Early Warning System

MIGA-15266

Turk Eximbank, MIGA Trade Finance Guarantee

Early Warning System

Turk Eximbank, MIGA Trade Finance Guarantee

MIGA-15266

Quick Facts

Countries	Turkiye
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	C
Voting Date	2024-04-06
Borrower	Lender not identified at the time of disclosure.
Sectors	Finance, Industry and Trade
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 331.34 million
Project Cost (USD)	$ 331.34 million

Project Description

As stated by the MIGA, this summary describes a proposed investment by financial institutions yet to be identified (the Guarantee Holders) which intend to provide short-term, revolving trade loans to Turk Eximbank, a Turkish export credit agency solely owned by the Ministry of Treasury and Finance, to help the state-owned bank extend export credits to local companies to facilitate their exports. The MIGA Trade Finance Guarantee (TFG) is requested for up to EUR 304 million of trade loan principal, future interest, and potentially MIGA premium, against the risk of non-payment by Turk Eximbank of its financial obligations relating to the trade finance transaction with a framework period of 3 years, within which underlying transactions will have a maximum tenor of 1 year.

The proceeds of the trade loan will be used to fill the time gap between orders, shipments, and payments, which is equivalent to providing a short-term liquidity that covers front-end expenditures for production of export goods.

The Project is expected to support the government development strategy by seeking to reduce the country's external imbalances, through the provision of favorable trade finance loans to export oriented firms. Turk Eximbank is the sole export credit agency of Turkiye and a major player in support of exporters' access to finance. The national development strategy highlights that Turkiye's international competitive position will be strengthened through sustainable, low-emission, high-technology-based production techniques and exports will be improved with a focus on green and digital transformation. In alignment with the strategy, the proceeds of the facility will focus on servicing export-oriented small and medium enterprises (SMEs), women-inclusive companies, green export companies, and medium to high technology companies. Such loans will mostly be utilized to finance raw material and inputs expenditures for production and to provide liquidity to manage time mismatches between the order, shipment, and payment from the buyers.

The Project aims to promote private sector-led growth by supporting the exporters in Turkiye through increased access to trade finance.

Early Warning System Project Analysis

As stated on the project disclosure page, the MIGA TFG facility will support short-term trade loans. Trade-related transactions typically pose minimal Environmental and Social (E&S) risks and impacts. The Project has thus been categorized as ‘FI-3’.

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Turkiye Ihracat Kredi Bankasi Anonim Sirketi (Türk Exim Bank) (Financial Intermediary)

Private Actors Description

As stated o the company's website, in the early 1980s, traditional import substitution policies began being replaced by foreign oriented policies and thereafter exportation gained a high degree of importance to the Turkish economy. The task of supporting exports within this reorganization process was undertaken by Turk Eximbank, established in 1987 as Turkey's official export credit agency.

As a means of aiding export development, Turk Eximbank offers specialized financial services to exporters, export-oriented manufacturers, and overseas investors and contractors through a variety of short, medium, and long-term cash and non-cash credit, insurance, and guarantee programs.

Contact Information

No project contacts provided at the time of disclosure.

Financial Intermediary - Turkiye Ihracat Kredi Bankasi (Turk Eximbank) A.S.:

Phone: +90 (216) 666 55 00
Fax: +90 (216) 666 55 99
Email: info@eximbank.gov.tr
Address: Inkilap Mah. Dr. Adnan, Buyukdeniz Cad. No:7B, 34768, Umraniye, Istanbul
Website: https://eximbank.gov.tr/en/

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing: migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Other Related Projects

- WB-P181436 Turkiye Green Export Project