EBRD Insurer Mobilisation Programme

Mobilising the private insurance sector - Unfunded Risk Participations (URPs)

November 2023

What is the EBRD Insurer Mobilisation Programme?

The EBRD Insurer Mobilisation Programme is a simple and efficient risk-sharing scheme that enables insurance companies to take exposure in EBRD-originated loan transactions over a wide range of sectors and geographies. EBRD's primary Insurer Mobilisation tool is the Unfunded Risk Participation (URP), which is the focus of this flyer. EBRD is also piloting the use of Non-Payment Insurance (NPI), which is a similar tool that is provided by a wider number of insurers.

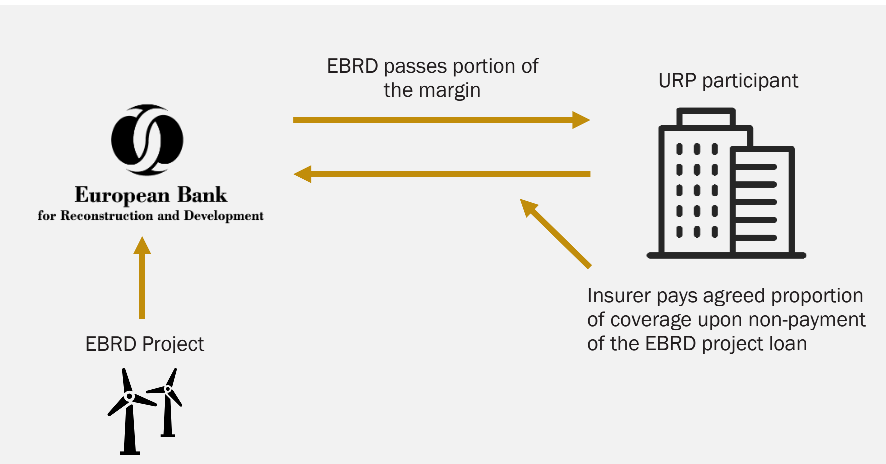
EBRD introduced the program in 2014, which opened the market to insurance companies with unfunded credit risk appetite. Since inception, EBRD has signed over 180 URPs covering more than 100 individual projects. Due to the broad credit appetite of insurers, URPs are used to cover a variety of sectors, tenors and transaction structures.

How do URPs work?

EBRD signs URPs agreements, on a transaction-by-transaction basis, with an insurance company as the participant. The URP participant takes on risk exposure in EBRD-originated loan transactions, for a portion of the EBRD loan, in exchange for a share of EBRD's interest margin.

Since EBRD remains the lender of record for 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 (i.e. tax immunity and the preferred creditor status).

URPs can be signed at inception of the loan (primary) or throughout the loan tenor (secondary).



In brief

> €3.0 billion
Total volume mobilised

13
URP counterparties

> 100
Underlying projects mobilised

14
Countries

8
Currencies

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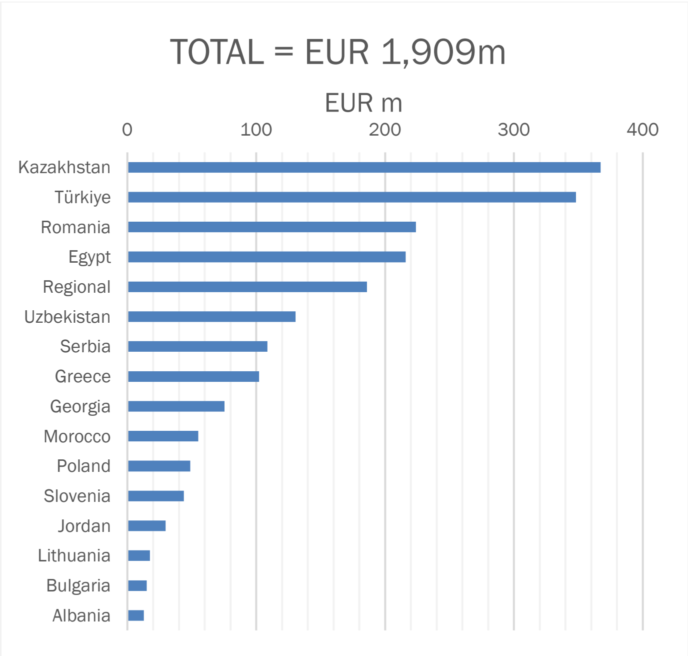
Why does EBRD undertake Insurer Mobilisation?

EBRD's aim is to optimise its own resources by leveraging private sector participation. Our insurance partners are able to take risk exposure our projects, enabling EBRD to commit larger financing packages to clients and projects. Furthermore, URPs facilitate the management of country and borrower limits, allowing EBRD the headroom to explore new facilities, greatly increasing the overall impact for our clients, countries and stakeholders.

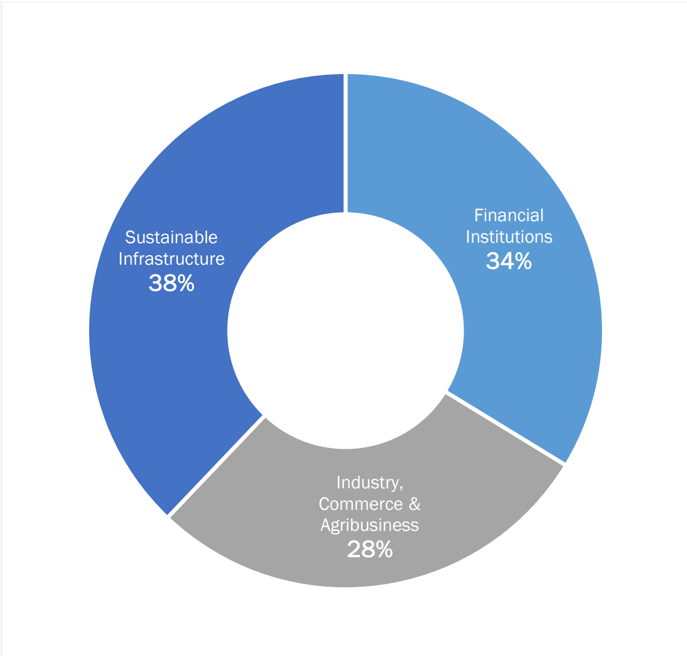
Benefits for the insurance partners

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 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.

URP portfolio by country[1]



URP portfolio by sector



[1] Portfolio figures as at 31/10/2023