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Although Coface is the largest export credit insurer in the world, in 1998 the state export credit side of its business generated just 10% of its revenue. Total turnover for that year was Ffr4.8 billion ($710 million), with Ffr3.8 billion generated by insurance business, Ffr519 million by rating information and just Ffr485 million from state export credits. The company is the second largest provider of credit information in the world and has a 22% share of the global export credit guarantee market.

Coface was listed on the French bourse at the beginning of February, and enjoyed a surge of interest fuelled by its e-commerce potential. The deal was co-ordinated by Credit Agricole and Natexis, and Banque Paribas was the sole bookrunner. The company sought to downplay its state business during the listing - stressing instead its rating and internet expertise.

Although state business was kept out of the limelight during this process, the agency has been busy in project finance over the last year. Marie-Laure Mazaud at Coface's project finance division in Paris explains that the agency has provided cover to six new projects since the beginning of the 1999 fiscal year, amounting to cover of $520 million. She says that five further projects representing an additional potential commitment of $350 million are now under review.

While Coface is a well-established feature in the project finance market, it continues to be seen as one of the more conservative agencies, reluctant to get involved in transactions unless there is clear government involvement. That perception also stems from the fact that - unlike other agencies such as ECGD - Coface is reluctant to take commercial risk pre-completion. A decision on cover is made on the strength of an initial appraisal by the Coface project finance team (which was set up five years ago and now includes seven people) in terms of contract structure and strength of security package. The deal is then passed to the decision-making body within the French ministry of finance - the Commission des Garanties. "The delivery by Coface of commercial risk coverage pre-completion remains limited to specific cases and is usually contingent on shareholders' financial support," says Mazaud. "Coface considers that coverage of technical risks during the construction phase is not part of its mandate."

Mazaud is keen to emphasise that of its portfolio of 24 covered limited recourse transactions, more than 80% have comprehensive cover post-completion. The extent of cover on offer ranges from 70% to 95%. She is defensive of the agency's record: "If our approach to sponsors has, in some cases, been considered less commercial or market-oriented than that of other ECAs, our professionalism, ability to deliver on time, participation in innovative structures and support of projects in jeopardy are recognised by the international financial community," she declares.

Within project finance, these virtues are predominantly targeted at the power sector, with 44% of Coface credits going to power deals. 17% are in telecoms and 16% in oil and gas. The agency kicked off this year with coverage for the Termoelectrica del Golfo power plant in Mexico. The loan for the plant was 60% provided by the IDB and 40% guaranteed by Coface. ABN Amro arranged the deal. This deal was signed hot on the heels of the Afsin Elbistan B power plant in Turkey. That $1.62 billion deal was signed on December 15 last year. The huge deal incorporated 14 different tranches and involved MITI, Hermes and the Czech Export Credit Bank as well as Coface. Coface provided guarantees for three tranches worth $82.5 million, $0.9 million and Y5.3 billion. This deal was full recourse.

Coface has yet to extend cover to a limited recourse transaction involving a private insurer but does not discount the possibility. "Policies delivered by private insurers usually derive from those applied by public credit/investment insurers but are sometimes narrower in their scope," says Mazaud. "We view this possibility positively if it can help the closing and facilitate the underwriting of a transaction [which otherwise would not get done] due to a limited appetite from the banking community to take cross-border risk," she says.

Like other agencies, Coface has seen a trend towards multi-sourcing since the recent financial crises in Asia and elsewhere. "Three out of five of the projects we have been involved with since the beginning of last year have involved the participation of other export credit agencies," says Marie-Laure Mazaud. "This is a feature that has become more and more common since the beginning of the regional crises." Coface was one of the first agencies to sign up to a co-operation agreement, which it did with ECGD in 1995. It now has five other bilateral reinsurance agreements and has completed a further agreement between ECGD and Natexis covering interest rate support. The agency signed a co-operation agreement with CESCE in October 1995, EKN in April 1999, Hermes in April 1999, OKB in October 1999 and NCM in May 2000.

"In the past, the financial packages [in which Coface has been involved] have essentially been made up of French buyer credits and commercial loans for operations covered by our institution," says Mazaud. "But since 1998 Coface has participated in more and more projects involving multi- and bi-lateral agencies and other credit insurers." The agency seems to be working towards greater co-operation between ECAs and greater implementation of "one-stop shop" agreements.

Mazaud says that the project team at Coface has put in a lot of work under the IFIs Group initiative implemented by the IFC in April 1998 - designed to streamline some of the processes involved in getting deals done. Mazaud believes that this will eventually reduce the costs involved in analysing projects, due diligence and risk sharing in project finance deals. "Co-operation among the ECAs has progressed well in the light of the size and complexity of many projects," says Mazaud. "This will definitely be pursued - while maintaining the internal and state requirements that prevail in each country."