Trade Exchange

tfp

THE BIANNUAL MAGAZINE
ALL ABOUT THE EBRD'S
TRADE FACILITATION PROGRAMME

SPRING-SUMMER 2015

tfp

YOUR TEAM

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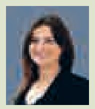

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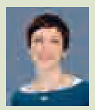

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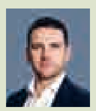

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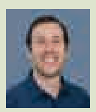

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EDITOR'S LETTER

Spring is a season that promises new things, and this year we are particularly excited as it is our first year extending our trade finance support to banks in Cyprus and Greece. The first EBRD TFP information session in Cyprus will host local banks as well as exporters and importers in July this year.

Minsk was the backdrop for this year's fifth annual graduation ceremony, which hosted a record number of graduates. You can find the list of top students for 2015 on page 28.

In our news section you will find the EBRD's results for 2014 and the Bank's strategic focus for 2015. You can also find out about our new further education projects for trade finance specialists – we have teamed up with two leading factoring associations to provide online training on the latest products. These new modules will be available for our partner banks in 2015.

Transport is a key enabler of growth, providing the physical networks and services upon which economies depend for the movement of people and goods. The EBRD's vision for the region is for safe, secure and sustainable transport systems, which balance economic, environmental and social needs. Sue Barrett, Director of the Transport team, explains on page 12 all about the EBRD's activities in this sector. And our pioneering Taiwanese colleagues share their innovative ideas on green transport on page 14.

At a time when the world's gaze is firmly fixed on sustainable energy and the fight against climate change, the EBRD has hit a new climate finance landmark: the EBRD's investments under its Sustainable Energy Initiative have now reached €15 billion since the initiative was launched in 2006. The investments have supported over 850 projects worth over €80 billion. In this issue our colleagues from the Energy Efficiency and Climate Change team keep us up to date with what the Bank has to offer financial institutions in the countries where the EBRD works.

We hope you enjoy this edition of *Trade Exchange* and look forward to seeing you at our events this year.

Best wishes,

Kamola Makhmudova

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INSIDE *THIS* ISSUE

GET IN *TOUCH*

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Importers and exporters should contact an issuing bank.

TFP website
www.ebrd.com/tfp
TFP e-Learning Programme:
ebrd.coastlinesolutions.com

Taiwan
THE HEART OF ASIA

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NEWS *UPDATE*

EBRD RESULTS

Strong investment for 2015

The EBRD is looking forward to another year of strong investment in 2015, continuing to provide support for countries across its region of operations in the face of persistent economic challenges.

Demand for EBRD finance is expected to remain high, after investment rose to €8.9 billion in 2014 from a previous €8.5 billion, despite mid-year guidance from shareholders that they would not, for the time being, approve any new projects in Russia.

The Bank reported realised profits – primarily generated from net interest income, dividends and the proceeds of exiting equity investments – of €927 million last year, compared with €1.2 billion in 2013.

However, economic weakness in Russia and Ukraine had an impact on unrealised elements of the EBRD's 2014 financial performance, resulting in a net loss of €568 million, compared with a 2013 net profit of €1.0 billion.

A steep fall in the rouble depressed the value of the Bank's Russian equity stakes and EBRD provisioning rose in response to the deteriorating economic performance of Ukraine.

Reserves stood at €7.9 billion at the end of 2014 and the EBRD maintains a robust capital position and high levels of liquidity, also enjoying the strong support of its shareholders. The organisation continues to be rated Triple A with a stable outlook by all three major rating agencies.

Following last year's guidance from shareholders on Russia the Bank

reallocated resources to meet high demand for its investments from other EBRD recipient countries. Turkey, where the Bank has been active for only six years, became the largest individual recipient of EBRD financing, with investment of €1.4 billion across diverse sectors of the real economy.

There was a strong increase in activity for Central Asia, particularly in Kazakhstan. Investment also rose in countries of the Balkans, the Caucasus and of eastern Europe, where the EBRD re-engaged in Ukraine after the new administration embarked on a programme of economic reform.

Meeting high market demand, the Bank also saw a strong increase in investment in Poland and had a successful start to its operations in Cyprus.

www.ebrd.com/news

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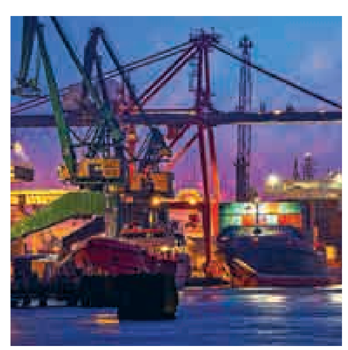


OPINION

"2014 will be remembered as a year in which the EBRD overcame serious challenges.

Geopolitical tensions, market and currency volatility, and slowing growth were just some of the obstacles facing the Bank in many countries in which we work. However, the Bank demonstrated impressive flexibility, delivering results in line with its business plan.

Many of the challenges of 2014 remain with us, but I believe that the EBRD is in a strong position. The foundations have been laid for another demanding but impactful year."

Sir Suma Chakrabarti, EBRD President

NEW E-LEARNING MODULES

Introduction to Trade Finance

The EBRD Trade Finance e-Learning Programme has launched a new module: Introduction to Trade Finance.

The course, available in English, French and Russian, offers two hours of online training designed to develop a basic understanding of trade finance principles, and aims to answer questions such as:

- What is trade finance?
- How does it work and what are the risks involved?
- What are the advantages and who can benefit from trade finance?

The course is aimed at importers and exporters, bank relationship managers, risk managers, lawyers, trade finance specialists and other specialists who do not deal directly with trade finance but are keen to gain an insight into this area of banking.

Places for all EBRD TFP partner banks are provided free of charge. To register, please contact Murodjon Farmanov at farmanom@ebrd.com.

New factoring module to be launched

A new EBRD Trade Finance e-Learning Programme module on factoring is to launch later this year.

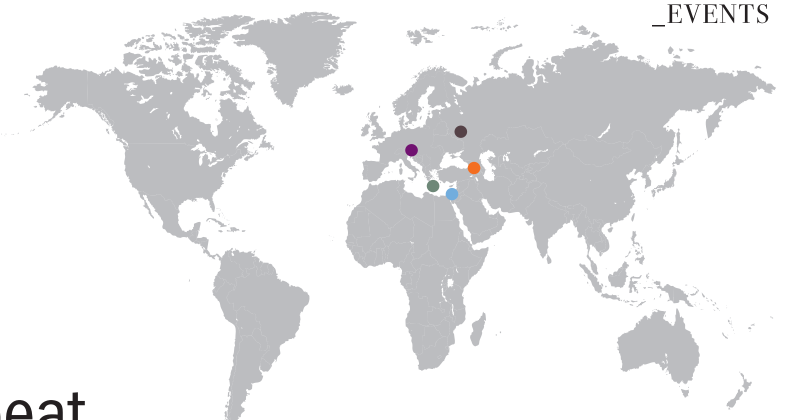
"Introduction to Factoring" will be available from the autumn of 2015 and has been designed in cooperation with the International Factors Group (IFG) and Factors Chain International (FCI). The module is aimed at new starters in international and domestic factoring and will be open to TFP partner bank staff.

Study areas cover invoice finance, the assessment of clients and the take-on process, client management and international factoring.

The EBRD Trade Finance e-Learning Programme, launched in May 2010, aims to help TFP partner banks to attain best international practice in trade finance, through building a firm understanding of industry practices and achievement of academic excellence. It started out with just four foundation courses but the Programme has grown into a platform of eight modules covering various basic to advanced trade finance topics.

Factors Chain International is a global network of leading factoring companies whose common aim is to facilitate international trade through factoring and related financial services. IFG is a global trade association that fully represents and promotes the interests of the factoring, invoice financing and asset-based lending industry on a global basis.

For more details on the new module, please contact Murodjon Farmanov at farmanom@ebrd.com.



ARMENIA CONFERENCE

Supporting small business through trade finance

On 1 and 2 October 2014 the EBRD held a two-day conference in Yerevan, Armenia, entitled "Supporting Imports and Exports of Armenian SMEs through Trade Finance". The conference was funded by the EU Neighbourhood Investment Facility and sponsored by five local banks.

The conference attracted more than 150 delegates from the banking and commercial sectors, as well as chambers of commerce and representatives from overseas embassies located in Yerevan. The event also welcomed banks from Georgia, Moldova, Russia and Ukraine.

Armenia faces particular challenges in international trade because, due to historical, political and geographical issues, the only borders available for trade to pass through are those with Georgia to the north and Iran to the south. However, Armenia maintains a strong commercial relationship with Russia and the Commonwealth of Independent States (CIS).

There are some constraints in Armenia, such as local banks needing to improve their analytical skills and SMEs needing to raise their awareness of trade finance instruments. The traditional method of using letters of credit remains very active in the region. Unlike much of the rest of the world, trade finance in Armenia is growing faster than world GDP, albeit from a low base. The country has also achieved 18 billion Armenian drams of factoring (€35 million), although leasing is less well developed.

The first day of the conference saw presentations and discussions on topics such as the sanctions on Russia and what Armenian financiers need to know; factoring and leasing; environmental and social issues in trade; and the EBRD's Small Business Support (SBS), which provides local and international consultants to help SMEs develop and grow.

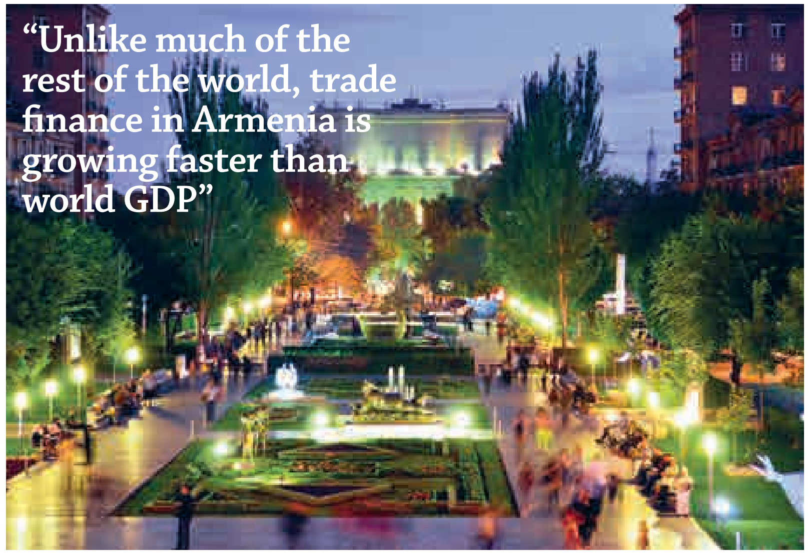
The second day provided workshops on "International Contract of Sales and Payment Terms" and "Factoring as a Solution to the Challenges of International Trade". Further panel discussions covered intra-regional trade and financing the import of fast-moving consumer goods. Delegates also heard from banks in Ukraine and Armenia who had started to offer factoring, an increasingly in-demand product when one considers that 83 per cent of world trade is now conducted on an open account basis.

The conference attracted TV and press coverage and brought together financiers and would-be trade finance users together for a successful networking opportunity.

Zaruhi Melkonyan, Head of International Transactions Department at Araratbank, commented: "One of the best things about this conference was that small business representatives had the chance to discuss issues of interest directly with trade finance experts from around the world. The Trade Finance Fair was another highlight, where Armenian banks could showcase their trade finance products directly to clients, and clients could discuss potential transactions with various banks, thus allowing them to make the best decisions for their business."

The full article, written by Peter Brinsley of Point Forward, appeared in trfnews *on 15 October 2014. Peter is also a technical cooperation consultant with the EBRD.*

www.ebrd.com/news



SUPPORT FOR JORDAN

US$ 10 million trade facility for Capital Bank

The EBRD is boosting export and import activities in Jordan by providing a US$ 10 million trade facility to Capital Bank Jordan (CB) under the TFP.

The facility will enable CB to provide a wider range of trade finance products to its customers and develop new products. The EBRD's support will also allow CB to reach out to a broader range of companies engaged in cross-border trade.


Rania Fallouh, Heike Harmgart, Bassem Khalil Salem Al-Salem, Haytham Kamhiyah and Melis Ekmen Tabojer at the signing.

ICC AUSTRIA/EBRD JOINT WORKSHOP

Practical solutions beat theoretical knowledge

Are you faced with unusual situations and challenges concerning letters of credit, stand-by letters, bank guarantees, performance bonds or any other instrument? Do you need practical help to find a solution?

If so, then a new workshop on unusual cases and problems in international trade finance could be for you. The EBRD's Trade Facilitation Programme and ICC Austria have teamed up to develop a three-day workshop where you will have the chance to debate individual cases (including your own) with colleagues and experts from around the world in order to find legally correct and, importantly, practical solutions to daily problems.

The workshop will be held from 7 to 9 October 2015 in Vienna. The first two days will focus on documentary credits (including forfaiting) and bank guarantees, and the third day will look at factoring.

GET YOUR CASE DISCUSSED

If you have a particular challenge or problem to solve, follow these steps:

- **Submit your case beforehand.** Upon registration you will be able to submit your case or question (anonymously, if need be), which will then be forwarded to all participants and experts for them to review before the workshop.
- **Discuss your problem within a working group.** Working groups will be formed where cases will be discussed and possible solutions drafted.
- **See how other groups and experts would solve the problem in the plenary session.** The solutions found by the different groups will then be presented in the plenary session, which will be moderated by the experts.
- **Take the solution to your case away with you.**

For further information please email Eleonore Treu at e.treu@icc-austria.org.

Future events

Cyprus Information Session
1 JULY 2015
LIMASSOL, CYPRUS
For more information contact Anna Brod at broda@ebrd.com or Stalo Georgiou at georgios@ebrd.com.

Worldwide Expert Conference
1-2 OCTOBER 2015
KIEV, UKRAINE
For more information contact Sara Velco at velcos@ebrd.com.

ICC Austria – Case Studies in Trade Finance
7-9 OCTOBER
VIENNA, AUSTRIA
Contact Anna Brod at broda@ebrd.com.

Jordan Trade and Investment Forum
20-21 OCTOBER 2015
AMMAN, JORDAN
Contact Murodjon Farmanov at farmanom@ebrd.com.

PRESS TALK

"How many deals like this do you see? This [TFR] competition goes from the sublime to the specialist with a small, but perfectly formed, snow deal. It makes the most of the EBRD's Trade Facilitation Programme to attract RZB post-financing and transform the Georgian tourist industry."

Trade and Forfaiting Review

Gudauri snowmaking equipment

TFR DEAL OF THE YEAR 2014

Gudauri snowmaking project

EBRD deal wins award from *Trade and Forfaiting Review*

A small, specialist project to bring in artificial snowmaking equipment has transformed Georgia's winter holiday season and boosted the country's coffers.

Tourism generates around US$ 1.7 billion a year and provides 10 per cent of the country's employment. However, a lack of snow during the 2013-14 ski season meant that Georgia's two main ski resorts of Gudauri and Bakuriani suffered heavy losses, threatening further losses to the country's economy.

So a deal was put together to finance the import of artificial snowmaking equipment from Austria. TBC Bank provided a confirmed letter of credit (LC) for €2.28 million to cover the import of the machines and the LC was confirmed and post-financed by Raiffeisen Bank Austria (RZB). TBC's obligations were covered by the EBRD's standby LC under the Trade Facilitation Programme.

The project stood out from others in the *TFR* competition because it demonstrated how an LC supporting an artificial snowmaking project could have such a transforming impact. After a four-month construction period, the 2014-15 ski season opened with artificial snow (as natural snowfall had been scarce), along with 85 per cent of all hotels in Gudauri having been booked through to the end of January 2015.

Alexandre Onoprishvili, head of the Georgian Mountain Resorts Company who put the equipment in place, said: "The artificial snowmaking project is at the core of the state's tourism development strategy and aims to enhance Georgia's ability to offer year-round recreation opportunities and host sporting events."

The full, original article appeared in *Trade and Forfaiting Review* on 4 February 2015. For more information visit www.tfreview.com.

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Facts & figures

A brief history

Launched in 1999, the Trade Facilitation Programme (TFP) aims to promote foreign trade to, from and among the EBRD countries of operations through a range of products.

Through the Programme, the EBRD provides guarantees to international confirming banks and short-term loans to selected issuing banks and factoring companies for on-lending to local exporters, importers and distributors.

CONFIRMING BANKS OPERATE IN 88 COUNTRIES

17,000+
TOTAL NUMBER OF TRANSACTIONS SINCE 1999

TOP 10 CONFIRMING BANKS
January-December 2014

	Bank	Country
1	Commerzbank	Germany
2	Unicredito	Italy
3	Deutsche Bank	Germany
4	BHF-Bank	Germany
5	KBC Bank	Belgium
6	UBS	Switzerland
7	Raiffeisen Bank International	Austria
8	ING Bank Belgium	Belgium
9	WGZ BANK	Germany
10	ABN Amro	Netherlands

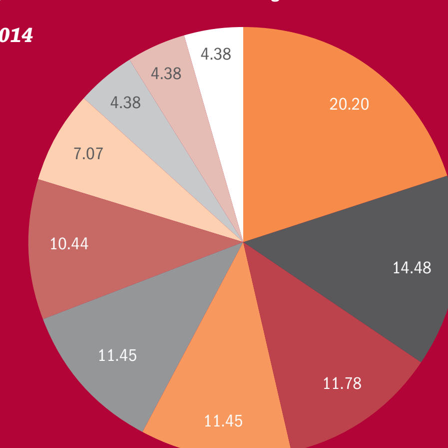
TOP 10 COUNTRIES BY NUMBER OF TRANSACTIONS
January-December 2014

	Country
1	Russia
2	Ukraine
3	Armenia
4	Georgia
5	Belarus
6	FYR Macedonia
7	Azerbaijan
8	Moldova
9	Kazakhstan
10	Bulgaria

117
NUMBER OF ISSUING BANKS IN 26 COUNTRIES

€11bn
TOTAL TRANSACTION VALUE SINCE 1999

TOP TEN E-LEARNING GRADUATES SINCE 2010, % PER COUNTRY
January-December 2014



Capital Bank Jordan signing on 19 April 2015

NUMBER OF CONFIRMING BANKS OPERATING IN 88 COUNTRIES
see map above

800+

USING THE TFP TO *THE FULL*

The EBRD is responding flexibly to market developments

EBRD trade finance products have been available in Bulgaria since 1999 when the TFP was established. But as the economy developed in the mid-2000s, banks in Bulgaria gained full access to the international markets and the sector became more robust as market players fought to maintain market share through client acquisition, complemented by service quality and product expertise. EU membership strengthened the commercial risk-taking capacity of Bulgarian borrowers, which led to lower risk margins. In this environment, the EBRD's trade finance products were in much lower demand.

However, the recent turbulence in the European banking sector has led to banks reducing their risk and ensuring best use of their balance sheet strengths. Also, partly due to the perception of higher risk related to Bulgarian subsidiaries' parent banks, some local banks have sought to strengthen their ability to provide trade guarantees. In this environment, in 2012 the EBRD reinitiated its trade finance activities in Bulgaria. After having had no TFP exposure for some years, by the end of 2014 our TFP exposure had reached €15 million.

Support for documentary operations through payment risk guarantees was offered with the option of complementary cash financing. The latter proved especially effective for funding factoring operations. Therefore, EBRD support was structured to meet commercial bank requirements in terms of asset conversion cycle and cash flow.

The EBRD also arranged technical cooperation projects to work with local banks on the effective use of TFP resources. For example, the EBRD and Postbank/Eurobank achieved great success in using available TFP limits in 2014, including for pre-export and import financing as well as factoring.

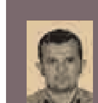
Trade finance is a growing industry and will remain important for Bulgarian corporates, especially those with clients outside the European Union. The EBRD is prepared to consider extending its TFP support in line with market requirements. And further technical cooperation will mean that TFP operations can be used to the fullest by the EBRD's partner banks in Bulgaria.●

Daniel Berg, Director, Bulgaria, EBRD

Tram road workers repairing tracks in Sofia, Bulgaria

RAIFFEISEN BANK KOSOVO

Transformation of trade in Kosovo



Over the last 15 years Kosovo has shown significant progress in maintaining macroeconomic stability and growth.

However, Kosovo is still perceived as a high-risk country. As a result, investors remain cautious and trading companies in Kosovo face relatively high transaction costs when importing goods.

However, the climate is changing and with the help of the financial sector – commercial banks especially – international trade in Kosovo is being shaped and transformed significantly. The EBRD's Trade Facilitation Programme plays a significant part in this.

Our aim is to build an extensive banking network and long-term relationships with clients by providing high quality products that help them overcome the challenges of conducting trade in Kosovo.

The TFP has allowed us to connect with confirming banks around the world, reducing risk and transaction time. What is more, being a confirming bank under the TFP has enabled us to extend our network and build relationships with smaller, local banks with whom we may not have come into contact otherwise.

People who work in trade finance face a variety of challenges every day, so having practical trade finance knowledge is crucial to the quality of the product our bank offers. The EBRD Trade Finance e-Learning Programme has introduced us to a smart way of acquiring know-how and solutions to practical issues that occur in our day-to-day operations.

Thanks to the TFP and the international relationships that our bank enjoys, we are able to offer our clients the best trade finance products in Kosovo.

Aderim Musliu, Senior Documentary Business Specialist, Raiffeisen Bank Kosovo

STOPANSKA BANKA SKOPJE, FYR MACEDONIA

Stone Bridge over the river Vardar in Skopje

A *STEADY* PARTNER IN TRADE

Banks can rely on the EBRD to support them through thick and thin

Stopanska banka Skopje (SB) has been operating in the FYR Macedonian market for more than 70 years. Our bank has been at the forefront of many new products and services that have been introduced in FYR Macedonia – including being the first bank in the country that joined the newly launched EBRD Trade Facilitation Programme (TFP) back in 1999.

At the beginning of 2000, SB became a member of the National Bank of Greece Group – the largest banking group in south-eastern Europe, which, together with the TFP, strengthened our ability to provide trade financing and give entrepreneurs the support they needed to increase their import and export trade.

With the onset of the global financial crisis, the fact that we were a TFP participating bank gave us and our clients the assurance to continue working smoothly and successfully. We drew on the support of the TFP more than ever, and our clients benefited, especially in capital projects such as the import of nickel ore and equipment for the mining industry. Through the TFP, our bank has broadened its relationship with other issuing and confirming banks, and developed additional know-how and experience related to trade finance business.

Throughout the years of its presence in FYR Macedonia, the EBRD has delivered seminars and training on crucial and up-to-date topics such as the new ICC rules, trade finance products in detail, correspondent banking, swift, trade finance fraud, trade debt restructuring, and so on. What is more, the EBRD Trade Finance e-Learning Programme has given us the chance to deepen our understanding of trade finance and documentary transactions.

For us, the EBRD and its TFP is our reliable and long-term partner for trade-related transactions.●

Katerina Jovanovska, Trade Finance department manager, Stopanska banka AD Skopje

> **"Through the TFP, our bank has developed additional know-how and experience related to trade finance business."**

ČAČANSKA BANKA, SERBIA

Overcoming obstacles with the TFP

Serbian companies have faced major difficulties in the business environment over the last few years: a low country rating, economic sanctions over many years, and political and economic instability. All this has weakened their negotiating power when contracting trade finance operations.

Small importers have often been conditioned by their foreign partners to do business with a particular bank, but this favours those banks incorporated by foreign shareholders with an extensive correspondent network. Even when foreign companies do agree to receive payment instruments from lesser known banks (banks with domestic capital) they usually require these instruments to be confirmed by another bank.

So by signing up to special agreements with foreign banks, such as the EBRD's Trade Facilitation Programme (TFP), banks in the Serbian market can place themselves at an advantage and gain more business; export-import companies feel secure that their instruments are confirmed by a prime European bank.

A RELIABLE PARTNER

It's in such circumstances that the TFP has proven to be a reliable partner to Čačanska banka since December 2004. Čačanska banka was the first bank in Serbia to become a member of the TFP. Over the 10 years of successful cooperation with the EBRD our bank has been awarded the title of "Most active issuing bank in Serbia" four times.

With the number of requests from our clients and their foreign partners growing, and financial institutions worldwide accepting instruments from the TFP as being reliable and secure, the EBRD's TFP is a top priority for us at Čačanska banka. Working under the TFP has enabled us to not only increase the number of transactions, but also greatly improve the quality of the services we provide to our customers. ●

Aleksandar Calovic, deputy CEO, Čačanska banka

EN ROUTE TO *SUSTAINABLE* TRANSPORT

Sue Barrett, Director of the EBRD's Transport team, explains how the Bank is supporting the development of transport networks and infrastructure in the countries where it operates

For an economy to grow, it needs a reliable and efficient transport network to allow the effective movement of people and goods. That is why the EBRD invests heavily in the transport sector – more than doubling its annual investments over the past six years.

These investments are supported by the Bank's dedicated Transport team, which works with the EBRD's clients to develop national networks, and improve the efficiency, market-orientation and financial sustainability of the transport sector in the countries where the EBRD operates. This includes supporting the development of the private market for transport services and increasing private sector participation in the provision of transport infrastructure, for example, through public-private partnerships (PPPs).

Sue Barrett, Director, Transport, EBRD

In recent years the team has complemented its primary focus on furthering transition to a market economy by increasing the sustainability of its transport operations in terms of supporting intermodal transport and green logistics, emissions reduction, economic and social inclusion, and by supporting the EBRD's key initiatives such as the Sustainable Resource Initiative, the Road Safety Initiative and the Strategic Gender Initiative.

DELIVERING SUSTAINABLE TRANSPORT NETWORKS

To deliver on its key aims, the EBRD provides flexible financial structures and products tailored to client needs, including both debt- and equity-based instruments to support the sustainable development of the transport sector, covering a wide spectrum of projects. Policy dialogue and targeted technical cooperation (TC), generously supported by the EBRD's donors, remain vital: the Bank mobilises more than €8 million in TC funding every year, and blends these resources with investments to facilitate the complex reform process and the delivery of sustainable transport networks.

In 2014 the Bank signed 26 transactions in the transport sector for a total EBRD investment of €1.3 billion in the aviation, maritime, rail, road and logistics sectors. Of this amount, €480 million was provided for energy efficiency and climate change mitigation investments under the Sustainable Resource Initiative. The projects were geographically and sectorally diverse, ranging from a logistics centre in Georgia (a loan of €1 million) to large infrastructure projects supporting regional integration in FYR Macedonia, Moldova and Ukraine. In most cases, the projects were co-financed by other commercial banks and international financial institutions. These projects will allow total savings of an estimated 500,000 tonnes of carbon dioxide equivalent a year. Some recent flagship projects financed by the EBRD include an equity investment in a Polish rail freight operator; the provision of short sea shipping services between Turkey and Europe; and rail rehabilitation along several transport corridors of Croatia and FYR Macedonia.

CASE STUDY: POLAND

DCT Gdansk port expansion

The EBRD is supporting the expansion of Poland's only deep-water container port facility, located in Gdansk – a gateway port for the country and a major transhipment hub for the southern and eastern Baltic region. The Bank invested €31 million to co-finance the construction of a second deep-water terminal at the port operated by DCT Gdansk.

The expansion creates much-needed extra capacity and reduces transhipment costs by about 20 per cent, as well as providing the associated environmental and economic benefits of being located nearer to the final destination. The project also involves measures aimed at boosting the terminal's resilience to climate change and sea level rise, such as increasing the height of the quay and establishing channels for receiving information on sea level extremes and wave overtopping of port structures. As part of the project, which is backed by €259 million in commercial financing, DCT Gdansk has also committed to improving its energy efficiency through the use of cutting-edge technology.

CASE STUDY: EGYPT

Egyptian National Railways Restructuring

To help solve the problem of overcrowding on the route that connects Cairo with Alexandria, the EBRD is providing a €126 million loan to help Egyptian National Railways to purchase six new locomotives and 60 carriages. These will replace ageing rolling stock as part of a much-needed modernisation of Egyptian National Railways' fleet.

The EBRD is also providing over €1 million in TC support to promote rail sector reform in Egypt through capacity-building initiatives for energy efficiency, financial and operational sustainability as well as reviewing options for improving passenger services to reflect the needs of different passenger groups by carrying out a gender-based needs assessment.

TRANSPORT AT A GLANCE

€12.5 billion invested

Total value of projects supported: €47.5 billion

255 projects

30 countries

A SUSTAINABLE FUTURE

In line with the EBRD's Transport Sector Strategy, the Bank will continue supporting the development of market-based activities and sustainability in this sector and will encompass growing areas of activity for the EBRD's operations in the transport sector, such as intermodal and green logistics.

2014 IN NUMBERS

€1.3bn invested

14 countries

26 projects

500 kilotonnes of CO_2 savings per year

GREEN TRANSPORT *CHARGES* AHEAD

Electric vehicles have huge potential in the global export market, and the Taiwanese are playing their part in the development of this sector

As part of a worldwide effort to reduce carbon emissions and surging oil prices, many governments now support the development of electric vehicles (EVs).

With motorcycles and scooters accounting for two-thirds of the island's 22 million motor vehicles, the Taiwanese government sees much potential in the EV industry, funding organisations such as the Industrial Technology Research Institute.

Jerry Wang, director of the Intelligent Electric Vehicle Promotion Office, set up in 2010 by the Ministry of Economic Affairs (MOEA), notes that the high population density of the island makes it an ideal place for EVs.

The major challenge for EV developers, however, is to improve technology while making EVs widely affordable.

A prototype of an electric vehicle

DEVELOPING THE TECHNOLOGY

The government began encouraging the development and use of electric cars in 2010 several years after manufacturers began working on EV development. The Yulon Group, the largest Taiwanese automaker, for example, started EV development in 2005, producing the Tobe in 2009 and the Luxgen EV+ in 2010. Specifications from Yulon show that the Tobe can travel up to 100 km, while the Luxgen EV+ minivan has a maximum cruise range of 200 km.

RAC Electric Vehicle Inc. in Taoyuan County has specialised in electric buses since the firm's establishment in 2005. RAC works with domestic and international companies on e-bus batteries, chassis and electric motor design, as well as on EV assembly and engineering. In 2011, RAC's "Race 150" passenger bus became the first Taiwanese road-licensed electric bus, put into service by public bus companies in New Taipei, Hsinchu and Kaohsiung. RAC chairman Alex Tsai points out that his father founded the company at the late age of 70 because he saw great potential in the "niche" EV bus market.

There are currently 11 electric car manufacturers on the island. Taiwanese EV manufacturers have already seen marked success in the export market, exporting approximately 19,000 e-scooters between 2009 and 2013. Wang notes that serious interest in EVs only started around a decade ago and since the technology for manufacturing EVs and gasoline-powered vehicles is different, new supply chains are required. Wang adds that the Taiwanese can make their EVs stand out in the export market by applying their information and communication technology to provide driver information and improve safety systems.

> **"Taiwanese EV manufacturers have already seen marked success in the export market, exporting approximately 19,000 e-scooters between 2009 and 2013."**

PROMOTING TAIWANESE EVS

The government began organising the EV Taiwan exhibition in 2011 to put its EV industry on the map. According to the Taiwan External Trade Development Council, the show's organiser, the first EV Taiwan featured 68 exhibitors and attracted about 18,000 visitors, 1,660 of whom were foreign buyers. At the show held in April 2014, the number of exhibitors had increased to 92, and 7,000 of the nearly 51,000 visitors came from abroad. "From batteries and motors to car electronics and electricity management systems, EV Taiwan offers buyers one-stop shopping for all related products," Wang says.

In August 2013, Hsinchu-based Pihsiang Electric Vehicle Manufacturing Co shipped the first batch of its Achensa EVs to Europe. A very compact two-seater designed for urban transportation, the Achensa has a cruise range of 85 km, while charging takes only 90 minutes.

While EVs are a very recent arrival in the transportation industry, few people would disagree that the sector is poised to see fast growth. Aiming to play a role in this market, the Taiwanese have already started their engine and are ready to accelerate. ●

This article originally appeared in *Taiwan Review* on 1 July 2014.
http://taiwanreview.nat.gov.tw

CASE STUDY: BANK SINOPAC

Bank SinoPac, a wholly-owned subsidiary of SinoPac Holdings, provides a wide range of financial services and innovative products to customers through its branches and subsidiary banks in the Far East and the United States.

Since its inception, Bank SinoPac has been devoted to product innovation and integration. Starting in 2000, the bank took the initiative to launch niche products such as money management account, B-to-B Pay-Web, e-Factoring, and Factoring by Insurance. These and other services form an efficient platform that allows customers to allocate their funds and manage their assets without any restrictions on time or geography.

In December 2013, Bank SinoPac obtained approval from the China Banking Regulatory Commission to set up a wholly owned subsidiary in Nanjing, which began operations in March 2014. In addition to its Nanjing subsidiary and domestic and offshore branches, Bank SinoPac will serve customers by teaming up with Industrial and Commercial Bank of China (ICBC), which owns more than 17,000 branches domestically and nearly 400 branches globally. By drawing on these shared advantages and synergies, Bank SinoPac is poised to become the most flexible, convenient service provider in the cross-strait region.

Bank SinoPac headquarters

TRADING UP ENERGY *PERFORMANCE*

EBRD trade finance is boosting the availability of sustainable energy technology

The technology and services that promote sustainable energy play a leading role in shifting countries towards a low-carbon economy. They also make increasing business sense. A better understanding of this commercial potential of sustainable energy can unlock new investment opportunities and so increase the demand for technologies from manufacturers, importers, suppliers and service providers.

Trade is vital in accelerating the transfer of sustainable energy technologies to the countries where the EBRD works – countries that often have no local production or supply of these technologies. The EBRD's Trade Facilitation Programme is building on the experience of the Bank's in-house Energy Efficiency and Climate Change team to promote trade in sustainable energy goods in the region.

The EBRD uses financial instruments to support investment in sustainable energy technology. The Bank's in-house engineers, finance specialists and policy experts work directly with bankers and their clients to make investments ranging from direct finance to the corporate agribusiness, manufacturing and service sectors, to finance for the clients of financial intermediaries.

> **"The EBRD provides a simple and streamlined approach for local banks and their clients to identify energy efficient items: the SEFF Technology Selector."**

The EBRD Sustainable Energy Financing Facilities (SEFF) programme extends credit lines to local financial institutions that want to develop sustainable energy financing as a new area of business. Local financial institutions then on-lend these funds to their clients, which include small and medium-sized businesses, corporate clients and households, as well as renewable energy project developers.

TECHNOLOGY SELECTOR

Fast-track SEFF financing is available to individuals (a few thousand euros) and businesses (a few hundred thousand euros) and supports the purchase and installation of high energy performance equipment and materials.

The EBRD provides a simple and streamlined approach for local banks and their clients to identify these energy efficient items: the SEFF Technology Selector. The Technology Selector is a web-based database of equipment that has been identified as the best performing at reasonable cost, under local market conditions. Technologies listed on the database have minimum technical performance characteristics that are proven to save energy.

This technology-driven approach has been particularly effective because the eligibility of selected items is confirmed automatically. Financing decisions can be made without delay, achieving an economy of scale that quickly reduces transaction costs.

The SEFF Technology Selector helps:

- businesses and households easily find a broad selection of enhanced efficiency technologies that already qualify for SEFF financing
- suppliers of sustainable energy technologies to promote their higher efficiency products through the energy performance database as well as via their own marketing and sales channels.

The most popular technology classes selected include:

- metal, plastic and food processing equipment
- agricultural, construction and transportation machinery
- building technologies (such as windows, insulation materials and heating equipment).

Trade finance ensures a good supply of these preferred technologies by supporting the supply chain. Demand is driven by the EBRD SEFF programme, which demonstrates the business case and associated benefits of higher energy performance. By connecting with local financial institutions, industry associations and suppliers and installers, the SEFF Technology Selector is continually updated with new, higher performing materials and equipment, helping local businesses and households to choose technologies based on sustainability, not availability.

www.ebrd.com/seffs

Terry McCallion, Director, Energy Efficiency and Climate Change

IN NUMBERS

€2.5 billion has been invested by the EBRD in sustainable energy projects through SEFFs.

100 participating financial institutions in 20 countries cooperate with the EBRD on SEFFs.

CASE STUDY: POLAND

Energy savings for Polish SMEs

The Polish agribusiness and food production sectors face many challenges that limit their sustainable development and competitiveness. Most companies in the sector still operate outdated machinery and do not often take energy consumption into account when purchasing new technology. Limited access to financing and information on good industry practice often prevents businesses from attaining their energy-saving potential.

The EBRD Polish Sustainable Energy Financing Facility (PolSEFF), implemented through five banks and leasing companies, successfully used the Technology Selector to tackle energy savings in Polish SMEs. More than 930 Polish agribusiness companies purchased high energy performance machinery and equipment (tractors, harvesters, grain dryers) eligible for finance from PolSEFF loans and leases. This financing amounted to more than €75 million, helping Polish agribusinesses reduce their annual fuel consumption by 5 million litres of diesel.

PolSEFF is a €180 million credit line facility complemented by financial incentives and technical assistance funded by the European Union.

CASE STUDY: KYRGYZ REPUBLIC

Sustainable energy for Kyrgyz homes

With a population of 5.7 million, the Kyrgyz Republic is one of the smallest countries in Central Asia. Energy intensity is 10 times higher than the average of OECD countries and the building sector is particularly inefficient, with more than three times the energy use per square metre of floor area than in developed markets with similar climatic conditions.

The EBRD Kyrgyz Sustainable Energy Financing Facility (KyrSEFF), supported by the European Union, provides financing to help Kyrgyz businesses and households improve energy efficiency.

Through four local banks the KyrSEFF has financed more than 400 energy-saving projects in individual homes and multi-family buildings through the SEFF Technology Selector. Equipment and materials such as thermal insulation, windows, high efficiency boilers and heat pumps worth US$ 4.3 million have been financed and installed through accredited installers and suppliers.

Despite certain challenges, the factoring industry is flourishing. Peter Mulroy, Secretary General of Factors Chain International, explains why

THE FUTURE OF FACTORING IS *BRIGHT*

Over the last 20 years, the factoring industry has grown dramatically. The significant increase in world factoring volume has been driven by a systematic growth in factoring throughout most of the developed and developing world, led by commercial bank-owned factoring companies, especially in Europe and Asia. Together these two markets control over 87 per cent of the global factoring volume.

Although factoring is regulated in certain parts of Europe, in general the industry is unregulated, allowing many non-bank financial players to enter the market. This duality has allowed factoring to spread its wings around the world, especially since the start of the financial crisis. This has largely been inspired by the continued growth in open account trade and the enhanced perception of risk globally, which has culminated in the shift from clean overdraft /unsecured lending to financing against receivables in the form of factoring, invoice discounting and confirming. This, in turn, has been spurred not only by the favourable treatment factoring enjoys under Basel II/III rules but also based on the understanding that factoring is simply a more prudent form of financing. However, the factoring industry still faces many challenges around the world, which this article attempts to address.

HOW DOES FACTORING WORK?

Factoring is a service tied to open account trade designed to provide financing primarily to small and medium-sized enterprises (SMEs), the engine of growth and employment in most societies supporting the real economy. Funding is offered based on the sale or assignment of the receivables created by the client to a factoring company (the factor): the factor pays an agreed percentage of approved debts as soon as the receivables are assigned. The factor will often also undertake all credit management and collections work. There will normally be a charge for the collections service and, if it is required, for bad debt protection as well as a discount charge for finance provided in advance of collections.

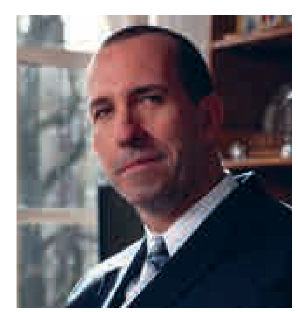
Over the past 50 years, factoring has grown from an industry that was based predominantly in the United States and Europe to one that is now active in most parts of the world. Factoring has especially enjoyed phenomenal growth in Asia, eastern Europe and Latin America. However, there are some emerging markets where factoring has yet to spread its wings fully, including in South Asia, Sub-Saharan Africa and Central America. What has caused this lack of growth?

Fraud is one of the most significant risks to a factor, hence factors want to ensure that the seller does not submit fraudulent invoices. To avoid this, receivables registry are created to satisfy the factor that they have not only a first lien position in the receivable (as owner of the account) but also to ensure that the same invoice has not already been financed by another party. The lack of a centralised receivables registry is apparent in most developing markets and establishing them is something that Factors Chain International (FCI) and the World Bank have identified as a priority.

PRUDENTIAL RISK

Another challenge is the rise in prudential risk and its impact on the factoring sector. Some of the new initiatives under Basel III, like the liquidity coverage ratio (LCR), attempt to establish tougher capital and liquidity standards through more restrictive definitions, requiring the acquisition of higher risk weighted assets, additional capital buffers and increased minimum capital ratios. These rulings are designed to ensure that financial institutions can weather a shock to the financial system in order to ride out short-term liquidity disruptions, a serious concern after the last global financial crisis. As most factoring businesses are not banks themselves, unable to take deposits, this ruling should not apply to them. For example, the European Parliament recently approved the CRD-IV/CRR Regulatory Framework on Liquidity. After heavy lobbying, they agreed to a derogation to the act, removing factoring and leasing from this burdensome requirement to create a liquidity buffer. There are many other examples, but this is a great success which will help propel the factoring industry in Europe to new heights.

Despite the challenges factoring faces, the industry continues to flourish. Central banks around the world have looked at this growth story and have come to appreciate the product as a safe and secure method of financing open account trade. In fact, the economic crisis has shined an even brighter light on factoring. And with the recent success stories within the factoring sector, we can be assured that the industry will continue to prosper and grow into the foreseeable future. ●



“Over the past 50 years, factoring has grown from an industry that was based predominantly in the United States and Europe to one that is now active in most parts of the world.”

What does factoring need to flourish?

- **Proper legal infrastructure.** A legal system that allows for the sale or assignment of the receivable to a third party/factor. Normally, legal notification to the debtor (buyer) is required and all rights of the receivable must be absolute.
- **Elimination of tax impediments,** like the stamp duty tax.
- **Elimination of foreign currency controls.** As most banks are permitted to buy/sell and trade foreign currency with their clients, that same authority needs to be given to non-bank financial institutions engaged in cross-border factoring.
- **Floating charge on the assets.** Many factors run into the problem of being unable to “carve out” a portion of the receivables from the bank which has taken a fixed charge on the assets (encumbrance of the receivables), making them un-factorable.
- **Emergence of a supportive open account culture.** Many emerging markets are stuck in the past and the central banks will only support the financing of trade on an LC basis or banks are reluctant to finance SMEs without hard collateral, that is, real estate. Development of an open account culture is a must, where not only the traders but also financial institutions are allowed to finance exports on open account terms in an open and level playing field.

For more information on Factors Chain International, please visit: www.fci.nl.

IN DEPTH
_CENTRAL ASIA AND MONGOLIA

THE PROMISE OF *STRONG GROWTH*

Astana, Kazakhstan

Khiva, Uzbekistan

Following the release of a new Commerzbank *Insights* report on Central Asia and Mongolia, Axel Bommersheim of Commerzbank explains why the Central Asian republics and Mongolia are expected to experience above-average economic growth, despite the challenges facing the region

COMMERZBANK

The five Central Asian republics of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, as well as Mongolia, have collectively made immense economic progress over the last two decades and enjoyed robust growth. This has been underpinned by rising global prices for oil, gas, uranium and gold – of which the region has vast deposits – as well as geographical proximity to increasingly resource-hungry China and Russia.

While natural resources continue to dominate foreign trade for most of the countries, the potential for them to diversify their export base is huge, yet largely untapped. For example, the region's economies are increasingly becoming higher value-added producers with Uzbekistan, for instance, strong in cotton and car production, as well as exporting oil and gas, while oil production in Kazakhstan has reached similar levels to that of Norway or Angola. In Turkmenistan, natural gas production capacities are being further developed and Mongolia has expanded its copper and coal mines. Tajikistan, by contrast, benefits from its abundant water resources and generates hydropower which helps to power its aluminium smelting plant.

As such, despite the end of the commodities boom and the negative Russian economic outlook influencing some of the Central Asian economies, we expect economic growth in the region to be slightly higher than the global average forecast. Of course, forecasts vary from country to country, but on the whole the region's economies have been growing by more than 7 per cent per year since 2000 – twice as fast as the global economy. Naturally, this provides opportunities for German and European businesses to ramp up trade with the region.

ATTRACTING FOREIGN INVESTMENT

Of course, there is still much to be done, with the fragmented nature of the region and the subsequent high number of regulations being key challenges.

> "The potential for countries to diversify their export base is huge, yet largely untapped."

Fortunately the region as a whole is attempting to implement free trade agreements, among other initiatives, to create a more attractive climate for foreign trade and investment.

Commerzbank, for its part, has been present in the region for more than 20 years and has representative offices in Kazakhstan, Turkmenistan and Uzbekistan, which also serve neighbouring Kyrgyz Republic, Tajikistan and Mongolia. We have been actively cooperating with the EBRD within the framework of the Trade Facilitation Programme for many years to settle foreign trade transactions in the region and have relations with over 80 local banks. As such, we are invested in the training of local bank employees, contributing to greater professionalism in the region's banking sector.

The full Central Asia and Mongolia report can be received upon request addressed to Commerzbank's financial institutions team.

contact: fi.russia@commerzbank.com.

COMMERZBANK IN NUMBERS

20 years' active presence within Central Asia

Offices in **3** Central Asian republics

80 local banks benefit from Commerzbank's relationship with the EBRD's Trade Facilitation Programme

NEED HELP CHECKING DOCUMENTS? *LOOK* NO FURTHER...

The go-to guide for documentary credit practitioners has been expanded and updated

Pavel Andrle's first book, *Examination of Documents under Documentary Credits*, was published in October 2012. It was received with great interest from around the world, confirming the need for a practical, comprehensive guide to examining documents under documentary credits, and preparing those documents so that they met the ICC's stringent requirements.

Following the new ISBP 745 and ICC Opinions the book has been updated and extended to include sections on: determining maturity dates for payments in accordance with availability of credits and the refusal of documents; partial shipments and drawings; and new types of documents and their examination. It is aimed mainly at exporters and banks, but importers, carriers, freight forwarders, cargo insurers and other practitioners in international trade will also find it useful. The following is an extract from this second edition.


Pavel Andrle with his new book

For more information and how to purchase your copy of the book, please visit www.icc-cr.cz/en/sluzby-a-projekty/publication.

"It is self-evident that the most complex and demanding part of the documentary credit transaction is the examination of presented documents. The whole concept of the documentary credit instrument is based on the impartial professional examination of presented documents required by the credit terms and conditions by a bank documentary checker. It is crucial that all parties to the documentary credit transaction are familiar with the main aspects of the documents used in foreign trade, the seller and the buyer pay attention to specification of payment conditions in their contract of sale (correctly and sufficiently describing the terms and conditions of the documentary credit to be established by the buyer, above all the content of the required documents). The seller, the beneficiary of the credit, needs to be aware of the international standard banking practices, especially in relation to the examination of documents under documentary credits. After all, if documents he presents to the bank do not comply, he might not be paid at all!

The banker, the professional documentary checker, needs to master the subject. The banker's position is indeed a tough one; in between (often conflicting) interests of the applicant and the beneficiary. The issuing bank has obligations both towards the applicant (to follow its instructions as taken up by the bank) and the beneficiary (to pay it for the complying presentation). Similarly, the confirming bank faces the beneficiary and the issuing bank in a similar manner. Any departure from the credit terms and the relevant rules can lead to significant financial and reputational damage. For instance, if the banker misses a valid discrepancy and pays the beneficiary, it endangers its right to reimbursement (from the applicant or the issuing bank, as the case may be). On the other hand, if the banker raises invalid discrepancy, it can face a litigation for a wrongful dishonour from the beneficiary with consequent financial and reputational damages.

Consequently, it is of the utmost importance for the bank checker to acquire the proper skills and expertise in order to conduct the examination with professionalism and self-confidence. The practice shows that the task to get the examination of documents right is indeed difficult. To build the capacity of being able to professionally examine the documents and make a decision whether they comply with the credit terms and conditions is a demanding process, both in time and effort. In today's rapidly changing world newcomers to the job hardly have the luxury of their predecessors to benefit from years of expertise in learning from their more experienced senior colleagues. Indeed, in many new emerging markets the banks virtually start trade finance, including documentary credit operations, from scratch! They literally learn by doing it! How to learn quickly, smoothly, with minimization of mistakes and oversteps?

Well, the obvious answer is proper continuing training and self-study. Most certainly, even those with long term experience need to get regularly updated! New practices, new types of documents, new markets, and even new interpretations emerge all the time! I herewith offer a few tips which might assist you in your challenging journey to become a professional and self-confident documentary checker:

- Get the updated ICC publications as soon as possible, get familiar with them at the international conferences and workshops;
- If possible, follow the discussions which lead to revisions of ICC rules (via your national committee of ICC, if available in your country);
- Follow on-line discussions on the subject (there are a handful of lively discussions on *LinkedIn* and other websites);
- Get involved in discussions with your peers in your country (if there is no group of enthusiasts, create it!);
- Constantly endeavour to enhance your knowledge and skills, e.g. study for the internationally recognized qualification such as CDCS (Certified Documentary Credit Specialist);
- Reach out to other relevant professional areas such as international transport, cargo insurance, sale contracts; it will certainly help you to understand the content and function of the documents you examine under documentary credits!;
- Be smart! Use your knowledge and expertise not primarily to argue with others, but to prevent problems or misunderstandings! Be aware that in most cases the documents are processed with people whose command of the subject and the language of commerce (English) might not be superior, so endeavour, as much as possible, to be clear and precise, especially during the issuance of documentary credits and their amendments. Sadly true, most problems in the practice are caused by bad drafting! Ambiguous, conflicting and often clearly wrong documentary conditions are the main underlying cause of the deficiency in documentary credit practice."

Pavel Andrle speaking at a seminar in China

"It is self-evident that the most complex and demanding part of the documentary credit transaction is the examination of presented documents."

Pavel Andrle is a member of the ICC Banking Commission and the Commission on Commercial Law and Practice, and an international trade and finance trainer and consultant.

TRAINING *DIGEST*

TRADE FINANCE TALENT GOES *ON SHOW*

The fifth annual graduation ceremony for the EBRD's Trade Finance e-Learning Programme was held on 19 March 2015 in Minsk as part of Worldwide Expert's first conference on trade finance in the CIS and Belarus. Thirty trade finance specialists from nine countries where the EBRD works were attending the ceremony for the first time.

David Bischof, Policy Manager at the ICC Banking Commission, awarded the certificates of achievement, along with the EBRD's Rudolf Putz, Head of the TFP.

Special guests included Hovsep Voskanyan from Commerzbank, Zuzana Franz from BHF-Bank and Thomas Oetter from Landesbank Baden-Wuerttemberg (LBBW). There were many amazing prizes, including two two-week, on-the-job internships at Commerzbank in Germany; a one-week, on-the-job training at BHF-Bank in Frankfurt; a one-week, on-the-job training at LBBW in Stuttgart; fully paid attendance to ICC Austria's Trade Finance Week in

continued on page 26

Conference participants engage in discussions

Ilia Gogichaishvili, TBC Bank Georgia, top graduate for 2015

Mark Wengrzik of AKA Bank, one of the risk participants in the TFP

WHAT PEOPLE SAID

"In my opinion the e-Learning Programme provides fantastic support for all documentary specialists. Although I found it quite difficult (especially DC Master and ISP!), and it does take time, it definitely has a practical use. I'm very grateful for the many opportunities that the TFP opens up."

Liudmila Arkhipenko
Bank BelVEB

WHAT PEOPLE SAID

"The EBRD's Trade Finance e-Learning Programme is a unique educational instrument that has become well known among the bankers in the EBRD's countries of operations. BHF-Bank is proud to support this Programme and invite once again one of the best students to attend our one-week international trade finance seminar in Frankfurt."

Zuzana Franz
BHF-Bank

Marina Hadzievska, Komercijalna Banka Skopje, a top graduate for 2015, with David Bishof, ICC Paris, and Rudolf Putz, EBRD TFP

continued from page 24

June 2015; paid attendance to the ICC Banking Commission Technical Meeting in Paris in November 2015; scholarships for a one-week trade finance training course at the Joint Vienna Institute in May 2015; and iPads provided by Coastline Solutions (the EBRD's technological partner), BCR Publishing and China Systems.

The EBRD Trade Finance e-Learning Programme is funded by the EBRD Shareholder Special Fund and the EU Neighbourhood Investment Facility.

Launched in May 2010, the e-Learning Programme aims to help TFP partner banks attain best international practice in trade finance through building a firm understanding of industry practices and achievement of academic excellence. It initially began with just four foundation courses but the Programme has grown into a platform of eight modules covering various basic to advanced trade finance topics. As of today there are 2,000 registered students from 40 countries and 187 banks.

Radhouane Houria, Banque Tuniso-Koweitienne

WHAT PEOPLE SAID

"We are extremely proud that the EBRD chose our event at which to host the annual e-Learning Programme graduation ceremony. This Programme has become a powerful tool, bringing new, highly qualified specialists into the trade finance business. It is a great honour to be given a chance to support its progress."

Tanya Smirnov
Worldwide Expert Conferences

Antonija Koceva of Komercijalna Banka Skopje and top graduate for 2015, receives her certificate

Guests travelled from Asia, North Africa and Europe to attend the WWE conference in Minsk.

EBRD staff with the e-Learning Programme sponsors: Vincent O'Brien, ICC Paris, Anna Brod, EBRD, David Bischof, ICC Paris, Thomas Oetter, LBBW, Michael Bickers, BCR, Rudolf Putz, EBRD, Zuzana Franz, BHF-Bank, Kamola Makhmudova, EBRD, Hovsep Voskanyan, Commerzbank, Eleonore Treu, ICC Austria, Derek Ennis, Coastline Solutions

WHAT PEOPLE SAID

"I would like to say a special thank you to all our e-Learning Programme sponsors, as well as our colleagues from the EBRD Minsk office, who were great hosts and ensured that all our students made it to sunny Minsk."

Kamola Makhmudova
EBRD

WHAT PEOPLE SAID

"ICC Austria strongly believes that trade finance is the key to local prosperity and therefore local stability. We also believe that sustainability is founded on education. I would like to not only thank the TFP team for organising such a wonderful event but also extend my gratitude to the people of Belarus for their lovely hospitality."

Eleonore Treu
ICC Austria

Angarag Unurbileg, a top graduate of 2015 from Khan Bank Mongolia, receiving her certificate

Participants brushing up on their trade finance knowledge

WHAT PEOPLE SAID

"The ICC Banking Commission is extremely proud to continue its cooperation with the EBRD on its Trade Finance e-Learning Programme. Our joint programme has an extensive regional reach and allows business professionals to access high quality online training for banking and trade finance. Being involved in this educational initiative that recognises the excellence of trade finance specialists is therefore key for the ICC Banking Commission."

David Bischof, Banking Commission,
International Chamber of Commerce

Congratulations to all the graduates and award winners!

WHAT PEOPLE SAID

"I was extremely happy to once again attend the e-Learning graduation ceremony. It is a great pleasure to witness the efforts of all of the students and it is always a privilege to meet them when they receive their certificates."

Derek Ennis
Coastline Solutions

1 **Radhouane Houria**
Banque Tuniso-Koweitienne, Tunisia
2 **Amr Farid,**
QNB ALAHLI, Egypt
3 **Antonija Koceva**
Komercijalna Banka Skopje, FYR Macedonia
4 **Marina Hadjievska**
Komercijalna Banka Skopje, FYR Macedonia
5 **Olga Gavrikova**
Bank BelVEB, Belarus
6 **Ani Manukyan**
ArmSwissBank, Armenia
7 **Liudmila Arkhipenko**
Bank BelVEB, Belarus
8 **Essa Mohamed Essa**
National Bank of Egypt, Egypt
9 **Assel Burakhanova**
VTB Bank (Kazakhstan), Kazakhstan
10 **Elena Ceneva**
NLB Tutunska Banka, FYR Macedonia
11 **Dragana Vulovikj**
Stopanska Banka, FYR Macedonia
12 **Elena Icevska**
NLB Tutunska Banka, FYR Macedonia
13 **Andrey Plavinsky**
BPS-Sberbank, Belarus
14 **Angarag Unurbileg**
Khan Bank, Mongolia
15 **Irina Denisova**
Asian-Pacific Bank, Russia
16 **Amr Mohamed Hassan**
Emirates NBD, Egypt
17 **Maria Bobyleva**
Promsvyazbank, Russia
18 **Ilona Fachira**
Moldindconbank, Moldova
19 **Alexandra Lezhneva**
Bank Saint Petersburg, Russia
20 **Katerina Tatarova**
BPS-Sberbank, Belarus
21 **Veronika Pashkevich**
Belarusky Narodny Bank, Belarus
22 **Anton Slesarev**
Belarusky Narodny Bank, Belarus
23 **Gabriela Lazar**
Banca Transilvania, Romania
24 **Hafez Mohamed Hafez**
Emirates NBD, Egypt
25 **Vitali Baranov**
Promsvyazbank, Russia

THE TOP 25 GRADUATES 2015


Radhouane Houria of Banque Tuniso-Koweitienne and top graduate for 2015, receives his prize from Hovsep Voskanyan, Commerzbank

WHAT PEOPLE SAID

"We hold the EBRD Trade Finance e-Learning Programme in very high regard. It is an excellent training course that adds value to participants' professional development. This is what motivates us to sponsor the e-Learning Programme, for example by offering tailor-made internships at LBBW's International Business division in Germany."

Michael Hennecke
Landesbank Baden-Wuerttemberg


The top graduates and sponsors at the Minsk 2015 graduation ceremony

WHAT PEOPLE SAID

"I never tire of expressing my deepest appreciation and gratitude for the opportunity to participate in the EBRD Trade Finance e-Learning Programme. So thank you once again; the Programme really helps and is the perfect example of development impact for local financial institutions."

Anton Slesarev
Belarusky Narodny Bank

WHAT PEOPLE SAID

"The high point for me was the EBRD e-Learning graduation ceremony – so many talented people together in one place getting international recognition from the ICC Banking Commission. Once again, a job well done by the EBRD TFP team."

Vincent O'Brien
Member of the ICC Banking Commission Executive Committee

Read more at ebrd.coastlinesolutions.com

WHAT PEOPLE SAID

"Taking part in the EBRD Trade Finance e-Learning Programme was a great opportunity to deepen my knowledge and improve my practical skills, and to be among the top graduates is thrilling. But even more exciting is that this experience has led me to a new opportunity – participation in BHF-Bank's training course."

Andrey Plavinsky
BPS-Sberbank

WHAT PEOPLE SAID

"The graduation ceremony of the EBRD's Trade Finance e-Learning Programme provides a unique opportunity to exchange views about developments in trade finance and to chat with our award winners. We are proud to support the best graduates with on-the-job internships at Commerzbank because by doing so we not only strengthen the knowledge of these bankers starting out in their careers, but we also reinforce our relationships with other banks."

Axel Bommersheim
Commerzbank

SANCTIONS COMPLIANCE IS A *TRICKY BUSINESS*

Stephen Tricks from law firm Clyde & Co LLP is delivering a series of EBRD workshops on sanctions compliance

One of the major difficulties for banks engaged in trade finance is complying with sanctions regulations. Are any of the parties to this transaction on a sanctions list? Are their majority shareholders on a sanctions list? Are the goods prohibited as dual-use goods? Is the shipping line or the port authority subject to sanctions? Should one agree to process a letter of credit which includes a wide-ranging sanctions clause?

These are all questions that regularly arise for trade finance banks. The regulations are so complex and the penalties for breach are so high that it is not surprising that some of the large multinational banks have withdrawn from all dealings with several countries. But where does this leave the regional and national banks who want to provide trade finance operations to their customers and counterparty banks?

At my law firm, Clyde & Co LLP, we have a team providing advice on sanctions issues to clients all over the world. But when the EBRD asked me to deliver workshops on sanctions in international trade finance in 17 of its countries of operations, I wasn't quite sure how I was going to fulfil my brief. I cannot carry all the sanctions regulations in my head and, with changes to the regulations reflecting unpredictable political developments, advice given on one problem may be out of date a week or a month later.

That said, what these workshops can do is to explain how UN, US, EU and Russian sanctions work; the effect of sanctions on letters of credit and guarantees, and what procedures banks should have in place for sanctions compliance.

The feedback from the first workshop in Minsk was very positive, and I look forward to meeting many banks at the other workshops over the coming months.

Stephen Tricks, TFP Technical Consultant.

For information on dates and locations of the workshops, please contact Maria Mogilnaya on mogilnam@ebrd.com.

PIT YOUR WITS AGAINST THE EXPERTS!

Every issue of *Trade Exchange* includes a brain-teaser, drawn from the real-life trials of a trade finance expert. Here is your chance to demonstrate your ability to disentangle the most involved, contentious or just plain weird combinations of documents and to solve a puzzle in the field of documentary operations.

What do you think? Provide us with your expert view

"Extend or pay – the suspense of suspension"

Dear Experts, an urgent situation has transpired as follows.

Our bank issued a performance guarantee subject to URDG 758 and just 10 days before the expiry date of the guarantee we received an "extend or pay" demand.

The demand was a complying demand and, in accordance with article 23 of URDG 758, we suspended payment for 20 calendar days following our receipt of the demand.

However, within three business days of our informing the beneficiary of suspension, our bank received another complying demand. This time the demand was not an "extend or pay" demand but a "pay" demand.

During the time allowed for examination of the demand under URDG 758 rules, we received a stop payment court order addressed to our bank in respect of the guarantee.

We have some urgent questions.

- As the guarantee expired during the period of our advice of suspension, do we have an obligation to pay under the rules?
- Can the beneficiary immediately present a second demand in the form of a "pay" demand after we have notified them of the period of our suspension?
- Given that our bank received a court order stopping payment under the guarantee, will our bank have an obligation to pay if the guarantee expires during the validity of the court order?

By way of background information we have learned that the beneficiary is initiating proceedings to contest the validity of the stop payment court order addressed to our bank.

We anxiously await your response as the amount of money involved is quite substantial.

Send your answers to **TF-Expert@ebrd.com** Solutions and prize-winners will be announced in the next issue of *Trade Exchange*

SOLUTION
"Unexpected consequences"

(Autumn-Winter 2014 issue)

DEAR TRADE FINANCE PROFESSIONALS,
This is another interesting case where the correct technical answer can result in unexpected negative consequences for an unaware exporter that has shipped its goods in good faith.

Most of the responses received from our trade finance professionals across many countries were correct and showed a solid understanding of the applicable international rules.

However, while the panel of experts found it difficult in this instance to determine the best submitted solution, the final answer was selected on the basis that it, in the first instance, sets out the irrevocable nature of documentary letters of credit, then highlights and explains the technical application of Article 32, which covers instalment drawings or shipments. Finally it provides practical guidance to banks and their customers to help avoid unexpected consequences.

The panel of experts congratulates all successful respondents but has selected the response of Nigar Allahverdiyeva from Azerbaijan Industry Bank as the model answer. To view this answer please visit **ebrd.coastlinesolutions.com.**

WINNERS

The bankers and trade finance specialists who answered correctly are (in alphabetical order):

Nigar Allahverdiyeva, Azerbaijan Industry Bank, Azerbaijan

Innesa Amirbekyan, Converse Bank, Armenia

Irina Chuvakhina, Priorbank, Belarus

Domenico Del Sorbo, Studio Del Sorbo, Italy

Andrej Eftimov, NLB Tutunska Banka, FYR Macedonia

Elena Jordanoska, Komercijalna Banka Skopje, FYR Macedonia

Lamia Riabi, Attijari Bank, Tunisia

Ilaha Rizvanova, Azerbaijan Industry Bank, Azerbaijan

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