

WORLD BANK GROUP GUARANTEE PLATFORM

delivering simplicity and access

LAUNCH DATE

July 1, 2024

OUR AMBITION

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

ABOUT THE PLATFORM

The guarantee platform, housed at MIGA, will bring together World Bank Group guarantee products and experts for efficiency, simplicity, and speed. We will have a simplified menu of products, and public and private sector clients will have access to the best guarantee solutions available 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.

SIX MAJOR CHANGES



Condensed Structure

Concentrating guarantee experts under one roof in MIGA, allowing the platform to focus on the best solution for clients in meeting project needs and development priorities



Simplified and Comprehensive Product Menu

Compiling all World Bank Group guarantees in a simplified market friendly menu



Streamlined Process

Streamlining the approach for guarantee reviews to remove redundant processes wherever possible



Greater Accessibility

Investing in a more accessible client experience by growing our guarantee teams and training staff worldwide



Scale

Applying a risk-weighted approach that focuses resources on high-impact projects and portfolios of projects



Innovative Tools

Developing new and innovative guarantee products that will enable the private sector to get more involved in solving the development challenges of today

Addressing Global Challenges

With all the guarantees in one place under a more streamlined process, the platform will provide the best guarantee solutions for clients to meet project needs and development priorities while allowing the WBG 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

Innovation

The platform will foster innovation through product combinations that were not conceivable previously when projects were evaluated by an individual institution. Some early ideas are:

- Portfolio-based investment guarantees**, where, through the guarantee platform, both commercial and non-commercial risks could be covered.
- Structured guarantee covers**, where, through the guarantee platform, different sources of funds could be used in combination to address the whole spectrum of risk.

Further understanding of how these structures might work in practice is being developed through exploring live transaction examples.

FOCUS

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



For Private Sector and Country Clients

- There will be 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 projects that use multiple World Bank Group guarantee instruments, processes will be streamlined as we remove redundant ones.



For Our MDB Partners

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

BACKGROUND

Governments, multilaterals, and philanthropies alone do not have enough resources or funds to address the global crises currently underway in a sustainable, resilient, and inclusive way. We need to engage the private sector as development partners to fill this huge gap.

Understanding this need, when the World Bank Group started the evolution process last year, private capital enabling and mobilization was a major topic, with an acknowledgment of the effectiveness of guarantees. Similarly, the G20 Independent Expert Group report on Strengthening Multilateral Development Banks called for an expanded use of guarantees to mitigate risk and catalyze private finance. And the Private Sector Investment Lab, which was launched by the World Bank Group in June 2023 to identify barriers and potential solutions to private sector investment in emerging markets, also provided specific guidance on pain points in using our guarantee instruments.

The World Bank Group guarantee platform is a result of our efforts to revitalize the role that guarantees play in the development story and is a part of the overall World Bank Group effort in engaging private capital for development. Such engagement starts at the country level where the World Bank provides, amongst others, the necessary knowledge and financial support to create the enabling environment for private capital deployment. Together with, or as such environment is developed, the private sector can better engage our country clients, sometimes, with the support of IFC through their advisory, and equity and debt instruments.

The guarantee platform, housed at MIGA, will now have the capacity to support the private sector through guarantees from all three institutions of the World Bank Group.



Development Committee paper



G20 Independent Expert Group report

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