Trade Facilitation Programme

European Bank
for Reconstruction and Development

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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. 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. In 2017 Lebanon has become the 68th shareholders of the bank and the EBRD Board of Governors has approved the engagement of the EBRD in the West Bank and Gaza. In addition, TFP will extend limits to banks in Uzbekistan.

Transaction instruments

The TFP can be used to guarantee any genuine trade transaction to, from and within the countries of operations. 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 26 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 €1.5 billion.

At a glance

Issuing banks

100+

Number of operating countries

26

Number of transaction

20,000 +

Total transaction value since 1999

€15 billion

Confirming banks

800+

Contacts

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Participating banks

Issuing banks

The TFP is open to issuing banks registered in all the EBRD's countries of operations, 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.

Floating dock from Ukraine to Cyprus

A letter of credit, issued by Bank of Cyprus and confirmed by ING Belgium, facilitates the construction and delivery of a floating dock from Ukraine to Cyprus, helping Ukrainian exporters generate additional export revenues and a Cypriot shipyard increase its production capacity. A standby letter of credit, issued under the EBRD's Trade Facilitation Programme (TFP), covers 70% of the payment risk of Bank of Cyprus to ING Belgium.

Kherson State Plant Pallada in Ukraine will build the floating dock under the order of Cypriot Multimarine Shipyards and supply it to the customer in 2017. The dock's length is 120 meters and its immersion depth is 12.2 meters. Combination of two materials is its main feature: shipbuilding concrete is used for the hull and shipbuilding steel is used for the towers. This solution reduces operating costs by 2-2.5 times compared to similar steel docks.

The new dock, which will be built under the supervision of the American Bureau of Shipping, will be operated by Multimarine Shipyards in the port of Limassol in Cyprus and will be able to dock ships and floating structures used in the development of the Mediterranean Sea shelf with a docking weight of up to 7,100 tonnes and a docking draft of up to 6.3 meters.