

WORLD BANK GROUP GUARANTEE PLATFORM

delivering simplicity and access

OUR AMBITION

Mobilizing private capital for development by boosting World Bank Group annual guarantee issuance to \$20 billion by 2030

ABOUT THE PLATFORM

The guarantee platform, housed at MIGA, brings together World Bank Group guarantee products and experts for efficiency, simplicity, and speed. With a simplified menu of products, public and private sector clients have access to the best guarantee solutions from the World Bank, IFC, and MIGA. Given the different mandates of each institution, every product will continue to be processed on the relevant institution's balance sheet.

ADDRESSING GLOBAL CHALLENGES

With all the guarantees in one place under a more streamlined process, the platform provides the best guarantee solutions for clients to meet project needs and development priorities while allowing the World Bank Group to deliver with speed and efficiency. Such guarantees can be deployed for the most difficult challenges of today, including for example:

- energy access in Sub-Saharan Africa and IDA/FCV countries, such as through mini-grids and off-grids;
- energy transition in middle- income countries, including through support of transmission assets;
- development of the nascent carbon credits market, including through collaboration on the Forest Carbon Partnership Fund (FCPF), a World Bank multi-donor fund

New Menu of Products

We now have three groups of guarantees



Credit Guarantees for loans to the public or private sector



Partial/Full Credit Guarantee for Loans:

represents an irrevocable commitment to cover a portion or all of a loan's outstanding principal in case of borrower default, reducing lender risk and enabling increased credit exposure.



Partial Credit Guarantee for Bonds:

covers corporate bonds by guaranteeing principal and/or interest payments, leveraging our AAA rating to improve issuers' access to capital markets.



Unfunded Risk Participations:

assumes a portion of credit risk on loans without upfront funding, allowing lenders to offer larger financing amounts for higher-risk projects while benefiting from IFC's expertise.



Risk-Sharing Facility:

loss-sharing agreements where IFC or World Bank reimburses originators for a portion of losses on loan/asset portfolios.



Synthetic Risk Transfer:

facilitates regulatory capital relief for banks by providing credit protection on specific loan portfolio tranches.



Non-Honoring:

Protects against losses from a failure by a sovereign, sub-sovereign, or state-owned enterprise to make a payment when due.



Policy-Based Partial Loan Guarantees:

Enhances sovereign creditworthiness to secure affordable commercial financing for budget support and policy reforms.



Project-based Partial Loan Guarantees

Covers debt service defaults to enable public borrowers to access financing for public investment projects.



Trade Finance Guarantees for Public Sector Risk: Short-term guarantees for trade finance transactions involving a public entity



Trade Loans: provides protection against losses resulting from the failure of a sovereign, state-owned bank, or public authority to pay an unconditional financial obligation related to a trade finance transaction.



Letter of Credit Confirmation: In cross-border trade, a bank issues a letter of credit to guarantee shipment and payment between an importer and exporter, often with a private international bank confirming the letter. This guarantee protects the confirming bank from the risk of payment default by a state-owned issuing bank.



Political Risk Insurance: Insuring against non-commercial risks for private sector projects or public-private partnerships



Expropriation protects against losses arising from government actions that may reduce ownership of the insured investment.



Transfer Restriction and Inconvertibility: protects against losses arising from an inability to legally convert local currency into hard currency.



War and Civil Disturbance: protects against loss from, damage to, or disappearance of tangible assets caused by political acts of war or civil disturbance.



Breach of Contract: protects against losses arising from a government's breach or repudiation of a contract with an investor.



Capital Optimization: This product is designed for global retail banks with significant exposures to central banks in emerging markets. It insures mandatory reserves held by a parent bank's emerging-market subsidiaries.



Project-Based Loan Guarantee for Private Sector Projects: covers debt service defaults caused by governments failing to meet obligations under private sector project contracts.



Project-Based Payment Guarantee: covers defaults on non-loan-related government payment obligations (e.g., long-term offtake contracts) to private or foreign public entities arising from contracts, laws, or regulations.

FOCUS

Your interaction with the World Bank Group on guarantees will be easier:



For Private Sector and Country Clients

- We have a simplified market-friendly menu of guarantee options to choose from
- The platform (either directly or through your existing contacts) will serve as your point of contact for all World Bank Group guarantee options.



For Our MDB Partners

- The platform is your single point of contact in collaborating on how guarantees can be coupled with your existing products to support developing countries in addressing an unprecedented set of overlapping global crises.

For more information, please contact Elizabeth Howton
ehowton@worldbankgroup.org