

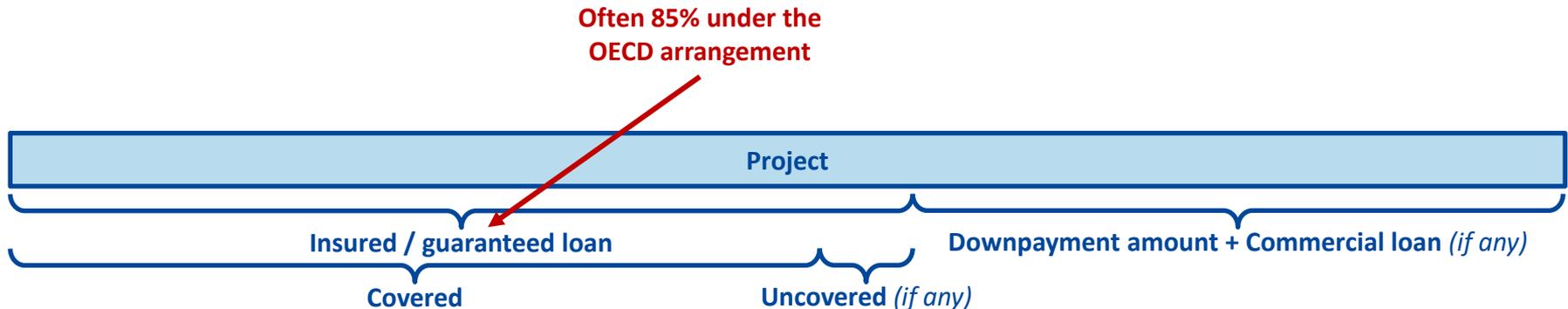


Discussion on ECA-Backed Loans in Sovereign Debt Financing and Restructurings

Paris Club/London Coalition/IIF Workshop of March 10th, 2026

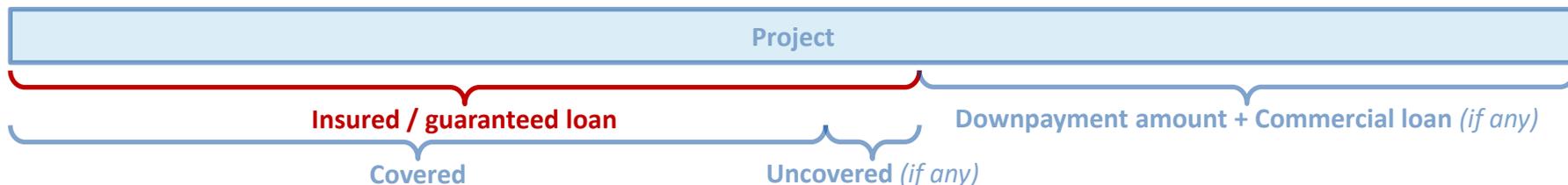
Structure of an ECA-backed loan

- An **ECA-backed loan** is a loan extended by a private creditor to a sovereign borrower, guaranteed by an export credit agency.
 - ECA-backed loans are commercial debt until the guarantee is called upon.
 - The IMF classifies ECA-backed loans as official bilateral debt in the DSA during a restructuring.
 - In a restructuring scenario, it is assumed that the guarantees will be called and that the official sector will ultimately bear the exposure.



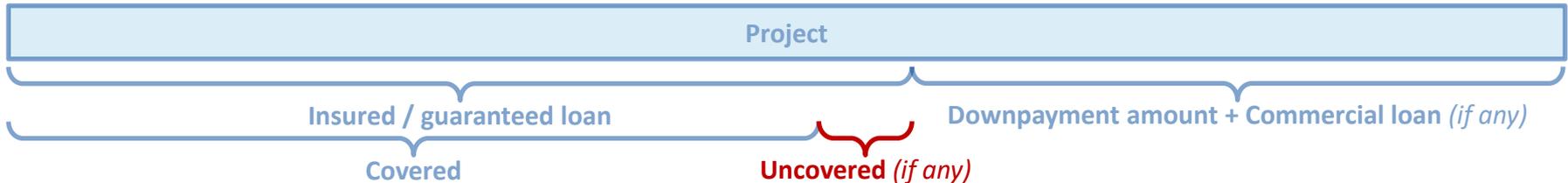
Treatment of ECA-backed loans in official bilateral debt treatments

- An **ECA-backed loan** is a loan extended by a private creditor to a sovereign borrower, guaranteed by an export credit agency.
- The **official bilateral debt treatment** applies to the guaranteed portion, ensuring consistent restructuring terms of official bilateral claims and ECA-backed loans.



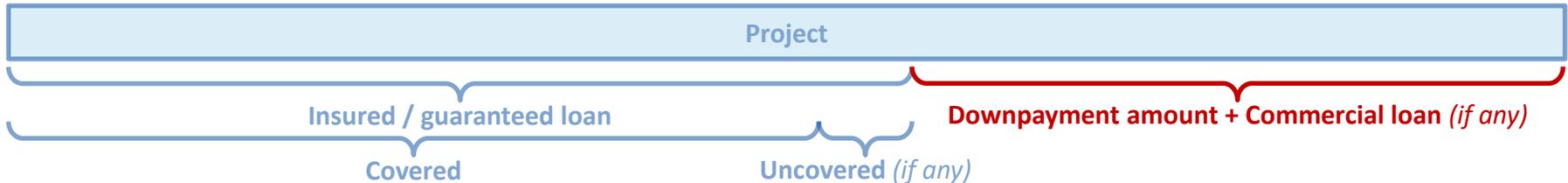
The role of ECA subrogation

- An **ECA-backed loan** is a loan extended by a private creditor to a sovereign borrower, guaranteed by an export credit agency.
- The **official bilateral debt treatment** applies to the guaranteed portion, ensuring consistent restructuring terms of official bilateral claims and ECA-backed loans.
- When the guarantee is called, the ECA is usually **subrogated to the insured party's rights and the ECA conducts all recovery actions on behalf of the insured party.**
 - On the uncovered portion of the insured part, the ECA distributes the restructured and recovered debt service *pari passu* to the insured party.



Unguaranteed portions: private sector alignment or separate negotiation?

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- When the guarantee is called, the ECA is usually **subrogated to the insured party's rights and the ECA conducts all recovery actions on behalf of the insured party.**
- The unguaranteed portion of an ECA-backed loan often remains with the private creditor.
- **No Paris Club doctrine** applies to this portion, treatment is either:
 - **Aligned with the public sector treatment** via an extension of the ECA's subrogation, or
 - **Negotiated separately** between the sovereign borrower and the private creditor (CoT applies).



Guarantees triggered via the OCC's request to comply with the CoT



Guarantees are triggered **at each maturity date or for the full amount of the guaranteed loan**, as the debtor country complies with the **Comparability of Treatment (CoT)** principle.

- The exact contractual framework can vary amongst ECAs.
- Both **called and uncalled guarantees** are included in the official bilateral treatment, **in anticipation of future calls**.
- This ensures that all potential claims are addressed within the official bilateral restructuring.

Two options for the treatment of uncalled guarantees in debt stock treatments

The choice of options aim to balance **ECA liquidity constraints** and the need for comprehensive debt treatment.

Option 1

Acceleration of uncalled guarantees

Reschedule the corresponding relevant principal effectively replacing the terms of the contract (amortization schedule, interest rates, maturity, etc.) with the official bilateral restructuring terms.

Option 2

Uncalled guarantees remain contingent and are restructured as they are called

Reschedule each future principal and contractual interest instalments individually at the time they are due, each contractual instalment becoming part of the relevant principal on its original due date at the time it is due, to be rescheduled according to the amortization rate and interest rate defined in the official bilateral restructuring terms, starting from its original due date.

Years	Y1	Y2	Y3	Y4	Y5	Y8	Y9	Y10	Y11	Y12	Y13
Acceleration <i>P + arrears</i>											
Amortization <i>OCC treatment</i>	0% p.a.		6% p.a.			14% p.a.			20% p.a.		
Restructure as the guarantees are called <i>P + i</i>	(P + i) due Y1	(P + i) due Y2	(P + i) due Y3	(P + i) due Y4	...						residual
Arrears											

Why ECAs prefer not to accelerate: liquidity considerations

The choice of options aim to balance **ECA liquidity constraints** and the need for comprehensive debt treatment.

- **Acceleration of uncalled guarantees:**
May create immediate liquidity pressures for ECAs.
- **Individual restructuring of each instalment:** in this case, including both principal and interest in the treatment prevents ECAs from bearing losses on due interest.

Objective:

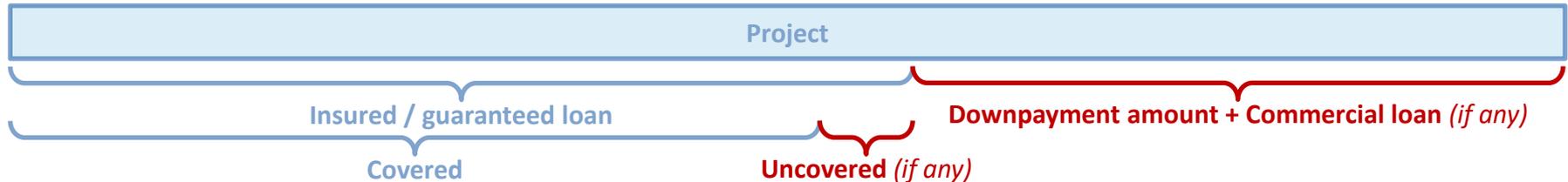
Ensure ECAs are not penalized for providing guarantees while taking into account their liquidity constraints.

Years	Y1	Y2	Y3	Y4	Y5	Y8	Y9	Y10	Y11	Y12	Y13
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Arrears											

- **Possibility for sharing a term sheet** if confidentiality is ensured (NDA)
 - for the negotiation of the unfunded portion, to ensure clarity and alignment, and
 - regarding the treatment of the funded portion not covered by the guarantee, so that the commercial counterpart can anticipate future inflows.

Objective:

Facilitate negotiations and ensure comparability of treatment (CoT) between private and official creditors.



- Since 2008, the **Paris Club** conducts an annual monitoring of its exposure.
- **The Paris Club's outstanding claims aggregated at the level of each debtor country are made public** (direct government loans including short-term loans and called guarantees, including arrears).
- Since 2017, a voluntary exercise has been launched to report **uncalled guarantees**. The reporting has been gradually extended from a limited list of countries (2019-2020) to all debtor countries (2021).
- Participation in this monitoring exercise remains **voluntary for ECA but is strongly encouraged. Aggregated data on these uncalled guarantees are not made public.**

Objective:

Have a comprehensive view of the Paris Club's exposure, track potential future liabilities and ensure proactive management of sovereign debt risks.

- Is the 85% coverage ratio ECAs traditionally guarantee applied uniformly in practice, or do and under what circumstances ECAs guarantee a minority portion of a project's financing?
- How do ECAs and the insured parties approach the treatment of the unguaranteed portion of ECA-supported debt?
- What events typically trigger the calling of ECA guarantees, and how does the timing of subrogation affect creditor coordination and the implementation of the restructuring?
- Should improvements be brought to the institutional and contractual frameworks to ensure that ECA-backed loan restructurings are implemented in a predictable and orderly manner? Would greater information sharing improve the restructuring process? Greater contractual standardization across ECAs?



Merci !