EBRD Unfunded Debt Mobilisation

Mobilising the private insurance sector
Unfunded Risk Participations

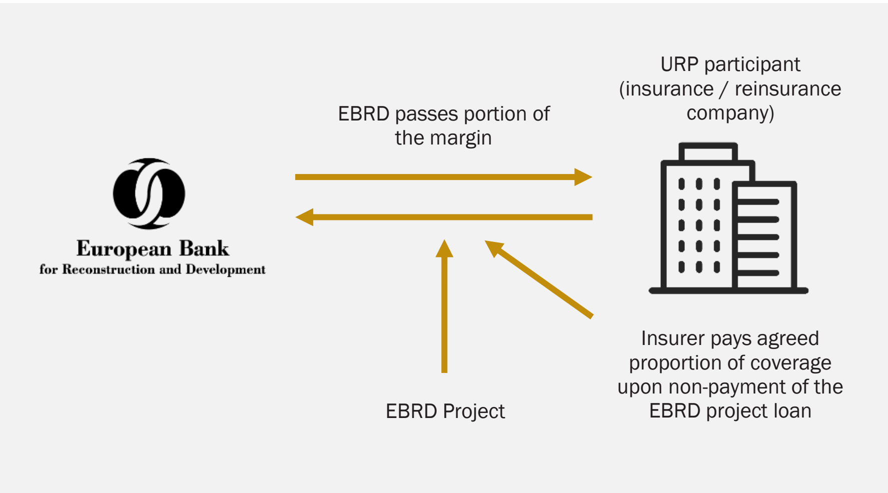
December 2020

European Bank
for Reconstruction and Development

EBRD Unfunded Debt Mobilisation is a simple and efficient risk-sharing solution enabling insurance companies to take exposure in EBRD-originated emerging market transactions over a wide range of sectors and geographies. Since commercial banks are increasingly constrained in their ability to meet the long-term nature of project financing needs, EBRD introduced the program in 2014, opening the market to insurance companies with unfunded credit risk appetite. Since inception EBRD has signed over 90 individual risk participation agreements, covering more than 62 individual projects.

How does Unfunded Debt Mobilisation work?

EBRD signs unfunded risk participation agreements ("URPs"), on a transaction-by-transaction basis, with an insurance company (the "URP participant") which takes on risk exposure in EBRD-originated loan transactions for a portion of the EBRD loan in exchange for a share of the EBRD's interest margin. Since EBRD remains the lender of record of the entire loan and undertakes to maintain meaningful net exposure in the loan transaction, the insurance partner fully benefits from EBRD's privileges and immunities, including tax immunity and the so-called preferred creditor status. URPs can be signed at inception of the loan (primary) or throughout its life (secondary).



In brief

€1.6 billion +
Total volume mobilised

8
URP counterparties

62
Underlying projects mobilised

14
Countries

8
Currencies

€ $ ₺ zł
₽ ₣ ₸ د.إ

Approved partners

AXA
AXIS
coface FOR TRADE
EULER HERMES
Liberty Specialty Markets
Munich RE
Sovereign
Swiss Re Corporate Solutions

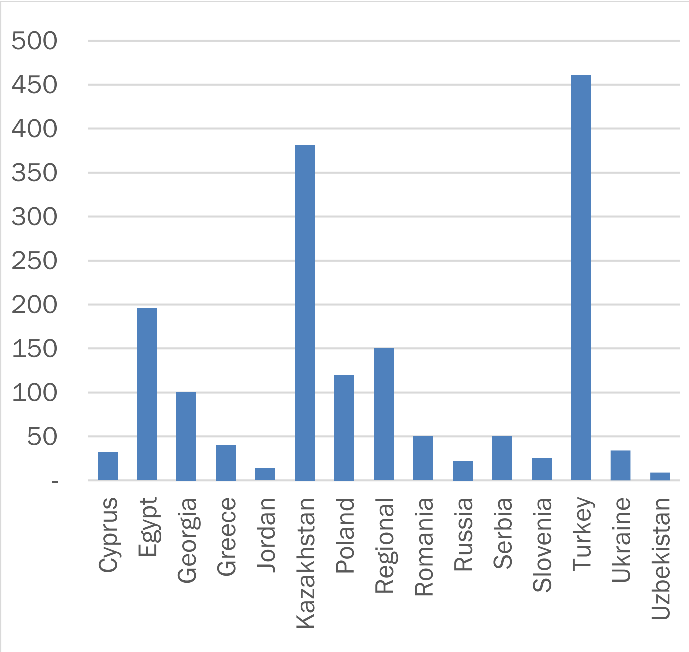
Why and when does EBRD use Unfunded Debt Mobilisation?

EBRD's aim is to leverage its own resources by maximising private sector mobilisation. Many of our partners are able to take risk exposure in project finance transactions with long tenors and in illiquid local currencies thus enabling EBRD to commit larger amounts to its clients and projects.

Benefits for the insurance partners

Our partners benefit from EBRD's local presence and deep market knowledge, strong deal origination and structuring capacity, as well as EBRD's stringent policies and ESG compliance arrangements. Dedicated Risk/Portfolio teams closely monitor clients & projects ensuring a high portfolio quality. Importantly, URPs can be scaled according to the insurance partner's risk appetite, enabling our partners to manage their exposure on specific deals, sectors, and/or countries based on their risk and portfolio management strategy.

URPs signed by country (€ million)



URPs signed by sector (%)