



**WORLD BANK**

**Creation of Mechanisms for Russian  
Business Participation in Projects of  
International and Regional  
Organizations:  
*The World Bank Group***

.....

Mr. Klaus Rohland  
Country Director for Russia  
The World Bank

# The World Bank Group

Within the World Bank Group the preferred sources of support to the private sector are:

- § **IFC** supports private sector projects
- § **MIGA** provides political risk insurance for equity investments and cover debt financing
- § ***But: These agencies cannot accept host government guarantees.***
  
- § **The World Bank** guarantees are provided to private lenders, mostly for infrastructure financing.
- § ***But: The host government's counter guarantee is a condition for providing the Bank guarantee.***



# MIGA's Guarantees: Overview

MIGA can help investors and lenders deal with the risks by insuring eligible projects against losses relating to:

- § Currency transfer
- § Expropriation
- § War and civil disturbance, including terrorism and sabotage
- § Breach of contract

MIGA's **Small Investment Program (SIP)** - designed to grow the agency's support for small and medium-size investors



# MIGA's Guarantees: Benefits for Investors and Lenders

MIGA guarantees offer much more than just the assurance that losses will be recovered. MIGA's insurance also benefits investors and lenders by:

- § Deterring harmful actions
- § Resolving disputes
- § Accessing funding
- § Lowering borrowing costs
- § Increasing tenors
- § Providing extensive country knowledge
- § Providing environmental and social expertise



# IFC's Products and Services: Overview

IFC operates on a commercial basis: Invests exclusively in for-profit projects, fully shares risks with its partners, and charges market rates for its products and services.

These cover three broad areas:

- **Financial products**
- **Advisory services**
- **Resource mobilization**



# IFC: Project Eligibility

- § The project must be located in a developing country that is a member of IFC.
- § It must be in the private sector.
- § It must be technically sound.
- § It must have good prospects of being profitable.
- § It must benefit the local economy.
- § It must be environmentally and socially sound, satisfying IFC standards and those of the host country.



# IFC: Financial Products

- § Equity And Quasi-equity
- § Senior Debt And Syndications
- § Local Currency Financing And Structured Finance
- § Trade Finance



# The World Bank Guarantee Program: Overview

- § Since 1994, the World Bank promotes the use of **political risk mitigation guarantees** to address the growing demand from sponsors and commercial lenders contemplating financial investment in the infrastructure sectors of developing countries.
- § The Bank's **objective** in mainstreaming guarantees is to mobilize private capital for such projects on a "lender of last resort" basis whilst minimizing the host government's requisite indemnity to the Bank as a condition of providing the guarantee.
- § World Bank **guarantees** are provided to private lenders, for infrastructure financing, where the demand for debt funding is large, political and sovereign risks are significant, and longdated financing critical to a project's viability.



# IBRD: Guarantee Products

The Bank offers commercial lenders a variety of guarantee products:

- § Partial Risk;
- § Partial Credit;
- § Enclave and Policy-based guarantees in IBRD countries;
- § Partial Risk Guarantees in IDA-only countries;



# UN Development Business (UNDB)

**UNDB** is a business publication providing a comprehensive source of information on opportunities to supply goods, works and services for projects financed by the United Nations, governments and the world's leading development banks (WBG, EBRD, ADB, CDB, NADB).

The single best source for consulting, contracting, and export opportunities worldwide:

- § Development Bank Operational Summaries
- § World Bank New Project Approvals
- § Procurement Notices
- § Contract Award information

<http://www.devbusiness.com>





# Thank You!

For more information please visit:

[www.worldbank.org.ru](http://www.worldbank.org.ru)