

**Factoring and supply chain finance** are fast-growing sources of short-term financing for suppliers to micro, small and medium-sized enterprises. Unlike a traditional lending relationship, factoring and supply chain finance allow suppliers with weak credit ratings to access funding based on the value of their receivables (or approved invoices in the case of supply chain finance).

The TFP supports the development of factoring and supply chain finance through:

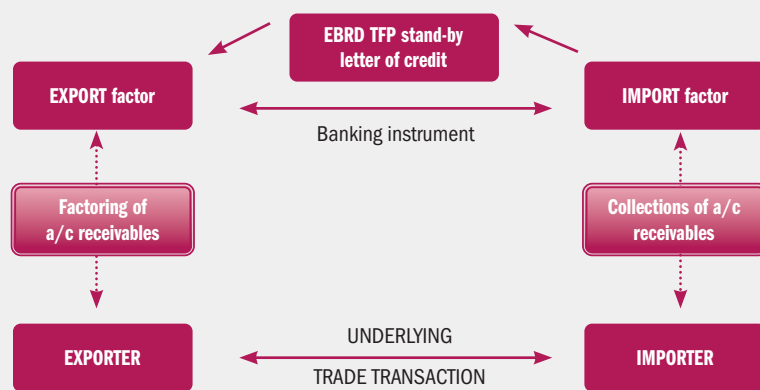
- guarantees and cash advances
- training and capacity building for partner banks and factoring companies, regulators and associations, including in the area of digitalisation
- policy dialogue (jointly with the EBRD's Legal Transition Programme).



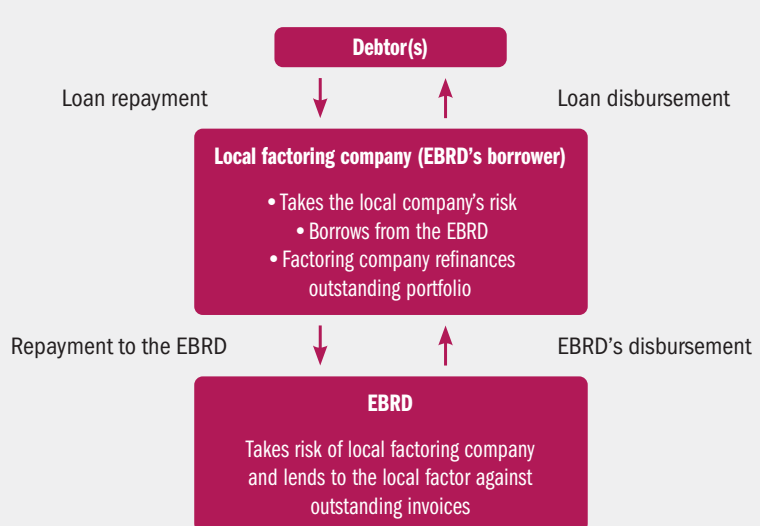
### How the TFP supports factoring

The TFP was set up in 1999, and since 2006 it has supported the financing of domestic and international factoring transactions through guarantees and cash advances, reaching a total transaction value of €1,290 million. The TFP currently has 16 factoring facilities in 8 economies (Armenia, Bulgaria, Greece, Georgia, Romania, Serbia, Türkiye and Ukraine). The latest addition is the first factoring facility in Türkiye.

#### 1. Factoring guarantee structure



#### 2. Trade finance cash facility for factoring



### In numbers (as of December 2022)

Factoring framework approved

**2006**

Factoring framework sub-limit

**€200 million**

Number of transactions

**303**

Total transaction value since 2006

**€1.3 billion**

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# Case study: Importing confectionary products using international factoring

An Armenian chocolate factory has a contract with a Georgian confectionary distributor. The Georgian exporter required prepayment in order to deliver the products. The Armenian factory wanted to defer payment while allowing the exporter to settle at sight, and looked for solutions other than letters of credit to avoid the associated costs and process time. International factoring was the best solution.

The international factoring arrangement between the two banks was made possible via the cross-border factoring platform of FCI (the global representative body for the factoring industry) and, for the first time, supported by EBRD guarantees, which covered stand-by letters of credit issued by the import factor in Armenia in favour of the export factor in Georgia.



## Training and capacity building for partner banks, regulators and associations

### E-Learning

The EBRD's Trade Finance e-Learning Programme provides training to EBRD partner banks on all aspects of the trade finance industry. The "Introduction to Domestic and International Factoring" course, created in cooperation with FCI, teaches partner banks and their clients the basics of factoring and enhances their skills in order to sell, use and process factoring transactions in line with established international standards.

Since the launch of the factoring course in 2015, the EBRD has admitted over 400 students from over 70 institutions in 22 economies where the EBRD invests.



### Webinars/information sessions/conferences

The TFP organises activities to bring together regulators, partner banks, businesses and international factoring associations such as FCI to share experiences and promote the use of best practices in the regulation and operational side of factoring. Some recent examples include:

- online conferences in Georgia, Jordan, Kyrgyz Republic, Ukraine and Uzbekistan with the support of the central banks in each country (2020, 2021)
- "Fundamentals of Factoring and Payables Finance" – a 10-part training webinar organised with BCR, a leading provider of news for the global receivables finance industry (2020).
- regional factoring conference for Caucasus region in Tbilisi (2022)
- factoring workshop in Moldova (2022)



### Advisory services

The EBRD's advisory services are tailored to the needs of its partner banks. Through hands-on staff training and capacity building, each bank is helped to introduce, build up and optimise its factoring operations.



### Policy dialogue (jointly with the EBRD's Legal Transition Programme)

Over the past decade the TFP and EBRD Legal Transition Programme have been working to improve the legal and regulatory environment for factoring services in Croatia, Georgia, Jordan, Kosovo, Montenegro, North Macedonia, Serbia, Tunisia, Ukraine, Uzbekistan, and West Bank and Gaza.