Early Warning System

EBRD-43069

Tiryaki Trading

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Countries	Turkiye
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Active
Bank Risk Rating	B
Voting Date	2011-10-11

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Project Description

PROJECT DESCRIPTION

The EBRD is considering proving USD 52.5 million term loan to Tiryaki - one of the leading players in the organic and conventional agricultural production and processing of pulses, grains, oil seeds and nuts in Turkey and in the surrounding region (incl. CIS, North Africa and Middle East). The facility will be used to finance the company's working capital needs, in particular purchase and sale of pulses and grain commodities. The EBRD loan will come under the Syndicated Facility.

TRANSITION IMPACT

When approved by the EBRD's Board of Directors, specific transition impact objectives will be drawn primarily from the following areas:Promotion of good practices and organic farming in Turkey and CIS region. Tiryaki is one of the pioneers of the organic products market in Turkey. It received its first certified organic fields certificate in 2000 and since 2005 has also been working with organic farmers in the CIS region including one of the very few organic farming operations in Kazakhstan and Kyrgyzstan. With increased available funding, Tiryaki expects to increase its operations in these countries.Promotion of sustainable agriculture by reducing inefficiencies in the supply chain. Having the necessary logistical infrastructure, quality control, funding, sufficient storage and basic processing facilities, large local traders, like Tiryaki, are pivotal to the development of the primary agriculture in Turkey and CIS region, and presumably including parts of MENA. As such, unlike ordinary middlemen, companies like Tiryaki have a much greater stake in sustainable farming and are able to operate a business model that is based on a win-win relationship with the farmers, from whom it directly purchases its crops. The EBRD loan will effectively serve as the necessary bridge for connecting the Company and the respective farmers in Turkey and CIS on larger scale.Backward linkages. Tiryaki has an extended network of contracted farmers both for organic and conventional products. Sourcing raw materials directly from contracted farmers allow both better working capital and better quality control. Tiryaki intends to expand its direct purchases from farmers, and in doing so will disseminate the usage of elite quality seeds and modern chemical usage, raising output and increasing competition in the primary grain and pulses sector.

THE CLIENT

Tiryaki, based in Gaziantep (South-East of Turkey) and operating in a key segment of the agri-business value chain, has been identified as a strategic prospective client for the Bank. The Company exports to more than 40 countries and is sourcing raw materials from more than 20 countries. The Company is 80% owned by the Tiryakioglu family and 20% by the Gulf Growth Agro Fund of Investcorp, a private equity fund.

EBRD FINANCE

Up to USD 52.5 million term loan.

PROJECT COST

USD 175 million.

ENVIRONMENTAL IMPACT

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Investment Description

- European Bank for Reconstruction and Development (EBRD)

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Contact Information

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent. You can contact the PCM at pcm@ebrd.com or you can submit a complaint online using an online form, http://www.ebrd.com/eform/pcm/complaint_form?language=en. You can learn more about the PCM and how to file a complaint at http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html.

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Other Related Projects

- EBRD-49742 Tiryaki Agro Trading (Term Facility)
- EBRD-49188 Tiryaki Agro Trading