



European Bank
for Reconstruction and Development

Crisis Response

Trade Facilitation Programme (TFP)

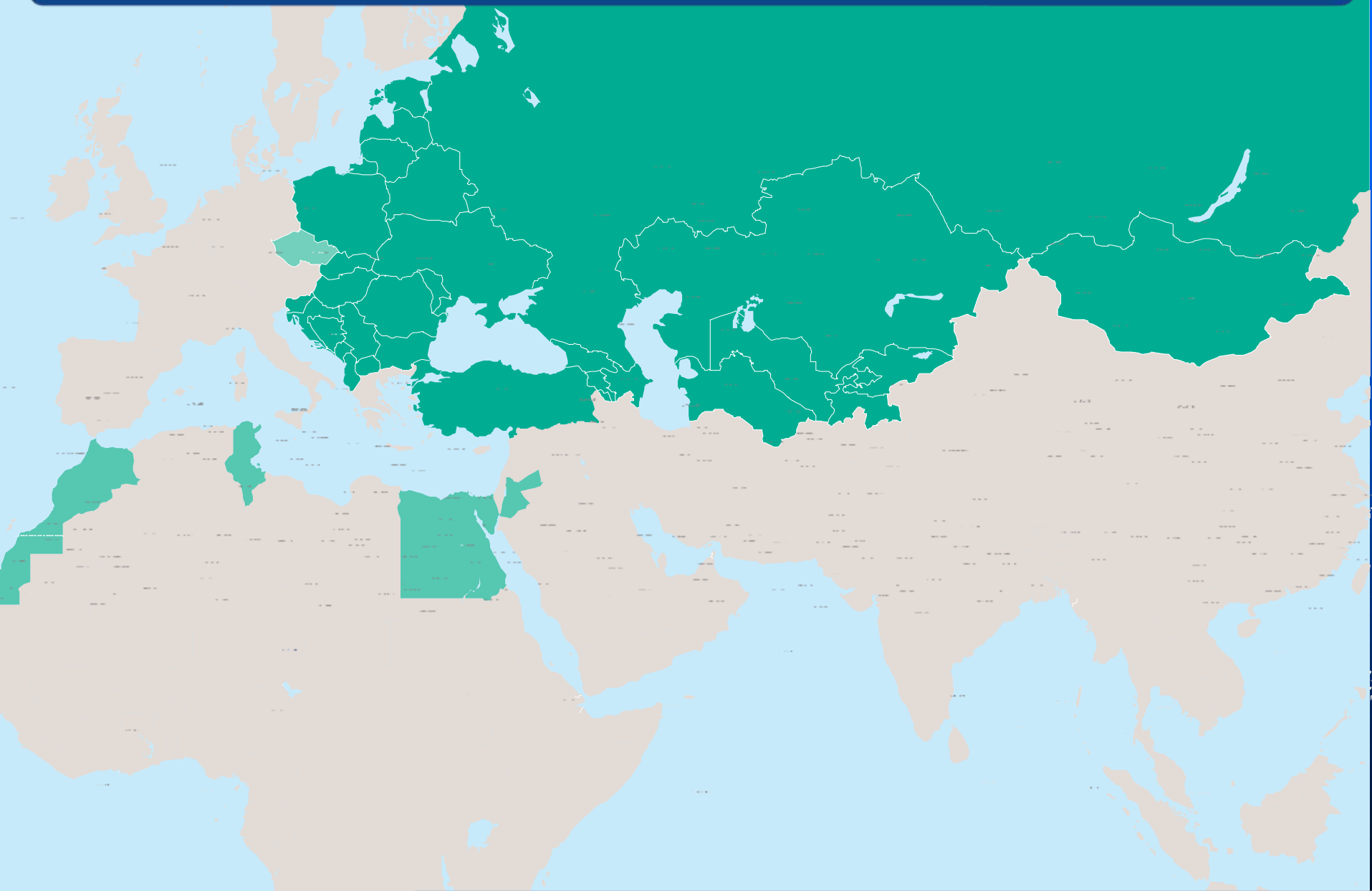
Facilitating trade between Portugal and EBRD countries of operation
Examples of Portuguese exports financed under the programme
Co-financing of the EBRD and banks in Portugal
How can Portuguese exporters use the programme?

Kamola Makhmudova
ICC Banking Commission Meeting, Lisbon Portugal
(all figures as of 31 December 2012)

Where we operate



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Crisis Response of Multilaterals

- **Global network of regional Trade Facilitation Programmes** throughout the developing world, run by regional development banks: **EBRD, ADB, IADB, IFC**
- Increase trade by increasing trade finance permutations
- Leverage/increase trade volume by **co-financing with commercial banks, insurance underwriters, investment funds and other development banks**
- Established structure provides a mechanism for **quick response to financial crisis**



Liquidity Crisis – EBRD's Response

- **Increase the TFP Programme limit** from currently EUR 800 million to EUR 1.5 bn
- **Increase existing TFP facilities**
- **Increase number of Issuing Banks**
- Guarantee also **deferred payment L/Cs, L/Cs with post-financing and advanced payment guarantees**
- **Provide liquidity also in form of cash facilities** to Issuing Banks for trade finance transactions which cannot be funded by foreign commercial banks or export credit agencies (e.g. **post-financing for import of capital goods, local distribution of imported goods, pre-export finance, trade between EBRD countries of operation, factoring**)



Global Network of Trade Facilitation

IFI	EBRD	IFC	IDB	ADB
Programme Name	TFP	GTFP	TFFP	TFFP
Countries of Operation	Eastern Europe CIS Countries	worldwide	Latin America	Asia
Website	www.ebrd.com/tfp	www.ifc.org/gtfp	www.iadb.org	www.adb.org
Programme started in	1999	2005	2005	2004
Number Transactions since start	11,600	11,255	1,966	4,236
Trade facilitated since start	\$ 9.5 bn	\$ 15.8 bn	\$ 2 bn	\$ 8.8
Number of Issuing Banks	115	146	51	59
Number of Confirming Banks	658	800	264	112
Countries covered	20	91	20	16



Eastern Europe & CIS & SEMED

Reasons for the reduced availability of trade finance

- Less risk taking capacity and liquidity available for trade finance in local Issuing Banks and foreign Confirming Banks, export credit agencies, private insurance underwriters and investment funds
- Lower demand for trade finance, due to
 - lower commodity prices
 - lower export revenues
 - devaluation of local currencies
 - slowdown of economic growth, resulting in lower demand for imported goods



TFP – How does it work?

EBRD supports trade by providing

- **guarantees** that cover risks arising from trade finance transactions
- **cash advances/financing** to banks in EBRD Countries of Operation for trade finance purposes
- donor funded trade finance **training and advisory service** to local banks



EBRD Trade Facilitation Programme (TFP)

Facilitates financing of all stages of the trade chain

Export Production

Transport

Storage & distribution

Receivables



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TFP – Guarantee Transaction

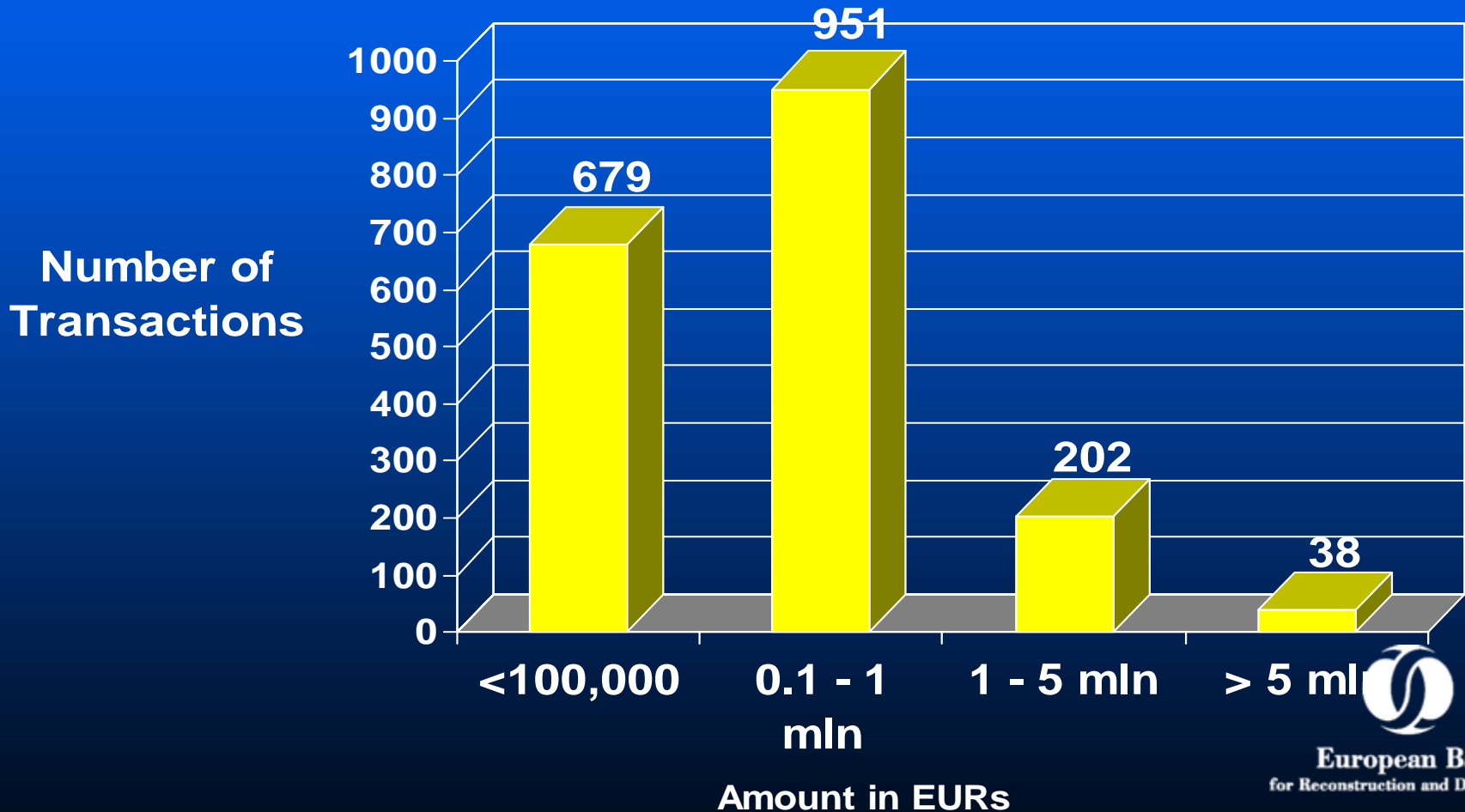
- Always involves a local bank (“Issuing Bank”) which issues a trade finance instrument (e.g. a letter of credit) and a foreign bank which confirms it to the exporter (“Confirming Bank”)
- The trade finance instrument (e.g. L/C) ensures that the exporter receives payment upon or after delivery
- EBRD Guarantee covers payment risks of the Issuing Bank to the Confirming Bank



TFP - Supporting SMEs (2012)

1,870 transactions in 2012

87% of all transactions are below EUR 1mln



Case Study – Exports from Portugal to Belarus

- **A Portuguese exporter** sells **olive oil, wine vinegar** to an importer in **Minsk, Belarus**
- **Belvnesheconombank Minsk, Belarus** issues a letter of credit, confirmed by **a bank in Portugal**
- **EBRD guarantees up to 100% of the political and commercial payment risk**



Case Study: Exports from Portugal to FYR Macedonia

- **A Portuguese exporter** sells a brake system for railway freight wagons to an importer in **Skopje, FYR Macedonia**
- **NLB Tutunska Banka A.D., FYR Macedonia** issues a counter guarantee, confirmed by a **bank in Portugal**
- **EBRD guarantees up to 100% of the political and commercial payment risk**



TFP – Transactions for Portuguese Exporters and Importers

- Examples:
- Export of olive oil, wine and vinegar oil to **Belarus**
- Export of metals to **Belarus**
- Export of frozen chicken meat to **Georgia**
- Export of fruit juices to **Kazakhstan**
- Export of packing material to **Romania**
- Export of railway equipment to **Macedonia**
- Import of grain from **Kazakhstan**



TFP - The Concept (1)

- TFP work through commercial banks
- Provides up to 100% guarantee on the transaction amount
- Covers both import and export transactions
- Covers both political and commercial payment risk
- Applicable for post-shipment and pre-export financing



TFP - The Concept (2)

Parties to the TFP

- Issuing Banks - 102 banks in 19 countries

Selected banks in EBRD countries of operation which meet the following criteria:

- Engaged in or developing trade finance operations
 - Sound financial position and adequate operational procedures
 - Preferably privately owned with strong shareholders
-
- Confirming banks – over 800 confirming banks and subsidiaries in 77 countries



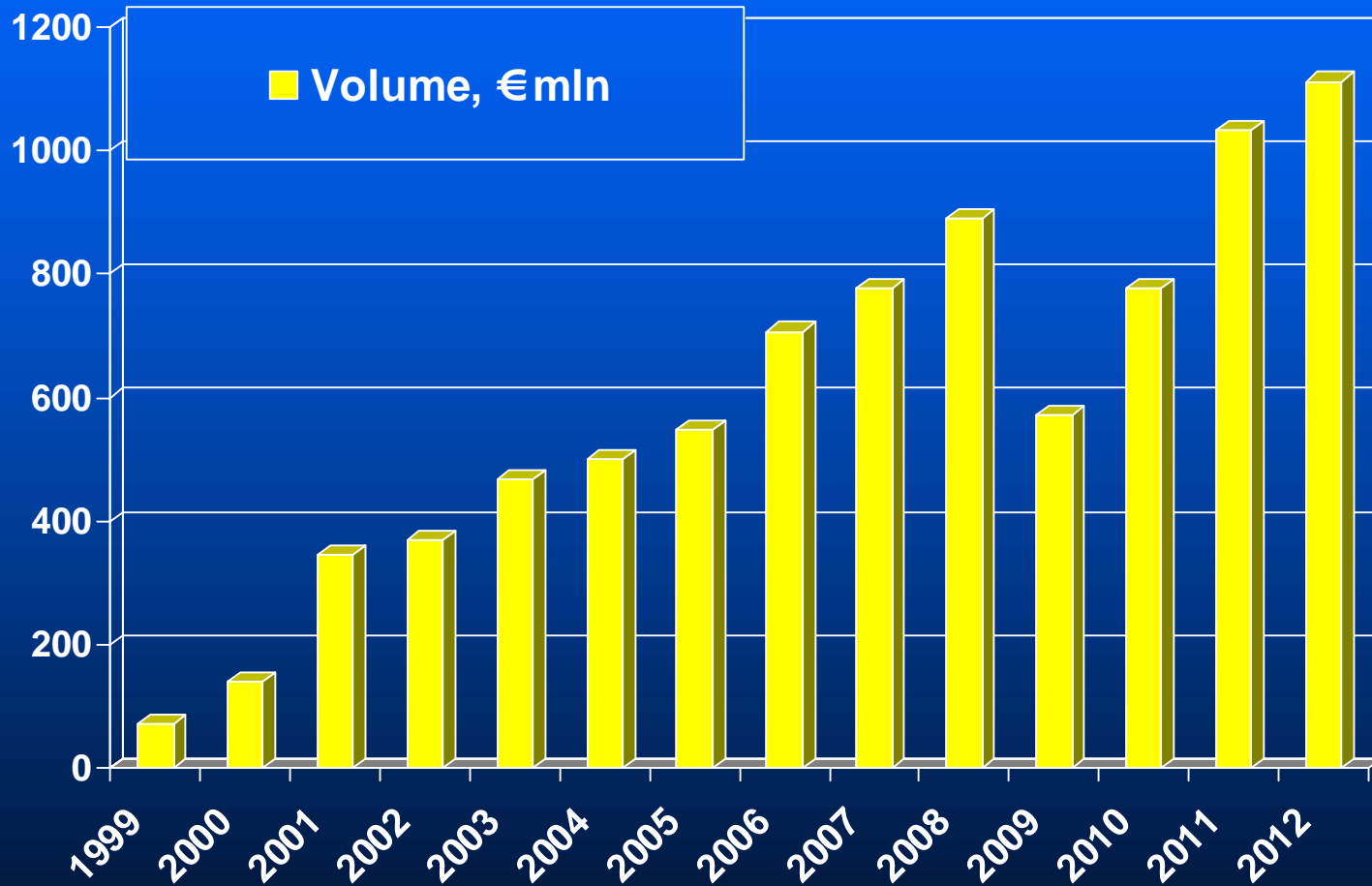
TFP - Guarantees

Different from/complementary to export credit insurance:

- Stand-by letters of credit (L/C) (under UCP 600)
- usually issued within 24 hours
- Cover all types of trade finance instruments issued by EBRD client banks: letters of credit, including deferred payment/post-financing; bank payment guarantees; bid bonds, performance bonds; advanced payment guarantees; stand-by L/Cs, etc.
- Issued only to Confirming Banks, not to exporters or importers
- Payable 15 days after receipt of first written demand
- **Cover up to 100% of the commercial and political risk which cannot be covered by commercial banks, commercial credit insurance or exports credit agencies**
- Cover exports, imports and distribution of imported goods in EBRD countries of operation, irrespective of the country of origin (no origin rules)
- Tenor: max. 3 years
- Amounts: no minimum amount



12 years of EBRD Trade Facilitation Programme (TFP) Annual Business Volumes 1999 – 2012

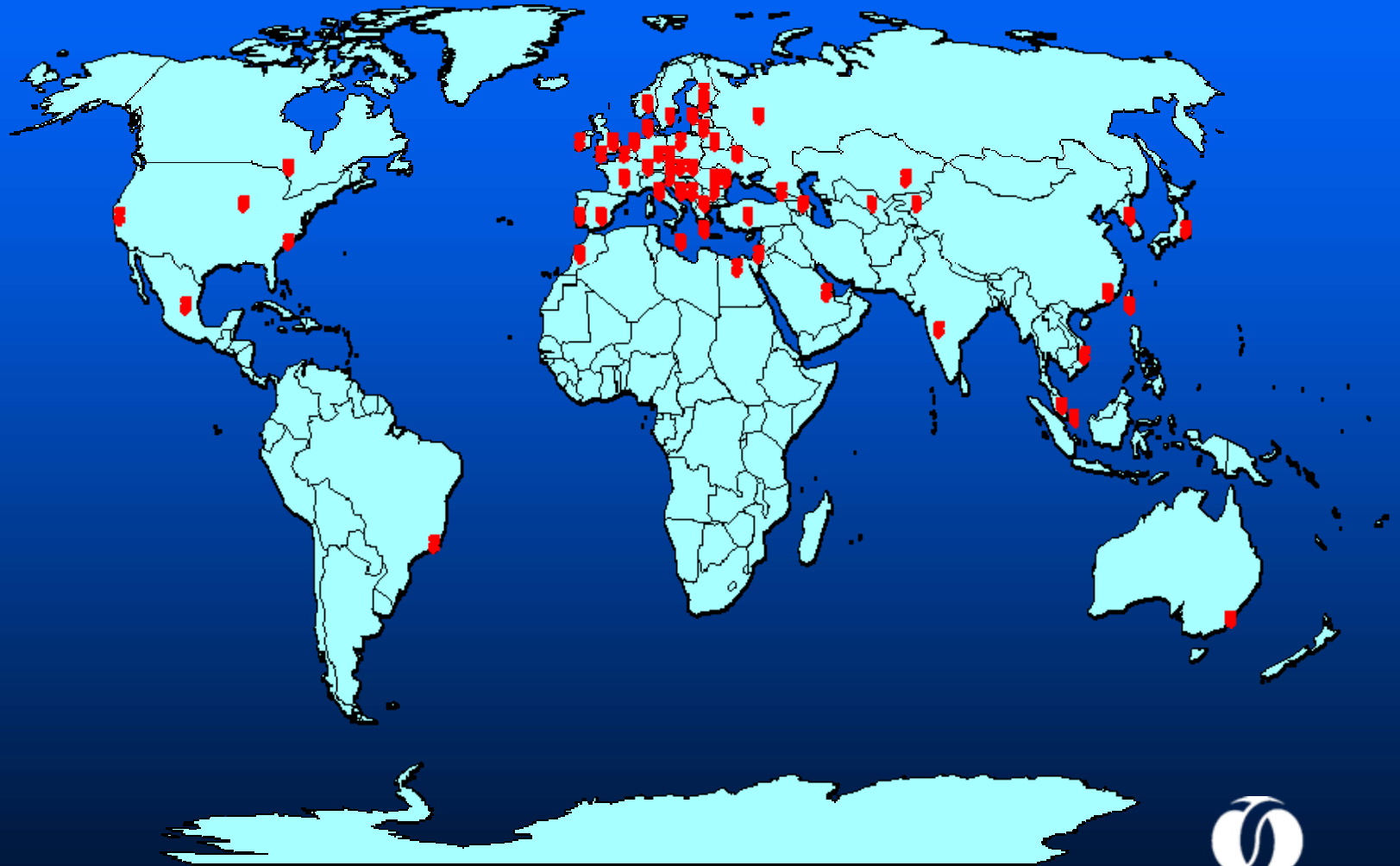


Transactions by Country of Exporter (1999 - 2012)

1. Germany	1,646 transactions - EUR 923 mln
2. Italy	1,157 transactions - EUR 218 mln
3. Turkey	1,094 transactions - EUR 113 mln
4. Switzerland	666 transactions - EUR 477 mln
5. Austria	422 transactions - EUR 153 mln
6. UK	391 transactions - EUR 314 mln
7. Netherland	385 transactions - EUR 203 mln
8. France	379 transactions - EUR 178 mln
9. Spain	360 transactions - EUR 88 mln
10. USA	359 transactions - EUR 278 mln
11. Russia	319 transactions - EUR 182 mln
12. Korea	298 transactions - EUR 310 mln
13. China	293 transactions - EUR 78 mln
14. Belgium	227 transactions - EUR 54 mln
15. Estonia	135 transactions - EUR 32 mln
.....
Portugal	26 transactions – EUR 15 mln



800 Confirming Banks in 77 Countries



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EBRD TFP – 10 Confirming Banks in Portugal

Banco BPI S.A.

Banco Comercial Português SA (Millenium BCP)

Banco Efisa SA

Banco Espirito Santo, S.A.

Banco Finantia, S.A.

Banco Sabadell S.A., Lisbon

Banif – Banco Internacional do Funchal SA

BBVA Portugal S.A.

BPN Banco Portugues de Negocios

Caixa Geral de Depósitos SA



EBRD TFP – Top 20 Confirming Banks ranked by Number of Transactions in 2012

- | | |
|-----------------------------------|------------------------------|
| 1. Commerzbank | 11. Banco de Sabadell |
| 2. UBS | 12. Yapi ve Kredi Bankasi |
| 3. Deutsche Bank | 13. Citi Bank |
| 4. UniCredit Bank | 14. JP Morgan Chase Bank |
| 5. Raiffeisenbank International | 15. Credit Suisse |
| 6. WGZ Bank | 16. VTB Bank |
| 7. ING Bank | 17. Bayerische Landesbank |
| 8. KBC Bank | 18. Bank of Tokyo-Mitsubishi |
| 9. Intesa Sanpaolo | 19. Turkiye IS Bankasi |
| 10. Raiffeisenlandesbank Wien/Noe | 20. BNP Paribas |



EBRD TFP - Co-Financing Partners

- ACE Global Markets (AGM) & Lloyd's of London
- Confirming Banks
- Donor Risk Sharing Funds
- Export Credit Agencies
- FMO Netherlands
- OPEC Fund for International Development
- Private Investment Funds



TFP – Co-Financing Structures (1)

- Direct risk sharing with **Confirming Banks**

EBRD covers only part of transaction, e.g. instalments with longer tenors

- Risk Sharing with **Confirming Bank - A/B Structure**

- EBRD guarantees whole amount to the Confirming Bank (CB)

- CB takes risk participation by counter guarantee to EBRD; EBRD transfers preferred creditor status to CB

- Co-Financing with **Export Credit Agencies**

EBRD guarantees amounts and tenors which are not covered by Export Credit Agencies



TFP – Co-Financing Structures (2)

- Risk Participation Sales of Portfolio

Other development banks, development agencies and private insurance underwriters share part of EBRD's risk under the whole portfolio of outstanding TFP transactions with selected Issuing Banks:

- Pro-rata (**FMO Netherlands and OFID** share risk in EBRD's portfolio of TFP transactions with selected banks in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russia, Tajikistan and Ukraine)
- First Loss for EBRD (**ACE & Lloyd's**)



CIS Countries - Foreign Trade Jan-Sept. 2012 (change in % of 2011)

Foreign Trade 2012	Russia	Ukraine	Kazakhstan	Belarus
Export to CIS countries	- 1%	- 1%	- 2%	+ 15%
Export to other countries	+ 4%	+ 4%	+ 7%	+ 22%
Import from CIS countries	- 12%	- 4%	+ 14%	+ 13%
Import from other countries	+ 4%	+ 12%	+ 36%	- 12%

Source: Interstate Statistical Committee of the CIS (www.cisstat.com)



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EBRD – Best Development Bank in Trade



- Readers of Trade & Forfaiting Review (TFR), Global Trade Review (GTR) and Trade Finance Magazine have voted the **EBRD in 2012**

“Best Development Bank in Trade”

- EBRD invites other development banks, commercial financial institutions, export credit agencies and donors to co-finance or co-finance with the EBRD



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NEW EBRD COUNTRIES:

Egypt, Jordan, Morocco and Tunisia

- EGYPT, JORDAN, MOROCCO AND TUNISIA NEW EBRD COUNTRIES OF OPERATION
- EBRD'S TFP WILL EXPAND ITS COVERAGE TO THIS REGION AND ACCEPT ISSUING BANKS FROM ITS NEW COUNTRIES
- EBRD WILL EXTEND TECHNICAL ASSISTANCE AND NETWORKING EVENTS TO NEW PROGRAMME MEMBERS
- TFP EVENTS CALENDAR ARE ANNOUNCED REGULARLY ON THE TFP WEBSITE AND "TRADE EXCHANGE" MAGAZINE



EGYPT TFP LAUNCH TOOK PLACE ON 23 APRIL 2012 AND WAS ATTENDED BY 80 TRADE FINANCE AND CENTRAL BANK SPECIALISTS.



JORDAN TFP LAUNCH TOOK PLACE ON 29 MAY 2012 IN AMMAN



MOROCCO TFP LAUNCH TOOK PLACE ON 11 SEPTEMBER 2012 IN CASABLACA



TUNISIA TFP LAUNCH TOOK PLACE ON 10 OCTOBER 2012 IN TUNIS



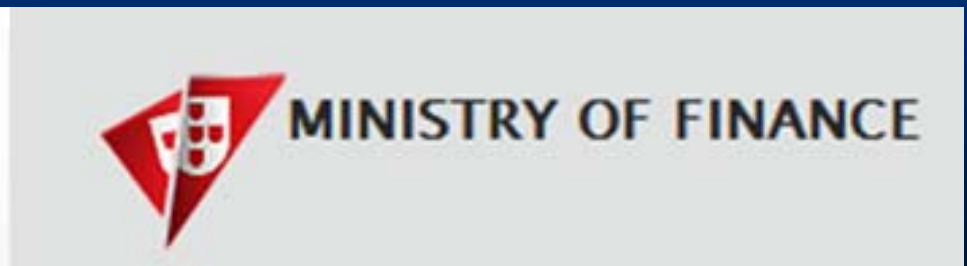
Welcome to new partner banks




- **New TFP facilities for :**
- **INVESTBANK** and Cairo Amman Bank operating in **Jordan**
- **Société Générale** and **BMCE** banks operating in **Morocco**
- Technical co-operation to include workshops, and places on the Trade Finance e-Learning Programme, **accredited by ICC**




SPONSORS of TFP Networking Event for Banks in May 2012 in London



TFP Trade Finance Networking Events for Banks in 2013



ISTANBUL
2013



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**2013 Annual Meeting
of the Board of
Governors and
Business Forum**

We look forward to welcoming you on
10–11 May next year in Istanbul, Turkey.


www.ebrd.com/am



EBRD TFP - Instruction for Exporters & Importers

- **Check under www.ebrd.com/tfp**, for which Issuing Banks and which tenors EBRD may guarantee the payment;
- Ask your buyers/suppliers to check if an Issuing Bank under the TFP would be ready to issue the required trade finance instrument;
- Ask a Confirming Bank of your choice to confirm the payment instrument under the guarantee of EBRD




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trade facilitation programme

The EBRD has a range of products to facilitate intra-regional and international trade in its countries of operations. These comprise credit facilities in the form of EBRD guarantees issued in favour of international commercial banks, taking the risk of issuing banks in the region. In this way confirming banks benefit from the EBRD's triple A credit rating. The EBRD also provides direct financing to banks in the region for on-lending to local companies for trade-related activities.

- [About the programme](#)
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Trade guarantees cover equipment, food and commodities and much more.

[Terms and conditions](#) [Steman Feedback](#)

ank
development

TFP Trade Exchange Magazine: www.ebrd.com/TFP

- TRADE EXCHANGE TFP MAGAZINE LAUNCHED IN 2011
- EBRD PUBLICATION DEDICATED TO TRADE FINANCE AND EBRD TECHNICAL ASSISTANCE PROJECTS
- 5,000 READERS FROM 1,000 BANKS

REPORTS ON:

- NEWS AND EVENTS
- REGIONAL FOCUS FEATURES
- INDEPTH SECTOR KEY ISSUES
- TRADE PROJECTS



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