



Trade Financing
Solutions

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PROJECT FINANCE COMPREHENSIVE COVER DURING CONSTRUCTION

Ex-Im Bank is determined to aggressively pursue project finance transactions for U.S. exporters by taking the project finance program to the next level. Building on its past experience, Ex-Im Bank now offers pre-completion comprehensive cover on a case-by-case basis.

Projects must be structured to ensure risk-sharing among all the project participants. As in all project finance transactions, risks must be allocated to the party best able to manage or influence the risk, including construction risk. Accordingly, co-lenders will usually be expected to participate in the risk-sharing of the project during the construction period.

A condition of pre-completion comprehensive coverage will be the satisfactory mitigation of commercial risks through the construction period. Factors to be considered include: the quality of the construction contractor, the strength of the construction contract(s), pre-completion sponsor undertakings (if necessary), host government undertakings (if necessary), and the overall risk-sharing allocation among transaction participants. Ex-Im Bank will evaluate all forms of construction support to determine whether comprehensive cover will be offered at what level.

Pre-completion comprehensive cover provides another alternative to project sponsors and commercial lenders to pursue opportunities in challenging markets, while helping to mitigate risks at a new level. This will provide greater certainty to investors that Ex-Im Bank is committed to a transaction for the long term.

Ex-Im Bank remains committed to its philosophy of non-competition with private sources of financing. A key part of Ex-Im Bank's pre-completion coverage package will be the role of commercial banks. Ex-Im Bank has limited administrative resources and will need to leverage off of the resources available to commercial banks for monitoring projects during the pre-completion phase. Furthermore, Ex-Im Bank still offers political risk only or no-cover pre-completion.