



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 €1,722 million. The TFP currently has 16 factoring facilities in 8 economies (Armenia, Bulgaria, Greece, Georgia, Romania, Serbia, Türkiye and Ukraine).

In numbers (as of December 2023)

Factoring framework approved

2006

Factoring framework sub-limit

€200 million

Number of transactions

370+

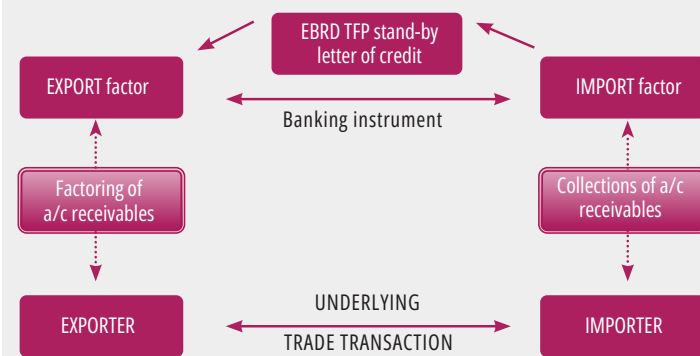
Total transaction value since 2006

€1.7 billion

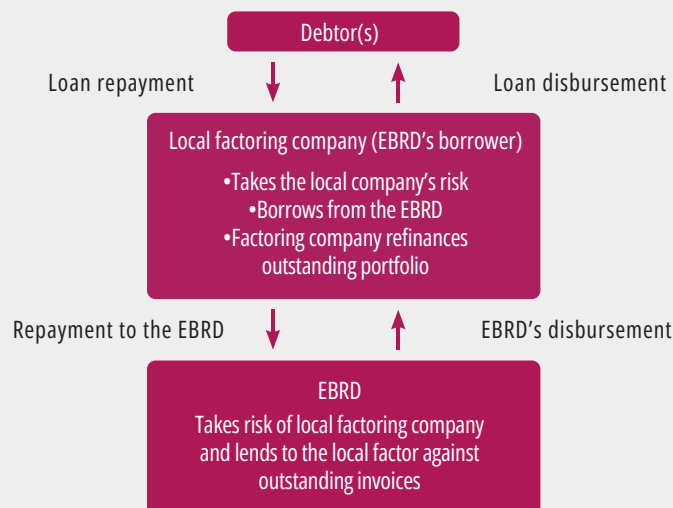
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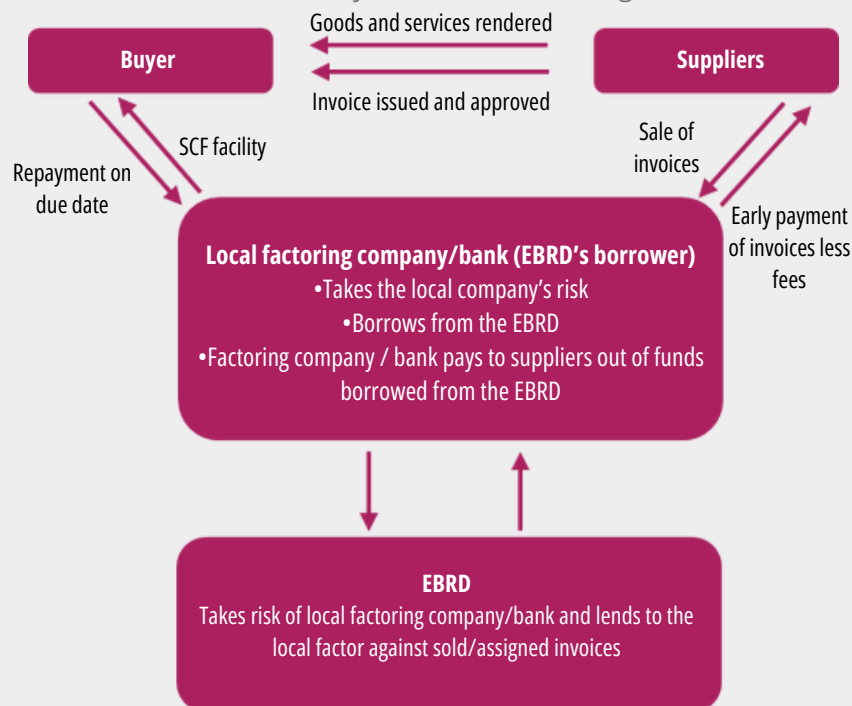
1. Factoring guarantee structure



2. Trade finance cash facility for factoring



3. Trade finance cash facility for reverse factoring



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.



Case study: EBRD's TFP and TBC Bank enhance factoring products to support SMEs in Georgia

The TFP has provided TBC Bank with the first factoring facility in local currency. The facility will allow TBC bank to increase its domestic factoring and reverse factoring business with small and medium-sized enterprises (SMEs) in the country.

This is the first time in the Caucasus region that a facility of this kind has been made available to an EBRD TFP partner bank in the local currency. Examples of transactions financed under this facility include the distribution of food and goods, transportation services, and the production and trade of construction materials.

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. In cooperation with FCI, the EBRD provides multiple courses such as:

- Introduction to Factoring and Receivables Finance
- Fundamentals on Domestic and International Factoring
- Supply Chain Finance and Reverse Factoring Course.

The courses teach partner banks and their clients the basics of factoring and supply chain finance and enhances their skills in order to sell, use and process factoring and reverse factoring transactions in line with established international standards.



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 and supply chain finance. Some recent examples include:

- Regional factoring conference for Caucasus region in Tbilisi (2022)
- Factoring workshop in Moldova (2022)
- Factoring and Supply Chain Finance Conference for all partner banks in Vienna (2023)
- Factoring and Supply Chain Finance Conference with focus on North Africa (2023).



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.