

EBRD TFP

Supporting Ukraine



European Bank
for Reconstruction and Development

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The EBRD has been a major institutional investor in Ukraine and its banking sector. The Trade Facilitation Programme (TFP) plays an important role in supporting the country's import and export activity, which is vital for the country's economy.

- The ongoing war on Ukraine has severely disrupted trade flows and supply chains in Ukraine. This includes the agriculture sector, which accounted for 11 per cent of the country's GDP, nearly 20 per cent of its labour force, and nearly 40 per cent of total exports before the war.
- On top of the physical disruption to land and transport routes, the effect on financial intermediation is significant; foreign commercial banks stopped taking any direct risk on Ukrainian trade finance transactions.
- To tackle this issue, the TFP significantly increased its headroom for Ukrainian banks, and stepped in to cover part of the higher demand. Since the war started in February 2022, the TFP has supported €926 million (as of the end of December 2023) in trade transactions for the most crucial goods for the Ukrainian economy, such as the import of agricultural machinery and fertilisers.
- The TFP also supports the whole supply chain to address food security concerns – it facilitates the import of seeds, fertilisers, fuel, tractors and harvesters into Ukraine as well as the export of grain, oil seed and vegetables oil to neighbouring countries such as Moldova, Poland and Türkiye and countries in the SEMED region (Egypt, Morocco and Tunisia).
- The EBRD deployed a record amount of €2.1 billion in Ukraine in 2023, including over €470 million of turnover via 201 transactions through its Trade Facilitation Programme. The EBRD's investment in wartime Ukraine is expected to continue at around €1.5 billion a year, with the capital increase giving scope for a doubling of activity when the time comes for reconstruction. The TFP will continue its support of the real economy of Ukraine in 2024.

In numbers

as of the end of 2023

Number of transactions

3,400+

Total transaction value
since 1999

€4.7 billion

Number of issuing
banks in Ukraine

11

Case study: Facilitating the import of agricultural machinery from Germany

The war on Ukraine has presented significant challenges for businesses in the country, yet Ukrainian companies have demonstrated remarkable resilience and determination to maintain their business as usual. The agricultural sector has been particularly affected, with numerous farmers in the country struggling to plant and harvest new crops.

In this context, a prominent distributor in the Ukrainian agrarian market sought to import agricultural machinery and spare parts from a counterparty in Germany. To facilitate this import, a Ukrainian bank issued a €5 million counter guarantee with a one-year tenor to an Austrian bank under the EBRD's TFP programme. The EBRD, in turn, issued a standby letter of credit in favour of the confirming bank, covering 100 percent of the political and commercial payment risk of the Ukrainian issuing bank. This transaction, assessed as GET eligible, demonstrates cross-border collaboration in advancing green initiatives in the country despite the ongoing war.



Contact

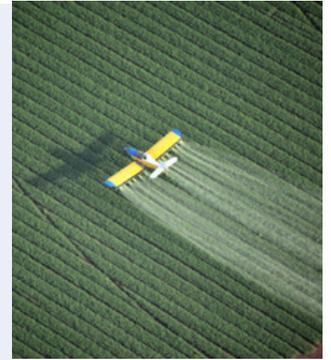
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Case study: Helping Ukraine with the import of fertilisers

Ukraine, with the largest area of agricultural land in Europe and some of the most fertile soil globally, stands as one of the leading agricultural exporters worldwide. However, the country has experienced a significant decline in its exports due to the ongoing war, which resulted in major food security concerns in regions where Ukrainian grain remains essential for maintaining nutritional stability.

Recognising the need to secure access to fertilisers to sustain both Ukraine's agricultural productivity and the livelihoods of its farmers, a Ukrainian fertiliser distributor entered into a contract with a wholesaler in Malta. To support this import, a Ukrainian bank issued a €1 million letter of credit with a six-month tenor to an Austrian confirming bank. The EBRD issued a standby letter of credit in favour of the Austrian bank to cover 100 percent of the political and commercial payment risk of the Ukrainian issuing bank.



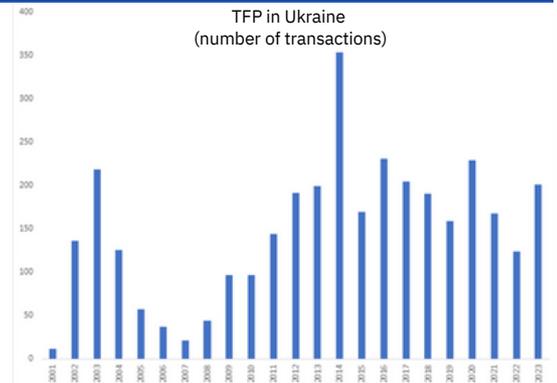
Case Study: Supporting the import of equipment for soy protein concentrate production

Despite the on-going war, Ukrainian companies have adjusted to the challenging environment and some are looking into capital investments and new projects, which will help the country's rebuilding process. One such Ukrainian business is a large, vertically integrated agricultural group of companies, operating significant leased arable land, sugar plants, a soybean processing factory, a biogas facility and dairy farms. Through its subsidiary it plans to construct and operate a new facility to produce soybean protein concentrate.

To help import new equipment for this Ukrainian business, a Ukrainian bank issued a letter of credit for €15 million with a tenor of 18 months, a German bank confirmed the letter of credit and the EBRD covered 100 per cent of the political and commercial payment risk.

Long-standing cooperation with partner banks

Since the first limit for a Ukrainian bank was set up in 1999, the TFP has supported over 3,400 foreign trade transactions for Ukraine for a total of €4.7 billion (as of the end of 2023). The popular sectors and products in recent years have been agribusiness and non-food commodities, chemicals (including fertilisers), clothing, energy commodities, industrial equipment and materials, and vehicles and spare parts. Examples of transactions include the import of harvesters from Belgium, Germany, Italy and Switzerland; and fertilisers from traders in France, Italy, Spain, Switzerland and the United States of America.



Partner banks in Ukraine

- Bank Lviv
- Credit Agricole Bank
- Kredobank
- OTP Bank
- Piraeus Bank
- Pravax Bank
- Raiffeisen Bank
- The State Export-Import Bank of Ukraine (Ukreximbank)
- State Savings Bank of Ukraine (Oschadbank)
- Ukrgasbank
- Ukrsibbank

How the TFP works

The programme promotes foreign trade to, from and within the EBRD regions and offers a range of products to facilitate this by taking on the risks of partner banks in the EBRD regions.

For importers and exporters

If you sell to, or buy from, any of the economies where the EBRD invests, the TFP can help you secure payment or performance from your clients or suppliers.

The EBRD guarantees payment under trade finance instruments issued or guaranteed by local issuing banks to international confirming banks. Trade finance instruments include letters of credit, payment and other types of guarantees, bills of exchange or promissory notes, performance bonds and bid bonds.

The EBRD takes on the commercial and political risk of non-payment by issuing banks. Issuing banks take on the risk of local companies. The final beneficiaries of the programme are importers and exporters.

Please contact your local banks under the [TFP](#) to discuss further details.

