

# Trade Facilitation Programme



European Bank  
for Reconstruction and Development

Dec 2016

The EBRD's Trade Facilitation Programme (TFP) was developed to promote and facilitate international trade to, from and within central and Eastern Europe, the Commonwealth of Independent States (CIS) and the southern and eastern Mediterranean (SEMED) region. In 2015 the TFP was extended to Greece and Cyprus. 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's countries of operations.

## Transaction instruments

The TFP can be used to guarantee any genuine trade transaction to, from and within the countries of operations and the potential recipient countries of the SEMED region. The following instruments issued or guaranteed by participating banks may be secured by guarantees issued under the Programme:

- ▶ documentary letters of credit (LCs); trade-related standby LCs from issuing banks; deferred payment LCs; and LCs with post-financing advance payment bonds and payment guarantees
- ▶ bid and performance bonds and other contract guarantees
- ▶ trade-related promissory notes or bills of exchange.

## Goods and services covered

EBRD guarantees cover a wide range of goods and services including consumer goods, commodities, textiles, equipment, machinery and power supply as well as construction and shipbuilding contracts, cross-border engineering projects and other services. Some environmentally sensitive activities may be considered subject to satisfactory completion of environmental review procedures and approvals.

## Business development

The TFP is an outstanding business development tool, providing a range of facilities to participant banks. It offers:

- ▶ cover for a broad range of trade finance instruments
- ▶ unconditional guarantees payable on first written demand
- ▶ guarantees for up to 100 per cent of the face value of the underlying trade finance instruments
- ▶ uncommitted trade finance lines and transaction approval on a case-by-case basis
- ▶ attractive fee levels agreed separately for each transaction
- ▶ a fast and simple approval procedure to issue guarantees
- ▶ short-term loans to selected local banks for on-lending to local exporters and importers.

At present there are 100+ issuing banks in 28 countries participating in the TFP, working with over 800 confirming banks and their subsidiaries throughout the world. Issuing banks in the region participate in the TFP with total limits in excess of €1 billion.

## At a glance

Issuing Banks

**100+**

Number of operating countries

**28**

Number of transaction

**18,500+**

Total transaction value since 1999

**€12.8 billion**

Confirming Banks

**800+**

## Contacts

European Bank for Reconstruction and Development  
One Exchange Square  
London EC2A 2JN  
United Kingdom  
Tel: +44 20 7338 6000  
Fax: +44 20 7338 7848  
www.ebrd.com/TFP

**Kellie Childs**  
Tel: +44 20 7338 6991  
Email: childsk@ebrd.com

**Rebecca Franklin**  
Tel: +44 20 7338 6476  
Email: suknenkr@ebrd.com

**Jenny Stephensen**  
Tel: +44 20 7338 6136  
Email: stephenj@ebrd.com

## Participating banks

### Issuing banks

The TFP is open to issuing banks registered in all the EBRD's countries of operations and the potential recipient countries in the SEMED region, including banks with majority foreign ownership and subsidiaries of foreign banks. Applications from banks interested in participating in the Programme are reviewed by the EBRD on a case-by-case basis after detailed due diligence. The main criteria for selection are:

- ▶ an appropriate level of financial standing
- ▶ good corporate governance
- ▶ clear shareholder structure
- ▶ willingness to establish or already established international trade finance business

### Confirming banks

All international commercial banks that have an established record of trade finance operations with banks in the EBRD region are eligible to join the TFP as confirming banks. Selected banks in the EBRD region with experience in

trade finance instruments can also act as confirming banks.

The selection of banks is subject to the EBRD's approval and the signing of appropriate legal documentation. There are no costs or charges to join the TFP.

## Legal documentation

The issuance of EBRD guarantees is governed by standardised trade finance agreements, concluded by the issuing banks and the EBRD. Cash advances are governed by standard revolving credit facility agreements between client banks and the EBRD.

## Revolving credit facility

In addition to providing trade finance guarantees, the EBRD also extends short-term loans to selected banks and factoring companies in its countries of operations to fund trade-related advances to local companies for pre-shipment finance, post-shipment finance and other financing necessary for the performance of foreign trade contracts and domestic and international factoring operations.

Credit agreements are signed between the EBRD and the selected banks and factoring companies and the selection criteria are similar to those used for issuing banks for the issuance of guarantees.

## Applying for a guarantee

An EBRD guarantee may be requested either by the issuing bank or the confirming bank. The TFP can discuss details of the transaction, percentage of cover, tenor and pricing before a formal guarantee request is submitted.

## Important donors

The governments of Austria, Germany, Italy, the Netherlands, Norway, Switzerland and Taipei China support the TFP financially through risk-sharing funds. These funds support the Programme's activities in south-eastern Europe, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Kazakhstan, the Kyrgyz Republic, Russia, Tajikistan, Turkey, Turkmenistan and Ukraine and enable the EBRD to provide longer tenors and to take higher exposures in trade transactions.

### Cypriot roadbuilding expertise in Egypt

The construction of a new 90 km motorway under the name of "El Sheikh Fadel Ras Ghareb Motorway" in Egypt has been made possible thanks to the Trade Facilitation Programme (TFP).

The objective of this project is to construct a new three lane road (90 kilometres length and 11.7 meters wide) connecting El Sheikh Fadl Village to Ras Gharib City as well as an upgrade to the existing roads. The contract was awarded to a leading construction company in Cyprus, Nemesis Contracting PLC.

Under the TFP, EBRD supports the export of construction services, between two countries of operation, Cyprus and Egypt. In this transaction Eurobank Cyprus, issued a counter guarantee in favour of the Egyptian Confirming Bank, Piraeus Bank Egypt, who in turn issued a performance guarantee to the beneficiary, General Authority for Roads and Bridges Egypt, guaranteeing performance of the Cypriot exporter, Nemesis Contracting PLC.

The EBRD guaranteed 100 percent of the political and commercial payment risk of Eurobank Cyprus.

This transaction would have not been possible without the support of the EBRD.

