

Turk Eximbank

\$1.75bn MIGA-Supported Financing for Onlending to SMEs

Case Study

The Client	Turk Eximbank is a state-owned bank acting as the Turkish Government's major export incentive instrument in Turkey's sustainable export strategy.
The Challenge	<p>Turk Eximbank required funding for medium and long-term loans to Turkish exporters. Turkish Treasury was interested in Turk Eximbank remaining self-sufficient; therefore, Turk Eximbank was encouraged to seek sources of funding without a sovereign guarantee.</p> <p>The first financing took place in 2015 and was the first syndicated loan under MIGA's Non-Honouring of Obligations of Sovereign-Owned Enterprises ("NHFO-SOE") Programme. The success of the transaction put groundwork for the three additional financings in years 2016 and 2018.</p> <p>MIGA's support led to an attractive all-in cost for Turk Eximbank and assisted Turk Eximbank in diversifying its financing sources, supporting the country at a challenging time.</p>
The Solution	The NHFO-SOE program was a product of longstanding effort between MIGA and Citi to increase support for public sector entities, including export-import banks and development banks, without requiring a sovereign guarantee.
The Result	<p>Due to the success of these transactions, many public sector entities around the world have approached both Citi and MIGA to explore financing solutions under this program. All four transactions attracted strong market interest and were oversubscribed. In addition, the financing allowed Turk Eximbank to reach exporting SMEs that have difficulty accessing long-term, lower cost financing from commercial banks.</p> <p>Last but not least, Turk Eximbank estimates that approximately 5,000 jobs have been created/preserved by Turkish exporters from the investments supported by MIGA. Turk Eximbank will use up to \$50 million of the financing to support climate change projects.</p>