeply thank you!”

**Ekaterini Mavroudes**  
National Bank of Greece



Kamola Makhmudova, EBRD with Volha Valasniova, Belarusky Narodny Bank, Belarus



## Award

*Scholarships for a one-week trade finance training course at the Joint Vienna Institute*

Rudolf Putz, EBRD; Filip Sharevski, NLB Banka Skopje, North Macedonia; and Anna Brod, EBRD



## Award

*Free passes to ICC Austria's Trade Finance Week 2019*

Eleonore Treu, ICC Austria; Dimitra Kyriani-Nikolaïdi, National Bank of Greece; and Rudolf Putz, EBRD



The event was attended by students from right across the EBRD regions



## Congratulations to all our graduates!



Our graduates of 2019!

### WHAT PEOPLE SAID

“The EBRD Trade Finance e-Learning Programme is the best online training I have ever seen for people working in trade finance and documentary operations.”

**Anush Aghabekyan**  
Armeconombank



Friends and colleagues  
from MT Bank, Belarus



Left to right: Bill Howarth,  
International Compliance  
Association with Natallia  
Asinava and Sergey  
Logvinenko, BPS-  
Sberbank, Belarus



Bill Howarth, International Compliance Association



**Award**  
Work  
experience  
at ICC Paris



David Bischof, ICC Paris; David Ghazaryan, Converse Bank, Armenia; Rudolf Putz, EBRD

#### WHAT PEOPLE SAID

“The e-Learning Programme is interesting and really helped me to develop professionally. Moreover, the graduation ceremony was a great opportunity to meet colleagues in other countries.”

**Rania Osama El Sayed**  
Arab African International Bank

Left to right: Hannah Mackay, EBRD; Nancy Noshey Fahmy, Arab African International Bank, Egypt; Kamola Makhmudova, EBRD; Rania Osama El Sayed, Arab African International Bank, Egypt; Sara Mostafa, Arab African International Bank, Egypt



**Award**  
Free attendance  
to ICC Austria's  
Trade Finance  
Week 2019

**Award**  
A one-week  
training course  
at the  
Joint Vienna  
Institute

Eleonore Treu, ICC Austria; Anna Kavtaradze, Bank of Georgia; Innesa Amirbekyan, ID Bank Armenia

#### WHAT PEOPLE SAID

“Being a part of the EBRD Trade Finance e-Learning Programme is a great opportunity for any trade finance specialist that in return reflects in your overall knowledge and performance.”

**Sara Mostafa**  
Arab African International bank







Friends and colleagues from Priorbank, Belarus



Hanna Kirshankova, Sviatlana Piliipenka, Volha Valasniouva and Tatsiana Pazdzeyeva from Belaruskyy Narodny Bank, Belarus with Kamola Makhmudova, EBRD

#### WHAT PEOPLE SAID

“The e-Learning Programme was wonderfully beneficial for professional self-development. And the graduation ceremony in Minsk was a great opportunity to meet colleagues from other banks.”

**Nancy Noshey Fahmy**  
Arab African International Bank



Anna Brod and Rudolf Putz of the EBRD present Lilit Mkhitaryan, ArmSwissBank, Armenia with her certificates

**Award**  
Internship  
at Banco  
Popolare di  
Sondrio

# HIDDEN CHAMPIONS OF THE ISLAND



**Most of the successful companies on the island are small or medium-sized enterprises and the authorities are keen to develop them further**

**H**idden champions can be defined as small companies that are little known by the rest of the world but go on to be successful.

The term was coined by Hermann Simon, a German author and businessman, who first used it to describe the small, highly specialised German businesses that went on to dominate the global market. According to Simon, a hidden champion should fulfil three criteria: it should “[be] one of the top three in its market or number one in its continent, [have] a revenue of less than US\$ 5 billion and not [be] well known [by the] general public”.<sup>1</sup>

There are about 2,700 extremely successful companies around the world that are referred to as “hidden champions” and roughly half of them are German.<sup>2</sup> Unlike large, publicly

listed companies, which are often the subject of news reports, hidden champions, as their name would suggest, are rarely in the public eye. Their modest reputations, however, do not equal complete anonymity, as they are usually known, admired or even feared within their own industries. But for companies with global market shares of over 50 per cent,<sup>3</sup> hidden champions are relatively unknown.

## HIDDEN CHAMPION VALUES

Most of the island’s most successful companies are small or medium-sized enterprises (SMEs). In 2017 SMEs had up to a 97.7 per cent market share based on number of enterprises, and up to 14.2 per cent based on export sales value.<sup>4</sup> SMEs play an important role in the island’s economy. Owing to the special status of SMEs on the island, many hidden champions have flourished.

In 2017 Hermann Simon attended the Gurus Forum on the island and gave a keynote speech about the secrets of hidden champions’ growth in the world. Based on years of observation, he highlighted

**In 2017 SMEs had up to a 97.7% market share based on number of enterprises**



some company values that hidden champions usually share. These included extremely ambitious goals, a company mission combined with exceptional products and knowledge, strategies for globalisation, a strong research and development team and capable employees and leaders.

## SUPPORT FROM THE AUTHORITIES

The authorities on the island recognise that it has the potential to develop SMEs into hidden champions. A number of manufacturers of bicycles, textiles, sporting goods and ceramic products have performed so well that they are close to being defined as hidden champions.

At the same time, efforts are being made to further bolster the development of SMEs by identifying role models to learn from and helping them recruit talent and raise funds.

Because of the island’s success and experience in developing SMEs, the Industrial Development Bureau published a book entitled *Hidden Champions of Taiwan* in January 2019 to reveal the success stories of hidden champions. According to the book, the island has many areas of





[clothing] industry has relocated most downstream production overseas and gradually also moved upstream and midstream manufacturing operations abroad, while focusing on research and development at home.”<sup>9</sup>

Upstream producer Shinkong Synthetic Fibers, midstream suppliers Fu Hsun Fiber and Men-Chuen Fibre and downstream producers Eclat Textile Company and New Wide Enterprise were also involved in manufacturing the 2018 World Cup jerseys.<sup>10</sup>

Alongside sportswear, several makers of footwear, such as Pou Chen Corp, Feng Tay Enterprises and the Ching Luh Group, which are long-term suppliers of Nike, Adidas and other major brands, manufactured studs for football players at the World Cup in 2018.

**Wan-Yu Kan**  
*Manager of Taiwan Office for EBRD  
Business Development*

<sup>1</sup> <https://english.cw.com.tw/article/article.action?id=1716>

<sup>2</sup> <https://www.forbes.com/sites/rainerzitzmann/2019/07/15/the-leadership-secrets-of-the-hidden-champions/#25d7d52b6952>

<sup>3</sup> Ibid.

<sup>4</sup> SME Statistics in 2017, Ministry of Economic Affairs, <https://www.moeasmea.gov.tw/article-en-2573-4502>

<sup>5</sup> <https://taiwantoday.tw/news.php?unit=6&post=131098>

<sup>6</sup> [https://nsppe.mofa.gov.tw/nsppe/news.php?post=131134&unit=379&unitname=&p\\_ostname=Manufacturing-output-rises-for-2017-in-Taiwan](https://nsppe.mofa.gov.tw/nsppe/news.php?post=131134&unit=379&unitname=&p_ostname=Manufacturing-output-rises-for-2017-in-Taiwan)

<sup>7</sup> <https://my.taiwantrade.com/news/print.jsp?id=24119>

<sup>8</sup> Ibid.

<sup>9</sup> <http://focustaiwan.tw/news/aeas/201807100023.aspx>

<sup>10</sup> Ibid.

industry that have cultivated hidden champions all over the world.

### LEADING INDUSTRIES

According to the news platform *Taiwan Today*: “The island’s manufacturing output increased by 5.85 per cent year on year to NT\$ 13.34 trillion (US\$ 456.75 billion) in 2017 [...]. The three leading contributors — accounting for more than 70 per cent of the total gain — were basic metals [...] chemical materials [...] and electronics components and parts.”<sup>5</sup>

However, several other subsectors, especially those dominated by SMEs, are manufacturing unique, internationally competitive products. These products include sporting goods, cosmetics and skincare.<sup>6</sup>

### Cosmetics

Statistics from the authorities show that many of the island’s companies have introduced their own cosmetics brands overseas in recent years and have increased shipments from the island to meet growing demand. According to news outlet *Taiwan Trade*, “China remained the largest overseas buyer of [the island’s] cosmetics in 2017, accounting for 56.7 per cent of total exports. The United States of America had the second-highest share... at 10.9 per cent, followed by the Association of Southeast Asian Nations at 8.9 per cent and Japan at 4.2 per cent.”<sup>7</sup>

In the same article, the Ministry of Economic Affairs attributed the success of cosmetics brands to two factors: “upgrades to their products to meet the requirements of foreign markets and more effective market strategies that have given them greater visibility overseas”.<sup>8</sup>

In 2018 the export value of beauty products from the island reached US\$ 832 million, with major export countries including China, Hong Kong, Japan, the United Kingdom and the United States. Dr. Morita and MIRAE are examples of popular and successful skincare and beauty brands.

### Textiles

The island’s textiles industry has also spawned several strong exporters worldwide and there is no better place to showcase the success of its sportswear than at the world’s most watched sporting event: the FIFA World Cup.

At least 15 of the 32 teams competing at the 2018 World Cup, including Belgium, Brazil, England, Egypt, Germany, Japan, Sweden and Saudi Arabia, were equipped with kits made of innovative fabrics from the island, according to the island’s Industrial Development Bureau.

According to news platform *Focus Taiwan*, “In recent decades, the



## Hidden champions programme

In May 2019 the EBRD’s Local Currency and Capital Market Development team organised a knowledge-sharing workshop and invited experts from the island’s Stock Exchange (TWSE) to Skopje to share their experience in promoting its hidden champions.

The six-hour workshop gave the experts a chance to show how TWSE supports listed companies in disclosing information and in strengthening their corporate governance in order to improve investors’ confidence and attract international investment.

The workshop was a great success. Almost 40 participants from six countries attended and an enthusiastic discussion ensued.

Francis Malige,  
EBRD, awarding  
Merita Hysaj from  
TEB. Kosovo



# FORUM UPDATE~FORUM UPDATE



Marco Nindl, Anthony Bartzokas and Anna Brod, all of the EBRD



Alexander Saveliev, EBRD



Thank you, TFP team, for organising this wonderful event in Athens. We learned of recent trends and developments in trade finance, gained new contacts and of course enjoyed beautiful Athens!

Tamar Gugushvili,  
TBC Bank



Innovation in Trade Finance panel discussion, moderated by Eleonore Treu

It was fascinating to learn about the inception and growth of the TFP on its 20th anniversary, in the company of so many of your partners that have been part of the journey, including ourselves.

Antony Russo,  
AXA XL



Maryna Dzhulal, Piraeus Bank Ukraine, Vincent O'Brien, ICC, and Kamola Makhmudova, EBRD

Zuzana Franz, ODDO BHF, Marc Auboin, WTO, Olivier Paul, ICC, Rudolf Putz, EBRD, Peter Mulroy, FCI, Sean Edwards, ITFA



What a fantastic event in Athens. Superb hospitality. And it was great to meet some of the issuing and confirming bank partners and gain a deeper understanding of the programme and its success.

Lizzie Gambles,  
Marsh JLT Specialty

# A big thank you to our Forum partners



Sherman Shih-nan Kuo, Taipei  
Representative Office, Greece



Many thanks for the excellent event. We are looking forward to sponsoring subsequent EBRD events, so keep us posted!

**Dimitris Petrilis,**  
Finastra

It was a full house at the opening of the 2019 TFP Forum in Athens



A very big thank you for your fantastic and wonderful hospitality and a well organised TFP Forum.

**Lakis Pantelides**  
Bank of Cyprus

Anna Brod, EBRD, Andy Romanov, Ukgasbank, Ukraine, Hans-Joerg Krohn, Commerzbank, Germany, and Nadia Laielli, UBS Switzerland



Rudolf Putz, EBRD, awarding  
Alberita Memqaj, TEB Kosovo





Thank you for an outstanding event in Athens! It was interesting and useful, and we experienced unforgettable moments with the TFP community.

**Shuhrat Babadjanov,**  
Ipak Yuli Bank



Left: Nelli Kocharyan, Converse Bank, Armenia, Kateryna Shulga, Raiffeisen Bank Aval, Ukraine, Maria Mogilnaya, EBRD, Arton Celina, Banka Per Biznes, Kosovo, and Maya Hennerkes, EBRD



This event brings together international financial institutions as well as banks to promote investment projects. The Forum also expanded my level of understanding of trade finance and pointed out the importance of digitalisation in trade finance processes.

**Dilshod Turgunov,**  
Uzbek Industrial and Construction Bank



Catherine Dimou, Alpha Bank, Greece, Josep Oriol I Utesà, Banco de Sabadell, Spain, and Elena Koukoutsidi, Alpha Bank, Greece



Teona Jolokhava, TBC Bank, Georgia, Marco Nindi, EBRD, Ana Kavtaradze, Bank of Georgia, Tamar Gugushvili, TBC Bank, Georgia, and Kamola Makhmudova, EBRD

FORUM UPDATE~FORUM UPDATE

# FORUM UPDATE~FORUM UPDATE~FORUM UPDATE



**Anna Brod, EBRD, welcomes  
colleagues from National  
Bank of Greece to the gala  
dinner in Athens**



Francis Malige, EBRD, opens the second day of the TFP Forum



Traditional Greek dancing at the gala dinner

Below: Ecaterina Ivanova and Valentina Putregai of MAIB Moldova and Alexandra Voronkova, Bank Dabrabyt, Belarus



**We had a wonderful experience with great people from different banks and countries, with whom we also had the chance to network and create new relationships.**

**Merita Hysaj,**  
TEB, Kosovo





# FORUM UPDATE~FORUM UPDATE



Kamola Makhmudova, EBRD, moderating the panel discussion on KYC and AML



Thank you so much for the interesting and fruitful conference in Athens. It was a great opportunity to meet trade finance specialists from various banks, as well as FCI and EBRD representatives.

**Shay Shalita,**  
UMTB Mizrahi Tefahot Bank

I like the warm atmosphere that you have created in the community you are helping, on top of being efficient and innovative.

**Marc Auboin,**  
World Trade Organization

The Forum was well organised with a thoughtful programme that was focused on timely topics and presented by experienced professionals.

**Caroline Brownstone,**  
International Management and Marketing Associates (IMMA Ltd)

Şakir Sömek, Alternatifbank, Turkey, Marco Nindl, EBRD, Ahmet Kinalisoy, Alternatifbank, Turkey



Panel discussion on Challenges and Opportunities in Trade Finance in Greece, moderated by Marco Nindl, EBRD



The TFP Forum was a unique opportunity to hear real business stories to improve our knowledge – and yes, it was also an opportunity to meet great people!

**Marija Kovačević,** NLB Banka, Montenegro





Celebrating 20  
years of the TFP



Photo booth fun



It was a fantastic location, the discussions were very informative and it was a great opportunity to meet other colleagues from different banks.

**Tanja Steinberg,**  
AKA Ausfuhrkredit-Gesellschaft



Guests having fun after  
a full day of panel  
discussions



Irina Chuvakhina,  
Priorbank, Belarus, Anna  
Brod, EBRD, and Denis  
Pekun, Priorbank, Belarus





The evening saw participants enjoy a fun boat trip



TFP colleagues and partners demystifying Silk Road trade on a panel moderated by Kamola Makhmudova, EBRD

Andrea Logarić and Sanja Gracin from Erste Bank, Croatia



This time everything was more than perfect – exquisite location, amazing atmosphere, Mediterranean food and the hospitable Greek nation! Thank you!

Alla Červenková,  
Československá obchodní banka



# SUSTAINABILITY AND THE CIRCULAR ECONOMY

**The EBRD's business model of investments, technical assistance and policy dialogue is helping Turkey to cut down on waste and minimise environmental damage**



*By Bengisu Kilic Gokberk,  
EBRD*

**A**s the world's population increases, the pressure on natural resources is going to be more intense. For a long time we have been living in a linear economy, based on a "take-make-use-dispose" mentality. In a linear economy, value is created by maximising the amount of products produced and consumed.

To minimise our impact on the environment, the logical step would be to move towards a circular economy where we can take advantage of the existing material flows for additional use or improve the material efficiency of products across value chains. This means reducing the extraction of virgin materials where possible, in addition to recovering, re-using and recycling materials.

However, this is certainly not the path of least resistance in many developing countries. The key challenges for transition to a circular economy are the lack of know-how to drive innovation, absence of a strong regulatory framework and access to finance for implementing resource efficiency investments.

In December 2015 we took a step towards a circular economy with the Near Zero Waste Programme (NØW) in Turkey. The Programme supports waste minimisation and valorisation investments (such as the re-use of waste or under-used materials in the production process)

in Turkey by employing the EBRD's typical business model of:

- investments and projects – blending the EBRD's finance with concessional funds
- technical assistance – providing companies with technical assistance to support them with project preparation
- policy dialogue – engaging with the government and relevant ministries to improve the regulatory framework to promote sustainable development.

Despite the great work and efforts made in technical assistance and policy dialogue to mainstream waste minimisation projects in Turkey, there is still a lot to do to make sure the impact of these activities gains visibility (and traction).

## **TURKEY MATERIALS MARKETPLACE**

The EBRD has funded and launched Turkey Materials Marketplace (TMM), a cloud-based platform designed to facilitate cross-industry materials (waste, by-products and unused raw materials from production processes) to re-use among Turkish companies. The project is based on a secure marketplace software platform through which project members are invited to share materials data from their operations.

With assistance from the project team, companies work collaboratively to identify, evaluate and implement material re-use and valorisation opportunities, which are crucial components of the circular economy. Today, TMM has reached 75 members (most of whom are EBRD clients) and successfully completed 5 material transactions among member companies.

## **INTRODUCING END-OF-WASTE (EOW) CRITERIA IN TURKEY'S WASTE MANAGEMENT REGULATION**

Almost all requirements in the EU's Waste Framework Directive were harmonised in the Turkish Waste Management Regulation except the "end-of-waste criteria". This concept sets certain conditions







**“To minimise our impact on the environment means reducing the extraction of virgin materials where possible, in addition to recovering, re-using and recycling materials.”**

*Bengisu Kilic Gokberk, EBRD*

Ministry of Environment to develop a roadmap to incorporate EoW criteria into the Waste Management Regulation.

To move away from linear consumption practices, markets and businesses will need the support of conducive policy frameworks and access to dedicated finance from institutions such as the European Union and the EBRD, along with a clear understanding of how to align their operations.

In this context, the EBRD hosted a panel discussion on 16 May 2019 in Brussels, during the EU Green Week in Brussels, on “Fostering investments in support of the EU’s Circular Economy Package”, explaining the role of policy and financial support programmes to enhance circular economy investments and green innovation activities.●

[www.now-turkey.org](http://www.now-turkey.org)  
<http://turkey.materialsmarketplace.org>

TMM has reached  
**75** members  
and successfully  
completed 5 material  
transactions among  
member companies

which identify when a type of waste ceases to be legally classified as waste (end-of-waste criteria). It is particularly important for the glass, iron and steel, aluminium and copper industries, which can easily substitute their raw material input with scrap materials. Currently, the scrap materials from these industries are waste by definition and therefore are subject to administrative controls and trade restrictions.

Lack of EoW definition in Turkey’s waste management regulation is one of the obstacles to putting the circular economy concept into practice in Turkey. The team worked with the



# *TRADE FINANCE IN START-UP BANKS: BARRIERS AND SOLUTIONS*



**Trade finance consultant Igor Roussine looks at the challenges of setting up trade finance departments in new banks in the economies where the EBRD invests**

**N**o one would disagree that trade finance is one of the most important products for start-up banks in countries with transitional economies. Or that it is an important factor in the formation and development of such new banks.

But trade finance is also important for the clients of start-up banks as it enables them to mitigate risks associated with international trade, to receive financing for their contracts from foreign sources on attractive terms, and to improve the terms and conditions of trade transactions.

So what difficulties do trade finance departments face when establishing and developing such operations in new banks in economies in which the EBRD invests?

Over the years of working as an EBRD adviser on trade finance in many countries and in many new banks, I have encountered a number of generic issues that tend to impede the development of trade finance.

## **CREDIT POLICY IN TRADE FINANCE**

Do all banks have an internal trade finance policy paper, or at least a provision, stating what transactions are eligible for trade finance products? Is trade finance a

service or a credit operation? What methods of structuring transactions and requirements for borrowers are preferable for banks under trade finance instruments? Are target markets, target product groups and target customers for trade finance determined properly? For example, should the trade finance department spend time on small trade finance transactions for small and medium-sized enterprises and how should it approach a letter of credit application for a small amount of €1,000?

As a rule, the absence of a specific trade finance policy slows down sales and development of trade finance and does not allow the bank to focus on key business areas and key trade finance clients.

## **DEFINITION OF TRADE FINANCE PRODUCTS IN THE BANK**

Is there a definition of trade finance products in every start-up bank, and is it exactly the same everywhere and in all banks? Is there a common understanding of these products among all employees and management, and what tools are included in this concept? For example, are loans to finance foreign trade contracts and related domestic trade transactions considered as trade





finance transactions or only as working capital loans? Or if a start-up bank does not have foreign trade finance limits and has not yet started to work with documentary transactions and international guarantees, does it mean that there is no trade finance business in that bank at all?

#### INTERNAL ORGANISATION OF CREDIT AND TRADE FINANCE DEPARTMENTS

Where is the trade finance department of a start-up bank located and what functions are included? Is it only a technical back office unit dealing with documentary transactions and guarantees, or does it also have a credit responsibility and authorisation to initiate credit applications and respective trade finance transactions?

**“Structuring trade finance transactions is often more time-consuming than structuring regular loans.”**

*Igor Roussine, EBRD*

Very often in start-up banks there are no clear solutions to these questions. Obviously the processing of trade finance instruments is a back office function. At the same time, there should be a commercial front office unit, free from technical responsibilities but targeted on developing a trade finance portfolio, dealing with the structuring of transactions and being responsible for origination and initiation of trade finance limits and transactions for clients.

These functions, or rather the trade finance product responsibility, is very often lost between the documentary trade departments, credit departments, corporate client units and risk management in the start-up banks.

#### INTERNAL COMPETITION BETWEEN CREDIT AND TRADE FINANCE

Structuring trade finance transactions is often more time-consuming than structuring regular loans. Accordingly, in many cases, when start-up banks have enough liquidity and are pushed by customers to proceed quickly, selling working capital loans prevails instead of arranging more complex trade finance deals.

As a result, the client's foreign trade contract is very often financed by the bank with the working capital loan. Under such a contract the bank doesn't insist on improvement of forms of settlements, and it often accepts the risks of advance payments under import contracts, relying on the borrower's sufficient collateral. However, this does not help to improve the terms of trade for its customer.

Therefore by setting up a specialised trade finance unit in the bank's corporate and credit area as a fully equal component with allocated responsibilities and dedicated customers, mainly using trade finance products, allows many of these contradictions to be resolved, and brings trade finance into the mainstream of the bank's activities, alongside other loan products. Trade finance should be treated as a fully fledged credit product of the bank, the same as project finance,

construction finance, energy finance, and so on.

#### THE ROLE OF RISK MANAGEMENT IN TRADE FINANCE

Are the risk management departments of start-up banks always fully involved in the execution of trade finance transactions? Are the risk managers always well informed of the rules of processing documentary credits and demand guarantees? It is vital that risk management specialists are involved in credit decisions and the technical implementation of trade finance transactions.

#### TRAINING IN TRADE FINANCE

Lastly, training staff in the processes of trade finance is essential. Nowadays there are many training opportunities available, such as the EBRD Trade Finance e-Learning Programme, trade finance weeks and seminars, and online sources of published professional materials. But the coaching and support that bank staff receive from professional consultants in the daily structuring of transactions and trade finance product development remains indispensable.

Under the TFP the EBRD supports start-up banks by providing technical assistance through trade finance advisory projects. Between 2004 and 2019, in my capacity as a consultant, I worked with 41 banks from 6 countries on a medium-term basis. Separate training has been arranged by the EBRD to advise banks on the use of short-term revolving cash advances for trade finance. In the same period, 81 banks from 21 countries benefited from such additional training on the use of trade finance loans.

Such consulting projects deliver results. Not only did the number and volume of trade finance transactions increase, but also in many cases trade finance departments were reorganised or restructured, necessary internal procedures and credit policies were prepared, risk management became more involved in trade finance operations, customer service improved and new trade finance products were introduced.●

# PAVING THE WAY FOR (MORE) FACTORING IN KOSOVO



**What are the challenges of factoring in Kosovo? And what drove the central bank to adopt regulatory reform? The EBRD's Milot Ahma finds out**

**K**osovo took an important step in the reform of its legal framework back in November 2018 when the Central Bank of Kosovo (CBK) adopted a new regulation on factoring, thereby vastly improving the legal and regulatory framework and aligning it with international best practices.

The EBRD's Legal Transition Team helped to draft the regulation.

Factoring is an attractive financial instrument that is being under-used by Kosovan businesses and so the CBK has been keen to promote it. Milot Ahma from the EBRD's Legal Transition Team spoke to Albulena Xhelili-Berisha, Director of the Department for Licensing and Standardisation at the CBK, to hear her thoughts on the reform and what drove the central bank to undertake it.

**Recent reports suggest that access to finance and financial inclusion in Kosovo remain low even by regional standards. Could you summarise what the CBK plans to do to improve financial inclusion, and how factoring fits into such plans?**

The CBK in its capacity as a catalyst, regulator and supervisor of a stable and efficient financial system has identified as a priority the need to deepen and widen financial intermediation and financial sector infrastructure, not only to spur growth but also to increase the level of financial access and inclusion.

Given that factoring has become well established in developing countries, is supported by central banks around the world, and is accepted as a vital financial need of small and medium-sized

enterprises [SMEs], the CBK has taken concrete steps to support its development in Kosovo.

First, from a regulatory perspective, the CBK, with the EBRD's technical assistance, drafted the regulation to establish the legal and regulatory requirements for engaging in factoring activities. Up until this regulation, factoring was mentioned in the banking law but it was not specifically regulated.

Second, from a supervisory perspective, the CBK will ensure

Improved finance options have helped businesses such as Restaurant Oda, Peja, Kosovo.







## “Factoring is accepted as a vital financial need of small and medium-sized enterprises.”

*Albulena Xhelili-Berisha,  
Central Bank of Kosovo*

that banks and non-bank financial institutions (NBFIs) that are licensed/registered by the CBK to carry out factoring operate in an efficient and regulated manner in compliance with the legal and regulatory framework.

Third, the CBK, as a critical actor in financial literacy, has and will intensify its efforts to educate Kosovo's citizens on factoring through increased and targeted information campaigns as part of the five-year programme on financial literacy, as approved in 2017 by the Executive Board of the CBK.

We believe that factoring has a very high probability of success with proper

market awareness and education in Kosovo. However, its development in most countries has taken time and has often been met with challenges.

We have only two institutions in the market licensed to engage in factoring: one bank and one NBFI. Unfortunately, the NBFI has not had the best performance and by the summer of 2019 had initiated voluntary liquidation. The phenomenal rise in factoring in Europe is, among other things, attributed to a transition in business from banks to mainly factoring subsidiaries of banks. Maybe this could be a route to consider for our banks as well.

### **What are some obstacles that, in your view, prevent or could prevent the uptake of factoring in Kosovo?**

The general problem is that the level of awareness, availability, acceptance and use of factoring is low despite its benefits. Proper awareness of the product and its benefits, especially on the part of SMEs (that is, the demand side) is a crucial element in the introduction or development of a new product such as factoring. Businesses are not sufficiently familiar with this

type of financing, while the range of factoring products offered is very narrow and not necessarily suitable to businesses' needs.

### **What does the market need to overcome such obstacles?**

The business culture will need to change. Bankers/factors will need to take a fresh look at offering other forms of factoring which are more attractive for businesses, including non-recourse factoring and international/export factoring.

Awareness and education of factoring are also essential to the proper development of factoring in Kosovo.

The results from outreach events, like the one we organised together with the EBRD in September 2018, might contribute to positive social change by bridging the information, knowledge and research gaps on factoring services in Kosovo.

On the supply side, investors may set up factoring businesses, boosting product availability. On the demand side, SMEs may gain awareness of factoring, leading to increased product acceptance and utilisation. Improved financing options for Kosovan businesses may yield better enterprise performance and competitiveness, which in turn may result in improved job opportunities, household income, quality of life and, broadly, Kosovo's economic growth.

### **Finally, do you see factoring benefiting from the rise of Fintechs and distributed ledger technologies?**

Fintechs and distributed ledger technologies have the opportunity to help speed up the flow of capital and enhance the speed and efficiency in trade finance to seamlessly fund SMEs via electronic means. These could be a challenge as well as an opportunity for the local factoring industry, which is still at a very nascent stage.

The CBK is closely following the developments in other jurisdictions and studying the impact that these new business models and technologies can have, especially from a consumer protection and financial stability perspective.●

# TRAINING *DIGEST*

## INVESTING IN OUR *OWN TALENT*

**Offering our own people training in trade finance is just as important as helping to further the careers of those in our partner banks**

**I**n the TFP team we spend a great deal of time making sure that members of the trade finance family in our partner banks throughout the economies where the EBRD invests have opportunities to improve their skills and knowledge to further their careers. We do this in various ways: through our Trade Finance e-Learning Programme, as well as via a wide range of conferences, workshops and seminars run by us or in conjunction with other organisations.

Investing in people is key for the success and smooth running of trade finance activities, which is why we also make sure those in our own TFP team have the chance to improve their knowledge so that they can progress in their careers.

Ikbol Hakimov is an Analyst in our TFP team and Associate Editor of *Trade Exchange*. Last year he had the opportunity to study for the CITF qualification, which he passed (congratulations Ikbol!). Here he tells us why he decided to study and what he gained from it.

### WHY DID YOU DECIDE TO STUDY?

I felt I needed a better understanding of all elements of a trade transaction. The EBRD's TFP provides a guarantee covering the risk of the issuing bank in favour of the confirming bank to facilitate cross-border trade. The transaction details

and supporting documents are assessed to make a decision. In my day-to-day responsibilities in the TFP team I tend to just see the finished transaction.

However, there are a considerable number of activities that various stakeholders undertake when putting together a transaction – but I don't see these. As a trade finance professional it is appropriate to understand the full cycle of trade finance and the roles of each party involved.

The classic example would be where the importer purchases goods or services from a foreign country. After agreeing on a trade contract, the importer and exporter approach their banks (the issuing and confirming banks) to arrange the payment; they contact the freight forwarders to manage the movement of the goods; and the insurers to cover the risk of loss or damage, and

so on. The level of complexity of the transaction varies on the relationship between the importer-exporter and countries involved.

Studying for the CITF course gave me the opportunity to understand the key procedures, practices and legislation in trade finance on an international level.

### SO WHAT IS THE CITF?

The Certificate in International Trade and Finance (CITF) is an international trade certification that improves your technical knowledge of the product, documents, trade terms, roles and responsibilities that underpin international trade and finance, and teaches you how to apply this knowledge to real situations.

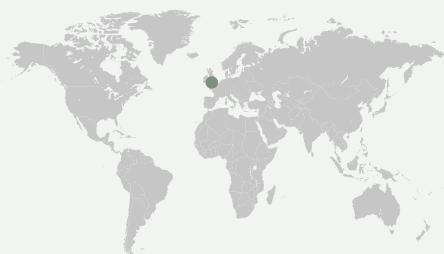
The CITF qualification also helps you develop a basic understanding of fraud prevention and risk in trade finance. The wide-ranging scope of this international qualification includes:

- the international trade environment
- parties involved in international trade and finance and their roles
- documents used in international trade and the Incoterms 2020 rules
- contracts
- trade-based financial crime compliance
- methods of settlement
- documentary collections
- documentary credits
- guarantees and standby letters of credit
- principles of supply chain finance
- other forms of finance
- export credit insurance
- foreign exchange risk management
- digital disruption and innovation.

**“Studying for the CITF course gave me the opportunity to understand the key procedures, practices and legislation in trade finance on an international level.”**

*Ikbol Hakimov, EBRD*





**“Having the practical experience enabled me to understand the topics quickly, recognise the roles of each party and focus more on the exam.”**

The CITF course is provided and awarded by the London Institute of Banking and Finance (LIBF). The qualification is supported by the Bankers Association for Finance and Trade (BAFT) and endorsed by the International Chamber of Commerce (ICC).

The course is well designed and supported by the online portal, which provides the course syllabus, study guidance, progress report and mock exam.

Making good use of these tools helped with the preparation and progress of the course. I also practised the multiple-choice questions at the end of each topic. Each topic consists of recommended books and links for further studies but you are not tested on these during the exam.

One thing I do like about this course is its flexibility and accessibility. The LIBF changed the testing system in 2019 so now candidates can take the test anytime in one of the Pearson VUE test centres worldwide and can get the result the same day. The course is valid for one year and the exam can be taken any time before the deadline.

#### **WHAT DID YOU FIND THE MOST CHALLENGING?**

If you're working full time, the thought of studying for a qualification on top of doing your day job can be very daunting, but it is achievable. Just like any other qualification, the CITF requires

commitment and preparation. Putting together a study plan and having good time management puts you in a much better position to succeed. There are 15 topics in total and each has specific areas that require more attention.

#### **DID YOU FIND THE COURSE DIFFICULT AND WHAT WAS THE MOST ENJOYABLE TOPIC?**

Given my practical experience (I had already notched up three years of experience in trade finance) I spent about three weeks studying for the examination. They suggest spending approximately 200 hours in order to pass the exam. However, depending on the individual level of experience, this timeframe can be adjusted.

Most of the terminology and stakeholders involved in the process were very familiar. Having the practical experience enabled me to understand the topics quickly, recognise the roles of each party and focus more on the exam.

My favourite topic was the International Commercial Terms publication of 2020 (Incoterms 2020). This topic explains the obligations of the buyer and seller for the sale of goods in international transactions. Of primary importance is that the Incoterms rule clarifies the tasks, costs and risks to be borne by buyers and sellers in these transactions.

#### **WHAT DID YOU GAIN FROM THE STUDY?**

My practical experience has been complemented by the knowledge I've gained from the course, which will be valuable in my day-to-day work at the EBRD. It has also really boosted my confidence and this is something that will carry me through the next stages in my trade finance career. I definitely recommend CITF if you wish to understand how international trade works.●



**See page 49 for details on other LIBF courses.**



# LEADING *EDUCATION* *TECHNOLOGY* IN TRADE FINANCE

**Regarded by trade finance professionals as the best in its sector, the EBRD Trade Finance e-Learning Programme has had a major impact on the development of international trade in the EBRD regions**

Since its inception nearly 10 years ago the EBRD Trade Finance e-Learning Programme has blossomed into the largest continuous education programme in the EBRD, being highly praised by the International Monetary Fund (IMF) and many other international financial institutions.

The e-Learning Programme was set up by the EBRD's Trade Facilitation Programme (TFP) and the International Chamber of Commerce (ICC) in May 2010. It initially consisted of four online courses which students had to complete in order to attend the graduation ceremony. Of the 99

students from 30 different banks across 10 countries enrolled in the programme, 30 students attended the first graduation ceremony held in Moscow, Russia, in 2011.

Since then the course has developed into seven online modules with more than 5,400 specialists from over 340 organisations and 48 countries across eastern Europe, Central Asia and the southern and eastern Mediterranean (SEMED) participating.

The online school is delivered by Coastline Solutions and EdTech Company. Coastline Solutions has been a reliable partner over the years, enabling the EBRD to train

more than 5,000 professionals from 185 banks in all economies where the EBRD operates. It has recently developed, in conjunction with the EBRD, two new modules: "Introduction to Trade Finance", which is available in Arabic, French, Mongolian and Russian, and "Environmental and Social Issues in Trade".

## **BIGGEST AND BEST YET**

As the e-Learning Programme has grown and the EBRD's operational relationship with Russia stopped, the graduation was shifted to Minsk, Belarus, in 2015. Minsk was a more accessible location for our students so this enabled the graduation ceremony to grow into the impressive event it is today.

Last year – 2019 – went down in the e-Learning Programme's history because its graduation ceremony was the biggest and best yet. The EBRD



## GREEN ALERT!

The TFP brings the best environmentally friendly practices to not only its products but also its events. The Dinner of Champions had a largely vegetarian menu and there were no plastic bottles, paper programmes or any other single-use plastic items.

had hosted the ceremony in Belarus for the past three years and in 2019, to elevate its importance, it held the e-Learning “Dinner of Champions” graduation ceremony, created jointly with the International Compliance Association (ICA). With over 130 students attending from 25 banks in 10 countries, Minsk rolled out its red carpet to welcome industry professionals and celebrate academic excellence.

The EBRD and ICA first started working together in 2018 to bring international certification and academic standards to the compliance work of the EBRD’s partner banks. The courses are funded by both institutions and focus on drivers that affect correspondent banking. This unprecedented project establishes international standards in the fight against financial crime in the EBRD regions.

The top 50 graduates from Belarusian banks who completed the “Trade Based Money Laundering” and “Know Your Client and Customer Due Diligence” foundation courses received certificates from the President of the ICA, Bill Howarth. Bill described the graduation ceremony as a wonderful occasion: “I have officiated at a great number of ICA award ceremonies over the last 20 years and this one was up there with the best of them. Passionate students and a well organised event. Great experience.”

The graduation ceremony has become a highly anticipated industry tradition, as top students have the opportunity to win private sector, donor-funded scholarships, internships and prizes. A special mention goes to our 2019 sponsors who included Banco Popolare di Sondrio, Bank of China, BCR Publishing, Commerzbank, Deutsche Bank, ICC Austria, ICC Paris, KBC, ODDO BHF and the Joint Vienna Institute.

The awards ceremony not only makes students feel special, but also motivates them to achieve the

## e-Learning in numbers

- 7 online modules
- 5,400+ specialists
- 340 organisations
- 48 countries

highest academic results. As Stephen Clinton from Coastline Solutions pointed out: “It is a wonderful energetic event which showcases the success of the EBRD’s Trade Finance e-Learning Programme. The graduation ceremony provides us with an opportunity to experience first-hand the positive impact of the programme and meet the trade finance professionals of the future.”

### CAREER DEVELOPMENT

The Dinner of Champions was an inspiring event for all those involved and lived up to the “Time For Party” motto of the TFP team, being filled with friendship, laughter and dancing in the true Belarusian art of hospitality.



“The graduation ceremonies are deeply social,” enthused one student from Tunisia, “because all professionals that work with international trade are surrounded by their peers, not only in Belarus but also other countries where the EBRD invests, such as Armenia, Egypt, Georgia, the Kyrgyz Republic, North Macedonia, Tunisia and Uzbekistan. We are surrounded by the colleagues and partners whose opinions we value.”

And it’s not all about making money, according to another student: “There is a special relationship when working with the EBRD because it not only cares about providing finance but also career development – it is something beyond just business.”

As the founder of the EBRD Trade Finance e-Learning programme, I can only say that this programme is the Bank’s extraordinary opportunity to do something important – cultivate talent and provide new opportunities for colleagues in partner banks.

And behind every successful project is a gifted project team. On the TFP side the programme and graduation are managed by Anna Brod, Hannah McKay and Shokhrukh Inamov. The event in Belarus was supported excellently by the Resident Office team, including Associate Director Head of Belarus Alex Pivovarsky, who delivered a superb presentation on the EBRD’s work in Belarus, and the wonderful administration team of Anastasiya Sarokina and Polina Nadolskaya.●

*By Kamola Makhmudova*

“The graduation ceremony in 2019 was the biggest and best yet: over 130 students from 25 banks in 10 countries attended.”

# *TFP AND EXIGER* TACKLE CORRESPONDENT BANKING IN *UKRAINE*

**The EBRD and Exiger, with support from the National Bank of Ukraine, jointly organised a workshop in Kyiv, Ukraine in September 2019 on correspondent banking and trade-based compliance issues**

**T**he EBRD's Trade Facilitation Programme (TFP) has developed a capacity-building agenda in trade finance to promote international standards in financial crime prevention, trade-based anti-money laundering, Know Your Customer and Customer Due Diligence in trade finance.

In recent years the EBRD's partner banks have lost a great number of correspondent banking relationships, which hinders international trade in the EBRD regions. Smaller banks are particularly dependent on such relationships to be able to offer payment and clearing services in foreign currencies.

As part of the EBRD's compliance capacity building in trade finance, the TFP engaged Exiger, a global leader in technology-enabled financial crime, risk and compliance solutions for financial institutions and regulators worldwide, to deliver a one-day

workshop in Kyiv, Ukraine in September 2019.

The workshop was jointly organised with Exiger and National Bank of Ukraine, with over 80 participants from banks in Ukraine, including the EBRD's partner banks. Exiger's Jason Holt, EMEA Regional Leader and Managing Director, and Avigyan Das, Director, eDiscovery, facilitated the workshop discussion.

The workshop helped the participants to gain a good understanding of trade finance and its associated financial crime risks. It also provided them with tools to more effectively implement procedures that help maintain and establish correspondent banking relationships – benefiting the trade activities of their clients.

The collaboration between the two

organisations will make it possible for EBRD partner banks to train their staff to the standards of leading international banks, minimise the costs of compliance and continue to stimulate trade finance transactions in the EBRD's regions.●

**“The workshop was jointly organised with Exiger and National Bank of Ukraine, with over 80 participants from banks in Ukraine.”**





# PERFECTING YOUR PROFESSION

David Morrish of the LIBF tells us about all the courses that will keep you and your qualifications up to date



David Morrish,  
LIBF

The London Institute of Banking & Finance (LIBF) turned 140 years old last year. Since it was founded in 1879 the LIBF has provided first-rate training for financial institutions and individuals and in 2013 it became a fully-fledged university college. Each year 20,000 students study its professional qualifications in the United Kingdom and more than 90 countries worldwide.

Over the last three years the LIBF has supported the EBRD's TFP "Tools for Trade" two-day workshops delivered by trade finance expert Vincent O'Brien of the ICC. The workshops have proven to be an excellent foundation for delegates who wish to study for a formal qualification in trade finance, in particular the LIBF's Certificate in International Trade and Finance (CITF®).

As international trade moves forward so must any associated training, and the CITF is no exception. The text for the CITF was revised extensively for 2019 and now includes chapters on supply chain finance, digital disruption and innovation, and trade-based financial crime compliance.

Interestingly, the CITF is to become an "on demand" qualification. This means that the exam may be taken at a date and time of the candidate's choosing at one of hundreds of exam venues around the world. So if you live in Baku, Tashkent, Tbilisi or Minsk – or indeed anywhere else in the world – there will be an exam venue near you.

The LIBF has a number of other trade and transaction banking qualifications for those that wish to widen their knowledge still further.

- **Certificate for Documentary Credit Specialists (CDCS®)**

This is a qualification for documentary credit practitioners to increase their understanding of the complexities associated with issuing, amending and checking documents presented.

- **Certificate for Specialists in Demand Guarantees (CSDG®)**

Designed to enable demand guarantee professionals to build and apply their knowledge in issuing guarantees and standby letters of credit and processing claims.

- **Certificate in Trade Finance Compliance (CTFC)**

Created to provide compliance, trade operations and client-facing personnel with technical expertise in this important area for international banks. The syllabus covers anti-

money laundering, counter terrorism financing, sanctions, anti-bribery and fraud.

- **Certificate in Supply Chain Finance (CSCF)**

With the exponential growth in open account trade, awareness of alternative methods of financing international trade such as factoring, invoice discounting and forfaiting are becoming vital. The CSCF examines every financing technique for supply chains.

- **Certificate in Principles of Payments (CertPAY)**

CertPAY helps professionals working in the global payments industry to increase their knowledge of this specialist subject and attain an internationally recognised qualification.

Many finance professionals study for the LIBF's qualifications. Some simply want to develop their expertise in their chosen specialism. Some will value their professional title of, for example, Certified Documentary Credit Specialist, and the opportunities it brings for career development. Employers will often encourage their employees to study these courses because it adds real value to the business. So however you decide to develop yourself and your career, good luck with your studies!•

More information on all of these qualifications can be found at [www.libf.ac.uk/study/professional-qualifications/trade-finance](http://www.libf.ac.uk/study/professional-qualifications/trade-finance).

# TRADE FINANCE WEEK KYIV 2019



## TALKING TRADE IN UKRAINE

The annual event was a resounding success, with hundreds of industry specialists having the chance to discuss challenges and opportunities

The TFP's excellent Trade Finance Week took place on 16-20 September 2019, bringing together 300 delegates from the National Bank of Ukraine (NBU), local and international commercial banks, and experts in trade finance, correspondent banking and compliance.

The event attracted local and international trade finance specialists



Such a great event! At the end of the conference there was a feeling of the productiveness of the time we spent and a feeling of 'growing wings' to further develop trade finance.

Anna Kilmukhamedova,  
Ukrsibbank







Delegates with  
their certificates  
at one of the  
workshops



The EBRD trade finance compliance partnership with the ICA has been an unqualified success, with many Ukrainian banking students performing well in the certifications. The EBRD scholarship scheme is a great support to the jurisdiction, and the cooperation and support of the National Bank of Ukraine is highly valued.

Bill Howarth,  
ICA

The support offered by the EBRD and ICA is invaluable and overcoming of adverse consequences of de-risking is one of the key goals in NBU's strategy. Meeting the high anti-money-laundering world standards is a must for Ukraine, and workshops such as these and the certification of experts is one of the effective ways of meeting these standards.

Ihor Bereza,  
National Bank of Ukraine

The annual event provides an important platform for delegates to discuss challenges and opportunities to cooperate, and to seek professional advice from recognised industry experts.

There were four main events: the Annual International Conference, a workshop on compliance, a workshop for documentary credit specialists and a workshop on financial crime counteraction.

The week in Kyiv not only facilitated fruitful discussions between the delegates – who covered many complex topics such as money-laundering risks and best practice controls in correspondent banking – but also yielded useful feedback from various stakeholders. The event will be instrumental in policy dialogue, the development of trade finance in Ukraine and the country's access to international markets.

Following the success of Trade Finance Week, the EBRD, NBU and International Compliance Association (ICA) will continue working together to develop trade finance in Ukraine and find ways of managing money-laundering risk. A joint action plan has been put together, which includes “train the trainer” compliance programme centres across Ukraine.●



Ukraine is one of the largest trade finance players in our TFP. We are sure that the compliance capacity development will help Ukrainian banks to create a state-of-the-art AML ecosystem so that it becomes a support system for importers and exporters and a hostile place for those that want to abuse it.

Kamola Makhmudova,  
EBRD



# CREATING DOCUMENTARY *CREDIT SPECIALISTS*

Developing talent where the EBRD invests continues to top our priority list, and our enthusiastic trade finance colleagues in Cyprus and Tunisia are no exception

The EBRD's TFP continues to invest in talent in the EBRD regions with another trade finance training course, this time on the Certificate for Documentary Credit Specialist (CDCS). Two workshops took place: one in Cyprus on 22-23 July 2019 and the other in Tunisia on 6-7 August 2019.

More than 40 participants attended each workshop and all were awarded with a certificate on completion.

The training was targeted mainly at documentary credit operations staff and trade finance professionals. However, the invitation was extended to other departments that interact with trade finance departments, such as relationship managers, legal staff, middle and back office staff and any other professionals.

The workshop had the valuable additional feature of acting as preparation for participants wishing to acquire an internationally recognised qualification known as the CDCS. The CDCS is managed

by The London Institute of Banking and Finance (LIBF) in partnership with the International Chamber of Commerce (ICC). The workshop was delivered by Vincent O'Brien from the ICC Banking Commission.●

## THE WORKSHOP COVERED THE FOLLOWING TOPICS:

- the sales contract and the role of commercial and financial documents
- Incoterms ® 2010 - a concise review
- a summary of International Trade Methods of Settlement
- foundations of documentary credits and parties involved
- understanding the timing and sequence of the documentary credit cycle
- key principles of documentary credits
- honour, negotiation and how documentary credits are made available
- the role of the nominated bank
- advising and amendments of documentary credits
- reimbursement arrangements under documentary credits
- standard for examination of documents
- examining commercial invoices, transport and insurance documents
- part shipments and instalment drawings
- force majeure
- transferable documentary credits and assignment of proceeds
- advanced level documentary credit case studies
- recent legal cases of interest and impact
- examining documents and compliance workflow.



# TFP BRAIN TEASERS

## The Incoterms® 2020 Crossword

On 10 September 2019 the International Chamber of Commerce released the Incoterms 2020. This is the ninth version of the Incoterm Rules on domestic and international trade terms.

The new rules entered into effect on 1 January 2020.

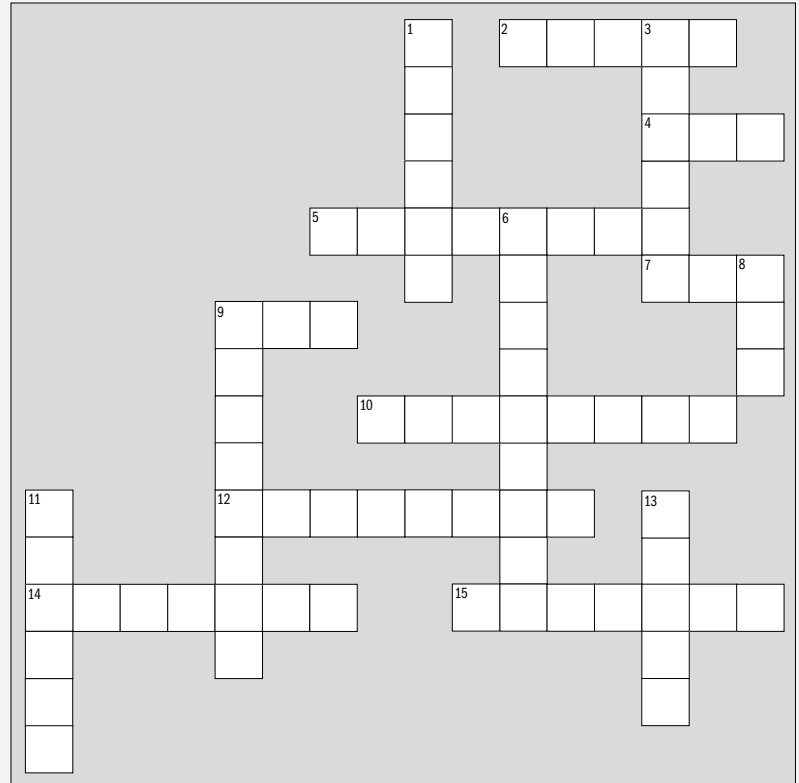
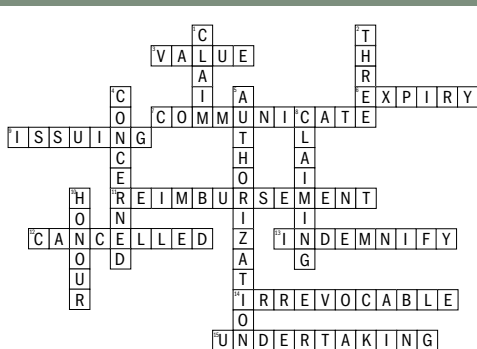
Our Incoterms 2020 crossword will get you familiar with key words or vocabulary for these important rules.

The rulebook may be obtained by contacting the International Chamber of Commerce, Paris, France.

No 6

## LAST ISSUE'S SOLUTIONS

No 5



### ACROSS

- These rules do not deal with the transfer of \_\_\_\_\_ over the goods (5)
- Under the CIP rule the required insurance cover has changed from minimum cover to \_\_\_\_\_ risk cover (3)
- It is up to the buyer who has agreed EXW to contract or arrange at its own cost for the \_\_\_\_\_ of the goods from the named place of delivery (8)
- The rule \_\_\_\_\_ is the only one of the 11 rules where the seller is responsible for import clearance formalities (3)
- The INCOTERMS® 2020 saw the introduction of the new rule \_\_\_\_\_ where the seller must unload the goods from the arriving means of transport and must then deliver them by placing them at the disposal of the buyer at the agreed point (3)
- The insurance under CIP shall cover, at a minimum, the price provided in the contract plus 10% (that is, 110%) and shall be in the \_\_\_\_\_ of the contract (8)
- Under CFR the seller delivers when the goods are placed on board at the port of \_\_\_\_\_ (8)
- In all of the INCOTERMS® 2020 rules the seller has an obligation to provide the buyer with an \_\_\_\_\_ (7)
- The rules are not \_\_\_\_\_ binding, unless they are incorporated into an agreement by express reference to the specific Incoterm rule (7)

### DOWN

- Where applicable under DPU the buyer must carry out and pay for all formalities required by the country of \_\_\_\_\_ (6)
- When the term FCA is used at a seller's premises, the seller must ensure the goods are \_\_\_\_\_ on the buyer's means of conveyance (6)
- Under CIF the buyer has no obligation to the seller to make a contract of \_\_\_\_\_ (9)
- Under all of the rules the buyer must \_\_\_\_\_ the price of the goods as provided in the contract of sale (3)
- These rules are the ICC Rules for the use of \_\_\_\_\_ and international trade terms (8)
- The first edition of these rules was introduced in nineteen \_\_\_\_\_-six (6)
- This ICC publication is not a book of regulations or laws but comprises a book of voluntary \_\_\_\_\_ (5)

# PIT YOUR WITS AGAINST THE EXPERTS!

Every issue of *Trade Exchange* includes a brain-teaser, drawn from the real-life trials of a trade finance professional. Here is your chance to demonstrate your ability to disentangle the most involved, contentious or just plain weird combinations of documents and to solve a puzzle in the field of documentary operations.

## “To pay or to delay – that is the question”

### Dear Experts,

We have a delicate situation regarding payment under a counter guarantee issued subject to URDG758.

In 2016, at the request of a foreign bank, we issued our local guarantee subject to URDG758 in favour of a local beneficiary for US\$ 9.7 million in respect of a railway contract being implemented by a foreign state-owned contractor. The counter guarantee and our local guarantee were extended by way of amendments and the current expiry date of the counter guarantee was 30 November 2019.

Having received a complying demand from the beneficiary we paid out under our local guarantee for the full amount of our guarantee – US\$ 9.7 million – and made a presentation demand under the counter guarantee.

Our presentation was received by the counter guarantor bank on Tuesday 29 October 2019 and on the same day we received a notice of rejection from the counter guarantor in respect of one stated discrepancy: **“supporting statement is for amount greater than amount of demand under counter guarantee”**.

We managed to send a counter argument on the same day but while this was factually correct, in our opinion this was not a discrepancy and demanded immediate payment from the counter guarantor.

We did not receive any further communication from the counter guarantor bank but the counter

guarantor made payment on Tuesday 5 November 2019.

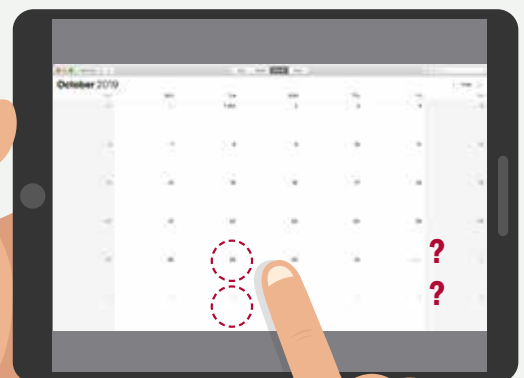
We consider this situation unsatisfactory and we request your prompt response on two questions.

1. Do you consider the claimed discrepancy “supporting statement is for amount greater than amount of demand under counter guarantee” as a valid discrepancy?
2. When should the counter guarantor have made payment based on the factual information we have provided?

As the amount is substantial you can appreciate the importance of our questions.

We await your reply.  
Your sincerely,

**Ms. Anxious**





# TFP BRAIN TEASERS



## WITH RECOGNITION

The following readers were also recognised for their technical merit (in alphabetical order):

All of the below get a GOLD medal.

### GOLD

**Ulanbek Asanakunov**, Optima Bank, Kyrgyz Republic

**Aneta Cvetkovska**, Komercijalna Banka, North Macedonia

**Domenico Del Sorbo**, Trade & Export Finance Specialist, Italy

**Vahe Grigoryan**, Converse Bank, Armenia

**Nelli Kocharyan**, Converse Bank, Armenia

**Riabi Lamia**, Attijaribank, Tunisia

**Mariia Minaeva**, International Investment Bank, Russia

**Elena Ristevska**, Komercijalna Banka, North Macedonia

What do  
you think?

Provide us  
with your  
expert view



## SOLUTION “Second time unlucky”

(Issue 16)

### DEAR EXPERTS,

In the case described in issue 16 of *Trade Exchange*, the issuing bank receives a presentation, examines the presentation and determines the documents to be discrepant.

They issue a notice of refusal stating one discrepancy in the presentation.

According to UCP 600 Article 16 (c), the issuing bank in this case has only one chance to refuse the presentation when it decides to refuse to honour and it must give a SINGLE notice to that effect to the presenter.

The notice of refusal must clearly indicate the following three elements:

- that the bank is refusing the presentation
- each discrepancy in respect of which the bank refuses
- the disposal of presented documents.

The issuing bank in our case stated one discrepancy on which it based its SINGLE notice of refusal.

The problem arose for the issuing bank when the beneficiary and presenting bank correctly challenged the one stated discrepancy: “Airway bill indicates transshipment which is prohibited in the letter of credit”. The presenting bank correctly elaborated that this was not a discrepancy as under UCP 600 article 23 (c) (ii) “An air transport document indicating that transshipment will or may take place is acceptable, even if the credit prohibits transshipment”.

Based on this correct technical application of the UCP 600 rules, the issuing bank agreed that the stated discrepancy in its notice of refusal was not a valid discrepancy. However, the issuing bank then stated a further discrepancy: “Conflict in weight – weight in packing list stated as NET 198KG whereas weight in weight list states as NET 192KG”.

This conflict in data between the weight list and packing list is in fact a valid discrepancy.

According to Article 16 (d) of UCP 600, “data in a document must not conflict with data in that document, any other stipulated document or the credit”. Without doubt, there is a conflict in data between the packing list and the weight list.

The key question now is whether the issuing bank may refuse based on a newly stated but valid discrepancy.

### The answer is a definitive no!

This discrepancy was not stated in the issuing bank’s first notice of refusal and so the issuing bank has failed to act in accordance with the provisions of Article 16 (f) of UCP 600. As a result it shall be “precluded” or prevented from claiming that the documents do not constitute a complying presentation: “If an issuing bank or a confirming bank fails to act in accordance with the provisions of this article, it shall be precluded from claiming that the documents do not constitute a complying presentation”.

Therefore, despite the presentation of discrepant documents, the beneficiary has the right to be paid since the issuing bank failed to follow the applicable UCP 600 rules and list the actual discrepancy in its first notice of refusal.

For me this case clearly highlights the importance of the ICC rules, without which this case would become a legal issue that is not covered in the laws of most jurisdictions.

No second chance for the issuing bank!

Best regards,  
**Nadezhda Khrustaleva**,  
Demirbank, Kyrgyz Republic



Send your answers to  
**TF-Expert@ebrd.com**



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