

EBRD TRADE FACILITATION PROGRAMME (TFP)

Supporting exports

April 2024



European Bank
for Reconstruction and Development



The EBRD's Trade Facilitation Programme (TFP) was developed to promote and facilitate international trade to, from and within the economies where the EBRD operates.

Under the TFP, guarantees are provided to international commercial banks (confirming banks), thereby covering the political and commercial payment risk of transactions undertaken by issuing banks in the EBRD regions. The TFP also facilitates trade by providing loans to partner banks to finance the trade transactions of their customers.

With an increasingly interconnected global economy it is crucial that local companies have the support they need to navigate export markets and facilitate trade. This, in turn, fosters a country's economic development and global competitiveness by stimulating investments and creating jobs. It also acts as a catalyst for expanding international trade, enabling businesses of all sizes to access new markets and capitalise on global demand for goods and services.

We support our partner banks' export activities by offering:

- Intraregional transactions within EBRD countries of operation
- Guarantees for bid and performance bonds of local exporters for their international clients
- Cash advances for local companies
- Guarantees and cash advances for international factoring.

In addition, the EBRD provides technical assistance to its clients and partner governments to build capacity and improve access to global export markets and value chains. This technical assistance is provided in two ways:

- Building the capacity of businesses and fostering new trade links through business-to-business (B2B) sessions and trade and investment matchmaking opportunities.
- Training government representatives from EBRD countries of operation in economic diplomacy, to promote their countries and raise awareness of market opportunities.

We also offer an e-learning programme entitled "Going Global" to our partner banks and local companies interested in export products. This course provides insights into international trade, catering to the needs of both exporters and importers. It delves into the unique risks and hurdles encountered when expanding to global markets, along with strategies to mitigate them.

In numbers
as of December 2023

1,630 transactions
since 2006

Total transaction
value

€2.4 billion

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Case study: Supporting the export of industrial equipment from Greece to Denmark

A premier industrial cable manufacturer in Greece entered into an agreement with a Danish renewable energy company to supply underwater cables essential for building one of Europe's largest offshore wind power plants. The Greek exporter requested its bank to issue a counter-guarantee necessary for a performance bond in Denmark.

However, the importer's bank in Denmark sought collateral on top of the counter-guarantee due to the substantial amount and extended duration of the performance bond. We stepped in, providing a guarantee to the Danish importer's bank by covering 100 per cent of the political and commercial risks of the Greek bank, thereby supporting the Greek exporter in facilitating this critical trade transaction.

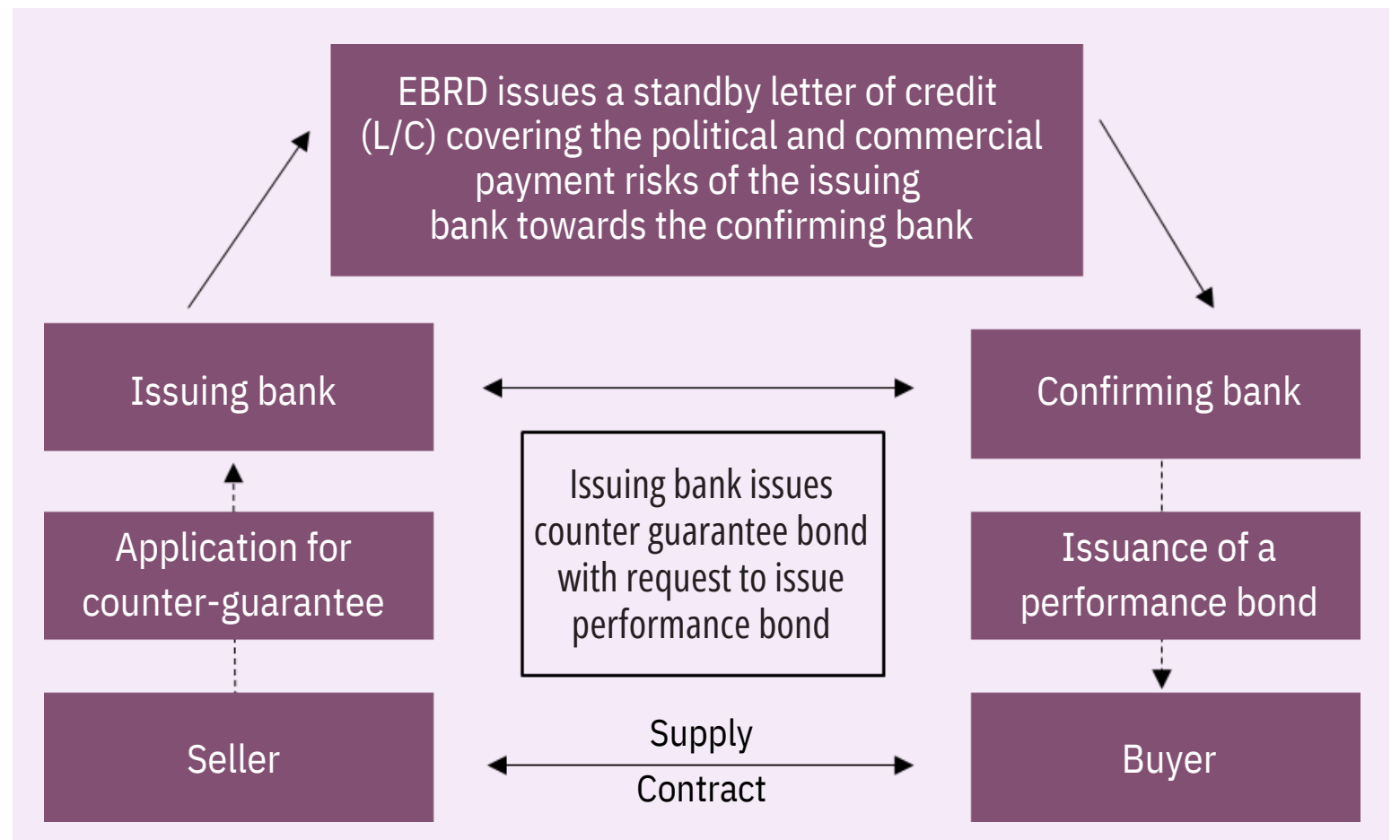


Streamlining export processes with financial instruments

In international trade, importers leverage letters of guarantee to ensure compliance with supply contracts, affirming that exporters meet their delivery and quality commitments. These guarantees, provided by banks, include performance bonds, which compensate importers for non-fulfilment of contractual duties such as punctuality and quality, and advance payment bonds, safeguarding importers' advance payments in case of non-repayment by the exporter.

Nonetheless, procuring letters of guarantee poses a challenge, particularly for exporters in developing countries, hindered by their banks' lower credit ratings and the consequent reluctance of importers' banks to accept their counter-guarantees. This obstacle impedes trade.

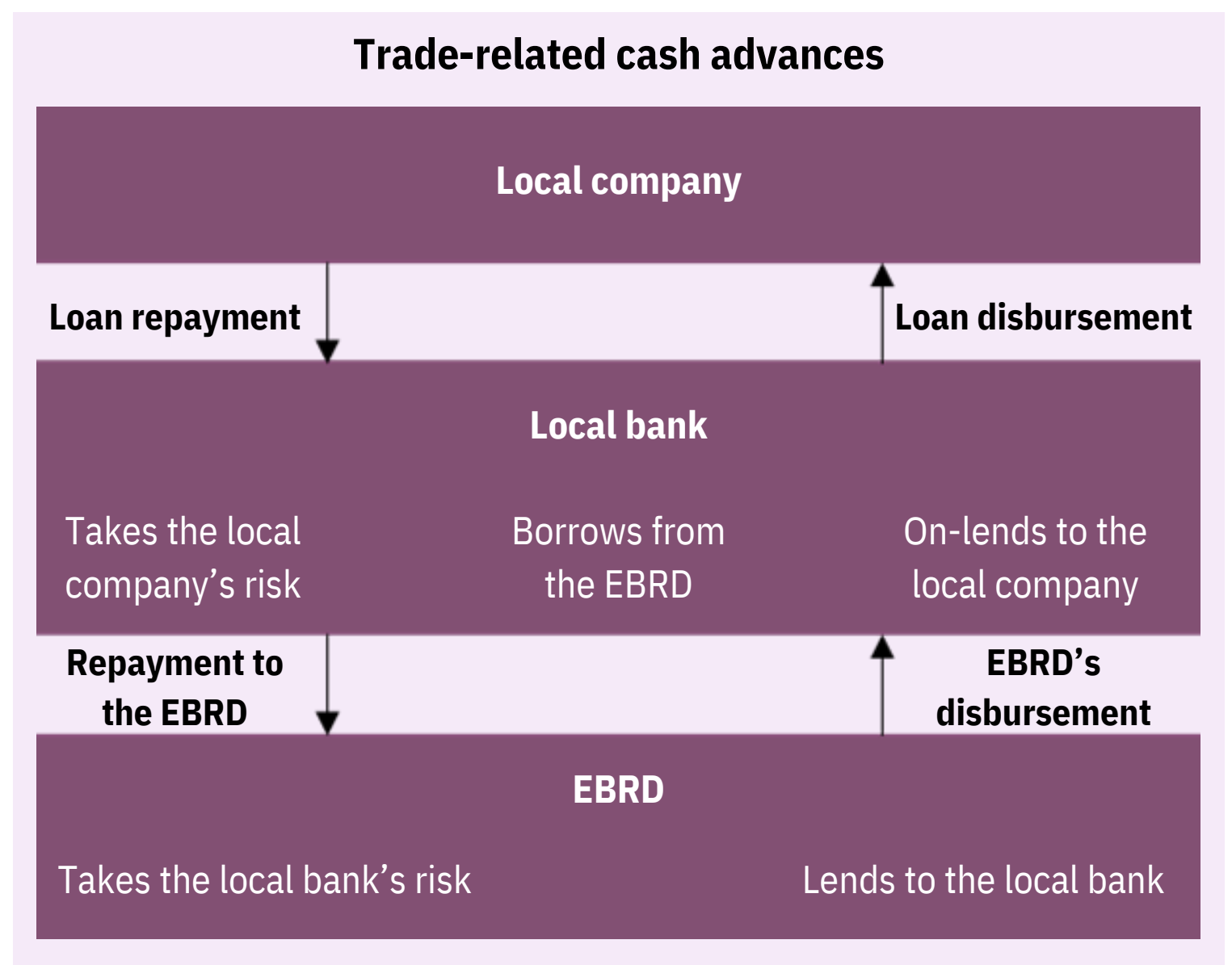
To counteract this, we offer guarantees as collateral against exporters' bank-issued counter-guarantees. This strategy ensures that importers' banks accept the guarantees.



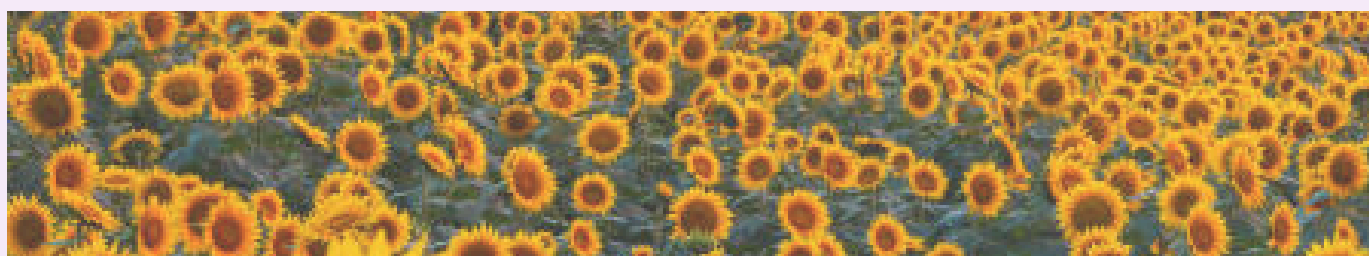
Enhancing export financing through trade Loans

We play an important role in supporting exporters by endorsing trade loans. These loans are especially crucial during the pre-export phase, where exporters need to fund raw material acquisition, labour and ongoing operations.

We disburse these loans directly to local partner banks. Going directly to the bank strengthens their financial base and enables them to support exporters effectively and promote healthy trade dynamics within the region.



Case study: Supporting the export of sunflower oil from Ukraine to Sweden



Ukraine is the largest exporter of sunflower oil in the world but since Russia's invasion, the global supply chain and price of food have been severely impacted.

In 2022, a local sunflower oil producer signed supply contracts with buyers in Poland and Moldova. The Ukrainian producer needed USD 1 million for the production of sunflower oil in its pre-export stage and applied for a USD loan from local banks.

Therefore, we stepped in and provided a dollar loan disbursement to one of the local banks, helping the local producer export its sunflower oil.

Case study: Facilitating the export of electrical equipment from Lebanon to Armenia



A leading supplier of electrical equipment in Lebanon wanted to supply power transformers to a key Armenian company involved in constructing a pivotal hydroelectric power plant.

To facilitate this transaction, the Lebanese exporter sought a counter-guarantee from its bank to secure a performance bond in Armenia. However, due to the perceived country risk and the extended duration of the bond, the Armenian importer's bank demanded additional collateral.

We provided a standby letter of credit, covering 100 per cent of the country and commercial risks associated with the Lebanese bank. This support streamlined the trade process, enabling the smooth execution of this vital transaction.