Presenter

Mobilizing Private Investment for Emerging Infrastructure Priorities: The Role of Risk Mitigation and Guarantees

Kyoung-ho Park

Head of Korea,
Multilateral Investment Guarantee Agency (MIGA)

WORLD BANK GROUP

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The Role of Risk Mitigation and Guarantees

Kyoung-ho Park
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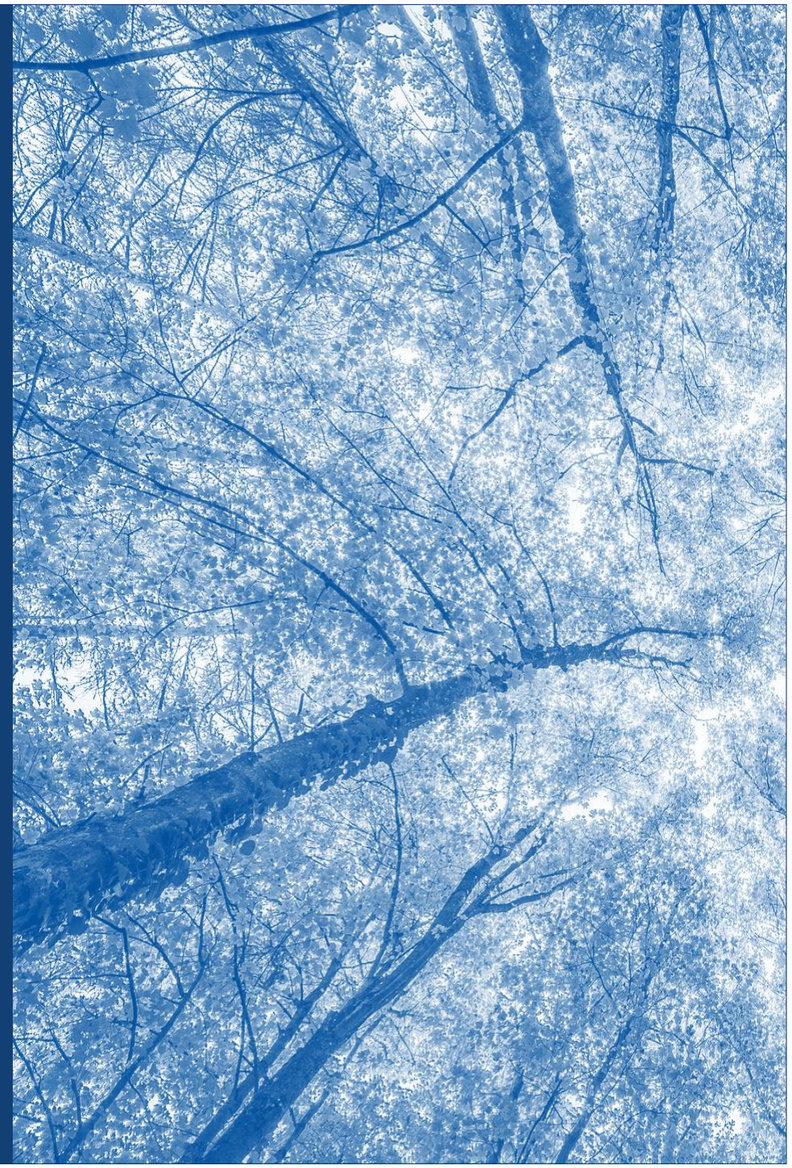
The World Bank Group

September 2026



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MIGA in the World Bank Group

MIGA's roles in de-risking Political Risk for PPP Projects

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The World Bank Group Operating Model

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IBRD
IDA
IFC
MIGA
ICSID

Public Sector Focus

IBRD
International Bank for Reconstruction and Development

Est. 1945

Financing for middle-income and creditworthy low-income countries

Technical assistance

Policy advice

IDA
International Development Association

Est. 1960

Financing for the world's poorest countries

Technical assistance

Policy advice

Support countries' economic and institutional development

Private Sector Focus

IFC
International Finance Corporation

Est. 1956

Investment (Equity/Debt)

Advisory Services

Encourage private sector development

Private Sector Mobilization

MIGA
Multilateral Investment Guarantee Agency

Est. 1988

Political Risk Insurance for Private & PPP Projects

Credit Enhancement for Public Sector

Trade Finance for Public Sector

Promote foreign direct investment

Shared Vision: Ending Poverty on a Livable Planet

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While WBG institutions have historically offered guarantees separately, the WBG Guarantee Platform unifies these products

1. **Single storefront and point of contact for all investors (sponsors and lenders), countries and partners**
   Providing simplified access to all guarantee products to help: (a) investors to facilitate their investments, (b) countries to utilize guarantees to increase investment, and (c) partners to understand collaboration opportunities

2. **Integrated menu of products leveraging the balance sheets and capabilities of the three WBG institutions**
   Fostering innovative de-risking solutions
   Combining financial strengths

3. **Integrated and expanded team of guarantee professionals**
   WBG guarantee team and experts accessible to clients through the Platform
   Joint structuring of transactions and co-creation of innovative solutions tailored to our clients' needs

4. **Streamlined processing and operations powered by MIGA**
   Streamlining the approach to due diligence and project evaluation to remove redundant processes wherever possible

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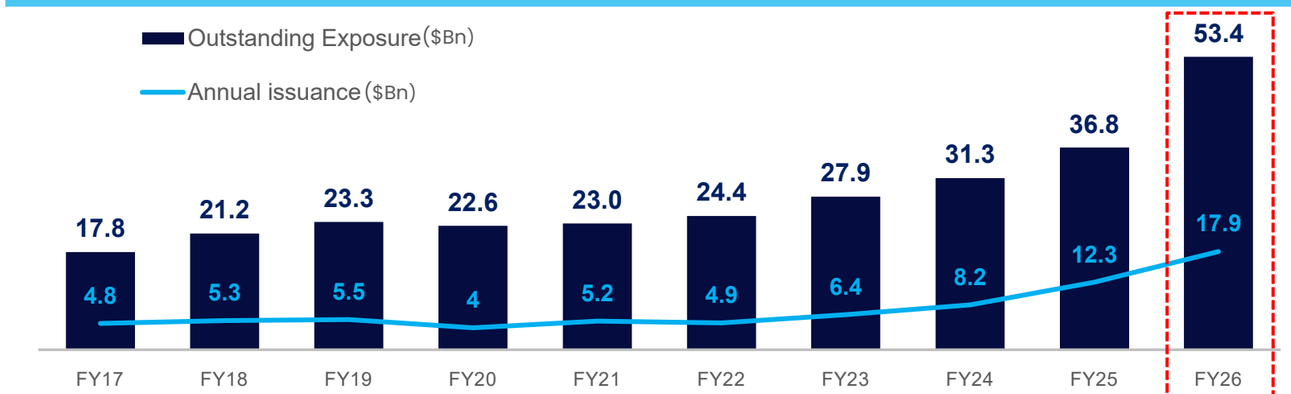
MIGA's portfolio has almost tripled in the past 10 years

Outstanding Exposure & New Issuance

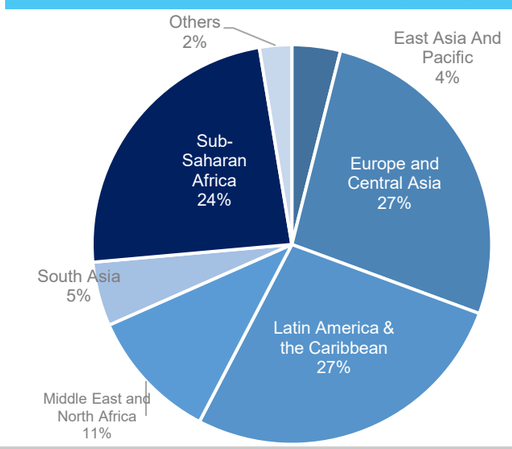


Acc. Issuance
US$114.7 billion

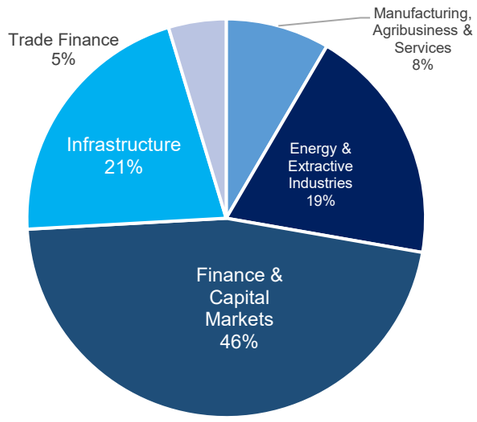
Project Supported
1,000+

Countries Supported
120+

Portfolio Breakdown by Region end-FY26



Portfolio Breakdown by Sector end-FY26



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WBG Guarantees have supported clients across a broad spectrum of sectors

WBG Guarantees clients

Selected partners

Meridiam (for people and the planet), Scatec, MIZUHO, SMBC, Goldman Sachs, actis, Coca-Cola, TATA, Santander, MUFG, PLN, 中国进出口银行, BIO, ENGIE, NLB, Deutsche Bank, NOMURA, KFW IPEX-Bank, BNP PARIBAS, OCP, ITOCHU, Raiffeisen BANK, Marguerite, HSBC, COMMERZBANK, Bangladesh Chemical Industries Corporation (BCIC), sue2, KASADA, ING, 中国银行 BANK OF CHINA, Findeter, citi, NATIONAL BANK, METITO, Standard Chartered, BBVA, DBS, NATIXIS, GLOBELEQ, edf, absa, SOCIETE GENERALE, IZMIR METROPOLITAN MUNICIPALITY, LBBW, MOTAENGIL, ProCredit HOLDING, CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK, OCBC Bank, finnfund, Stanbic Bank, J.P.Morgan, FDN, Eskom

Sectors covered by WBG Guarantees

- Solar and Wind Energy
- Agribusiness
- Manufacturing
- Telecom
- Power
- Transport
- Tourism
- Smart Cities
- Healthcare
- Water
- Mining
- Finance

Agenda

MIGA in the World Bank Group

MIGA's roles in de-risking Political Risk for PPP Projects

Annex

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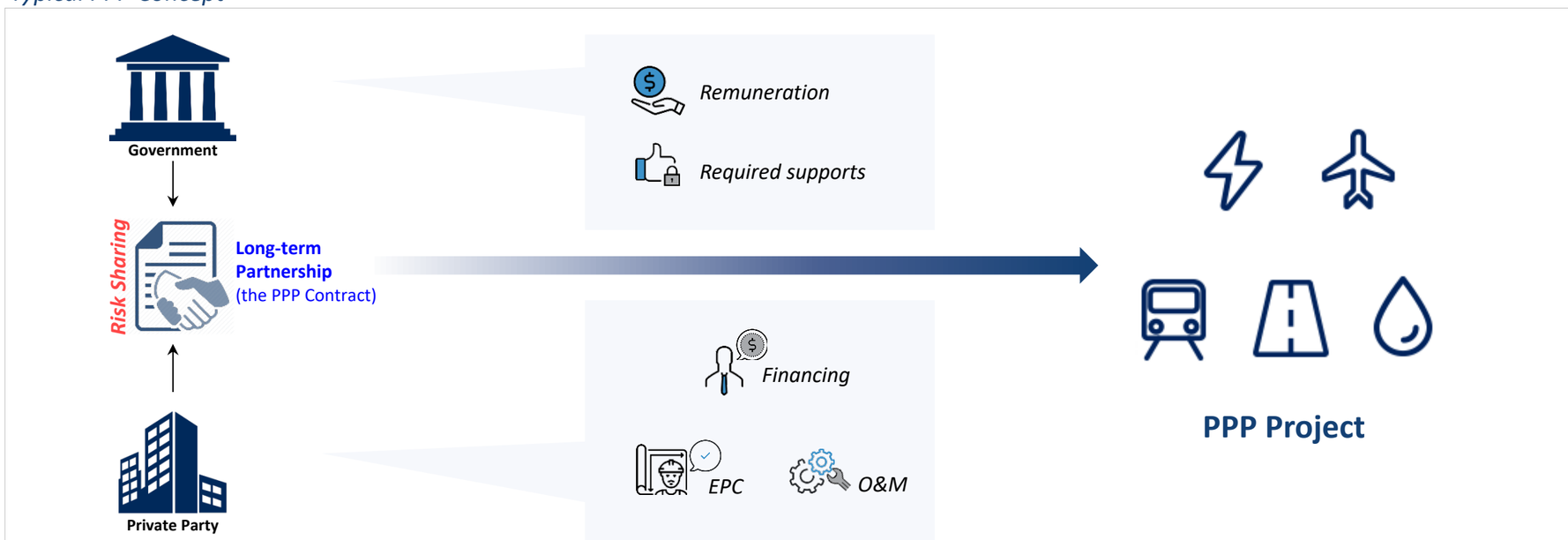
What is PPP?

PPP is a long-term partnership between private party and government entity, to provide a public asset or service, where both parties share project risks and the private is remunerated in return to risk sharing

Typical PPP Concept



Commercial funding

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Key Risk Factors in PPP Projects

Commercial / Market Risk	Directly related to the revenue stream – Mainly Demand Risk (e.g., lower-than-expected toll road traffic or introduction of newer cheaper source of energy)
Financial & Economic Risk	Interest rate volatility, foreign exchange/currency convertibility restrictions, and lack of available project refinancing
Political & Regulatory Risk	Government breach of contract, expropriation of assets, unexpected tax changes, transfer restriction, war & civil disturbance, or early termination of the concession
Technical / Operational Risk	Engineering failures, performance standard shortfalls, and technological obsolescence

Risk Allocation and Mitigation

Risk should be properly Allocated by considering its frequency and impact

High Impact

Magnitude of Impact

Low Impact

Less Likely → *Highly Likely*

Insure
- Political Risk Insurance (PRI)
- Payment Guarantee
- Interest Rate SWAP
- Currency SWAP

Avoid
- Avoid Using Most Recent Technology

Transfer / Control
- Ordering Spare Turbines
- Receiving EPC Performance Guarantee
- Partnering with Reputable Lenders (MDBs / DFIs)

Transfer / Control
- Appoint Highly Reputable Partners
- Establishing Stringent Monitoring and Reporting System (e.g. EPC contractors, Sub-contractors)

Retain
- Preserving contingent working capital reserve for the first year of the operation

Control / Retain / Transfer
- Partnering with Local Investors

Avoid Highly Probable, High-Impact Risks; Insure Against Low-Probability, High-Impact Risks

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There are several benefits of guarantees for governments seeking to fund major projects with constrained public resources

Share risk and reduce financial burden

Share financial risks associated with large-scale development projects with private investors and MDBs

Access additional funding while minimizing the need for public debt

Encourage FDI into EMDEs by protecting foreign investors against specific risks, enabling projects to proceed while minimizing or eliminating the need for public debt

Reduce costs of borrowing

Access commercial financing at better terms (longer tenors/lower interest rates), enhancing sovereign credit rating

Enable demonstration effects

Spark a virtuous cycle of private sector investment in the country as projects are successfully implemented and funders gain confidence and local experience

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MIGA Political Risk Insurance Solutions for Investors and Lenders

Currency Inconvertibility and Transfer Restriction	Inability to convert or transfer dividends or loan payments due to FX restrictions
Expropriation	Government nationalizes or otherwise makes it impossible to operate the project through discriminatory measures
War and Civil Disturbance	Destruction or interruption of business due to political violence (incl. sabotage and terrorism)
Breach of Contract	Failure of government to honor obligations under contractual agreements and subsequent failure to honor arbitral award

MIGA POLITICAL RISK INSURANCE

Pakistan: Deliver climate change benefits & reducing power shortage Gulpur Hydropower Project

Project Overview

- Construction, operation, and maintenance of a 102-megawatt run-of-the-river hydropower plant under BOOT
- The Project will sell all of its electricity to the National Transmission and Despatch Company of Pakistan under a 30-year Power Purchase Agreement

Guarantee Holders

DAELIM

LOTTE

Cover Details

- Amount: $82.7m (equity)
- Tenor: 15 years
- Risk: Breach of Contract
- Issued: June 2015

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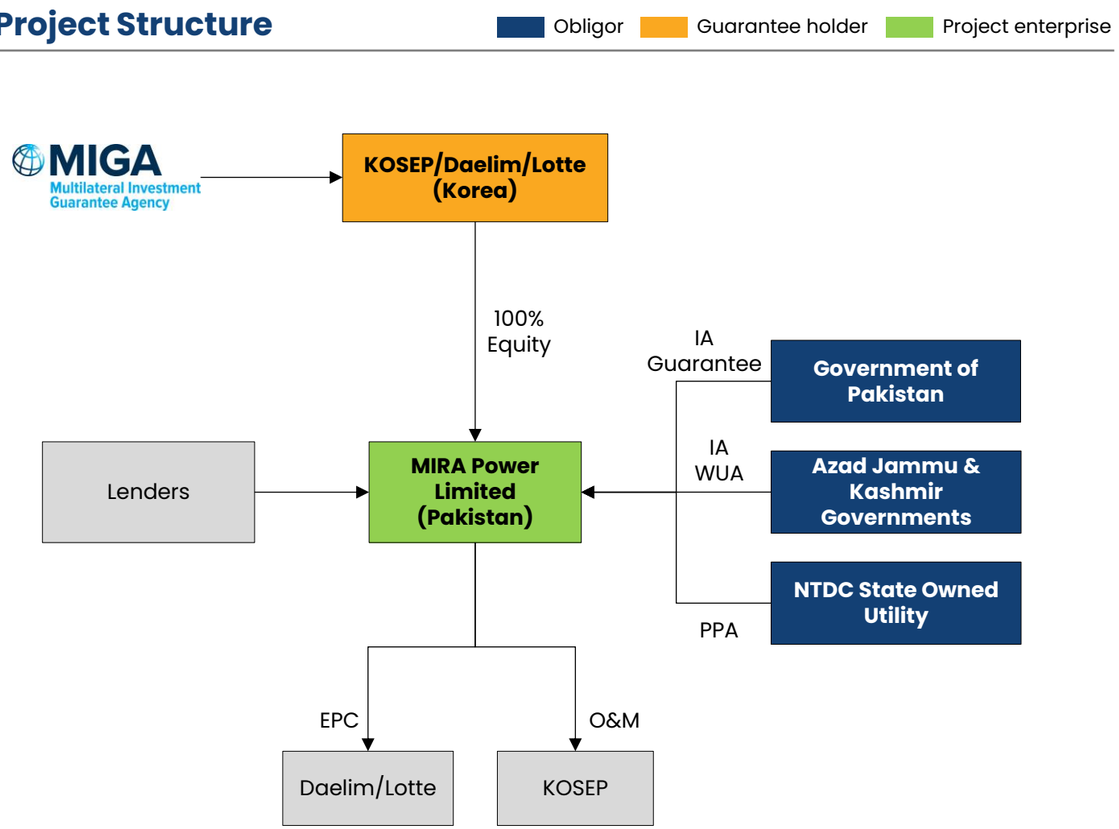
Simplified Project Structure



Political Risk and Payment Guarantees

Political Risk Insurance MIGA Balance Sheet

Expropriation	Government nationalizes or otherwise makes it impossible to operate the project through discriminatory measures
Currency Inconvertibility and Transfer Restriction	Inability to convert or transfer dividends or loan payments due to FX restrictions
War and Civil Disturbance	Destruction of assets or interruption of business due to political violence (incl. sabotage and terrorism)
Breach of Contract	Government failure to honor obligations under commercial contracts and subsequent failure to honor an arbitral award

IBRD/ IDA Balance Sheet

Payment guarantees for Private Projects	Government failure to pay financial obligations under non-debt commercial contracts

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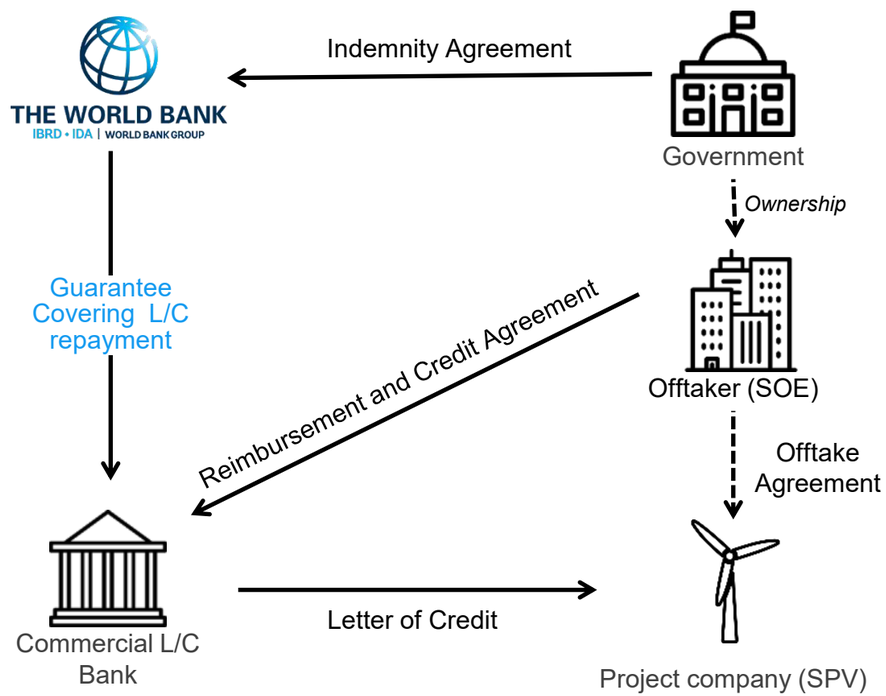
PROJECT-BASED payment guarantee - Contractual structure



- Guarantee covers Letter of Credit (L/C) providing liquidity support to mitigate the public offtaker payment risk.
- Each drawdown on the L/C is converted into a 12-month loan to the SOE.
- Upon drawdown on the L/C by SPV, SOE and/or government has an obligation to repay the L/C Bank.
- If the SOE and/or the government fail to repay the L/C Bank, the World Bank steps in and reimburses the L/C Bank.

The L/C Bank is ultimately only facing the World Bank counterparty risk.

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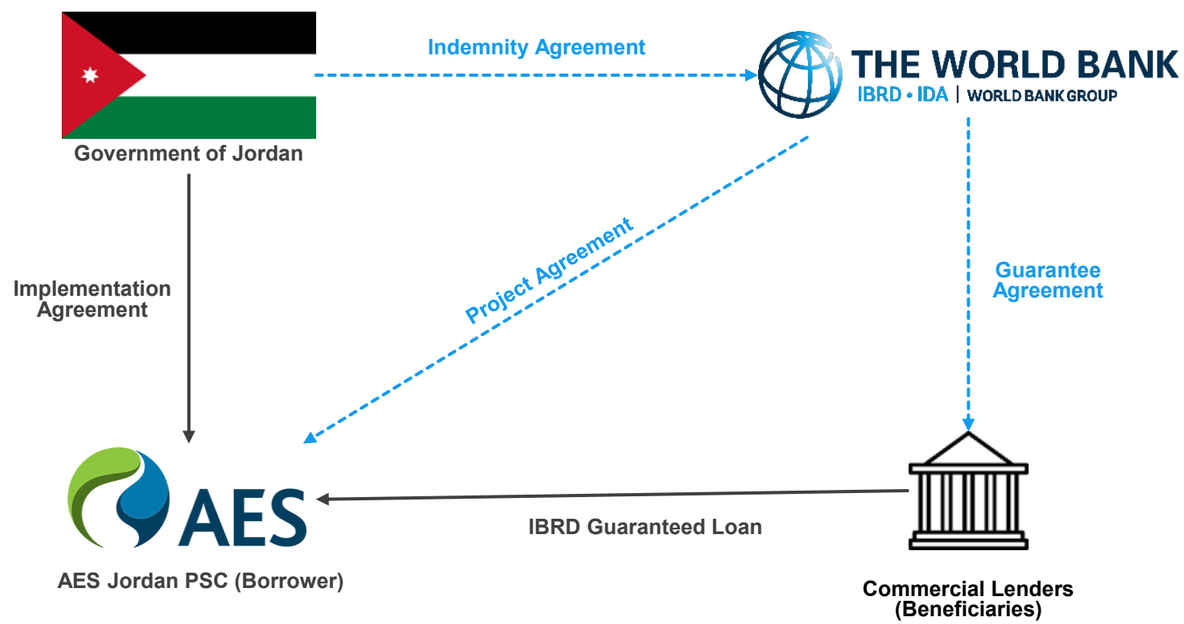
PROJECT Case: Aes Jordan project



MIGA's Products for De-Risking Carbon Markets

	Coverages	Description of risks	Potential De-Risking by MIGA
Underlying Investment Project	Expropriation	Confiscation of company ownership or physical assets Revocation of land rights or operating licenses	**Insure against Expropriation** by government of ownership of project company, land rights, revocation of consents/permits/license or physical/bio assets, based on which carbon credits are generated
	War and Civil Disturbance	Political violence leading to loss of assets or permanent closure of the project	**Insure against war / temporary business interruption political violence**, which would enable carbon development in places even with such risks, e.g., inability to deliver carbon credits due to loss of assess or closure of the project permanently or for an extended period.
	Inconvertibility & Transfer Restriction	Inability to convert or transfer investment proceeds due to FX restrictions	**Protect against losses** arising from: (i) the inability to convert local currency into foreign exchange within the host country, and (ii) the inability to transfer the carbon proceeds out of the host country
Carbon Credits	Breach of Contract	Revocation of initial Authorization, or the government not honouring legally binding commitments	**Insure against the risks of the government revoking its commitments under the Letter of Authorization or the investment agreement** which leads to non-enforcement of arbitral awards, to provide assurance that host country would honor its legally binding commitments on granting the carbon rights or/and applying Corresponding Adjustment
		Non-Enforcement of a Bilateral Investment Treaty (BIT)	**Potential cover on carbon credit investment under relevant BITs (*)** in case the rulings of a dispute resolution mechanism set forth in a BIT cannot be enforced for the losses arising from the government's violation of fair and equitable treatment toward carbon investments.

** A legal assessment is required to determine if the carbon investment is considered as an eligible investment under relevant BITs.*

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MIGA's Letter of Authorization Template

Uncertainties surrounding the legal nature of carbon credits and corresponding adjustments led MIGA to develop a Letter of Authorization (LOA) template to help secure insurable rights to carbon credits.

- This LOA would help unlock MIGA's Breach of Contract cover to cover the risks of revocation of host governments' corresponding adjustment commitments under the LoA.
- The LOA template launched at COP29 will also serve as a public good for standardizing host government commitments to private investors.
- It is also part of the Article 6 Letter of Authorization and Acknowledgement package launched by the World Bank.

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LETTER OF AUTHORIZATION FOR USE OF EMISSIONS REDUCTIONS UNDER ARTICLE 6.2 OF THE PARIS AGREEMENT FOR INTERNATIONAL MITIGATION PURPOSES OR OTHER PURPOSES

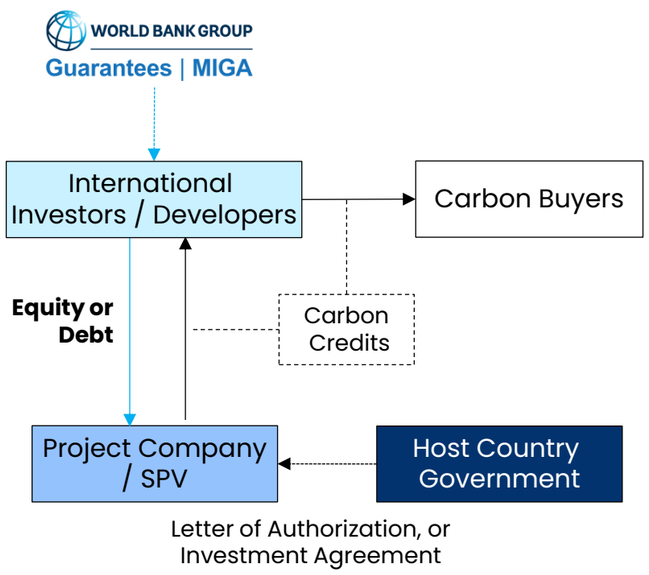
TEMPLATE: November 2024

"This LoA template should be understood as a concerted effort in the market to assist project developers and investors in setting out their legal rights over emission reduction, thereby increasing the insurability and bankability of carbon projects."

Examples of Structures for De-Risking Carbon Credit Market

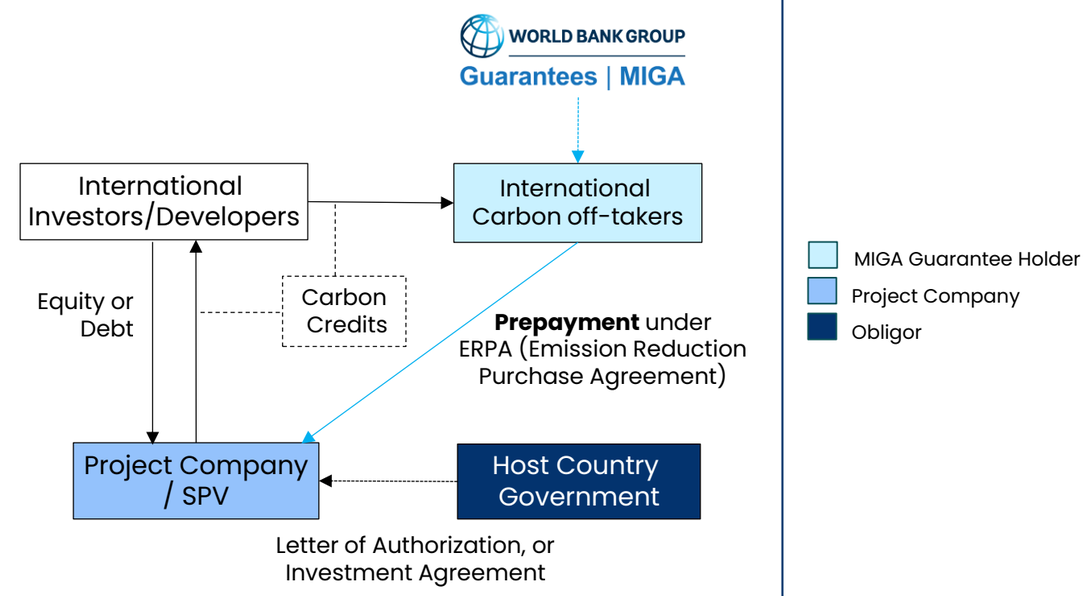
Structure A: Equity & Debts

This could apply whereby direct investment into the project company in the form of equity or debt is covered.



Structure B: Prepayment

This could apply whereby the client seeking protection is not a direct investor in the project but participating via a prepayment for the credit.



** The structure above is for the illustrative purpose only.*

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- MIGA in the World Bank Group
- MIGA's roles in de-risking Political Risk for PPP Projects
- **Annex**

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Political Risk Insurance Solutions for Investors and Lenders

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Breach of Contract	Failure of government to honor obligations under contractual agreements and subsequent failure to honor arbitral award

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Currency Inconvertibility and Transfer Restriction

NON-COMMERCIAL RISKS

PRIVATE SECTOR MOBILIZATION

CROSS BORDER TRANSACTIONS

Guarantee details

- Provides protection against losses to investors or lenders arising from the inability to legally convert local currency (capital, profits, interest & principal loan payments) into hard currency, and/or transfer hard currency outside the host country due to government action or failure to act

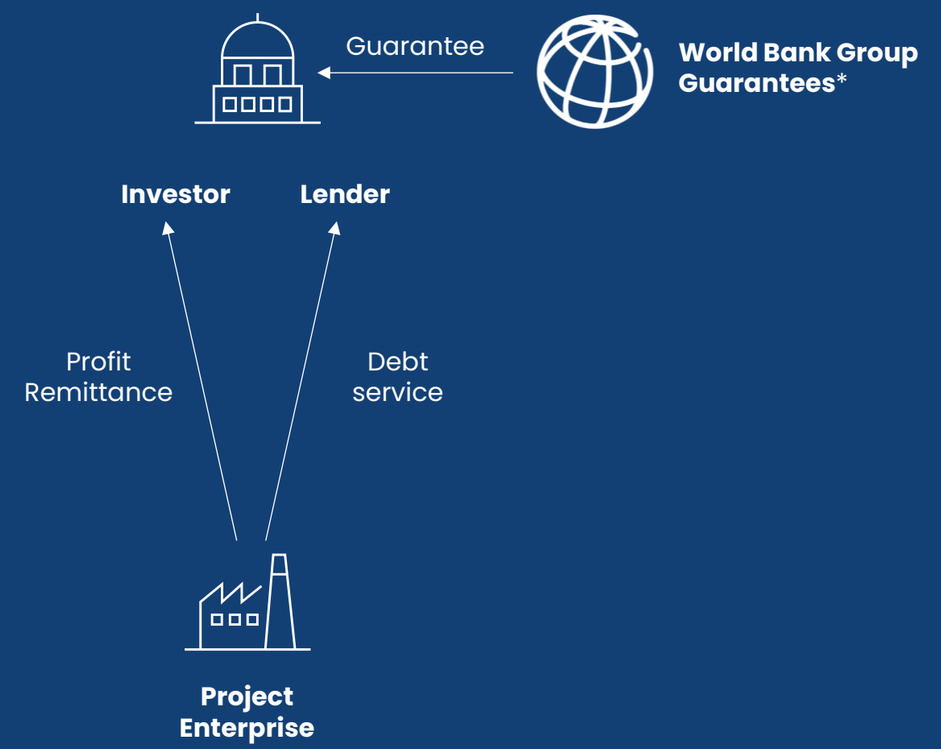
When to use

- International Investors /lenders seeking to invest in countries with a history of currency inconvertibility and/or transfer restriction
- Investors investing in projects that receive revenue in local currency

Benefits

- Mobilizes foreign investment by managing the risks of transfer restriction and currency inconvertibility for international investors and lenders

ILLUSTRATIVE



*On MIGA's balance sheet

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Expropriation

Guarantee details

- Provides protection against losses to international investors or lenders arising from government actions that reduce ownership of, control over, or rights to the insured investment (e.g. outright nationalization, confiscation, and "creeping" expropriation—a series of acts that, over time, have an expropriatory effect)

When to use

- Investments in countries with risk of nationalization or government intervention in private enterprises
- More prominent, long-term projects such as infrastructure or utilities that have a higher risk of expropriation

Benefits

- Mitigates risk of losing control or ownership of investments
- Provides compensation based on Project Enterprise net book value, asset book value or blocked funds

*On MIGA's balance sheet

War and Civil Disturbance

NON-COMMERCIAL RISKS

PRIVATE SECTOR MOBILIZATION

CROSS BORDER TRANSACTIONS

Guarantee details

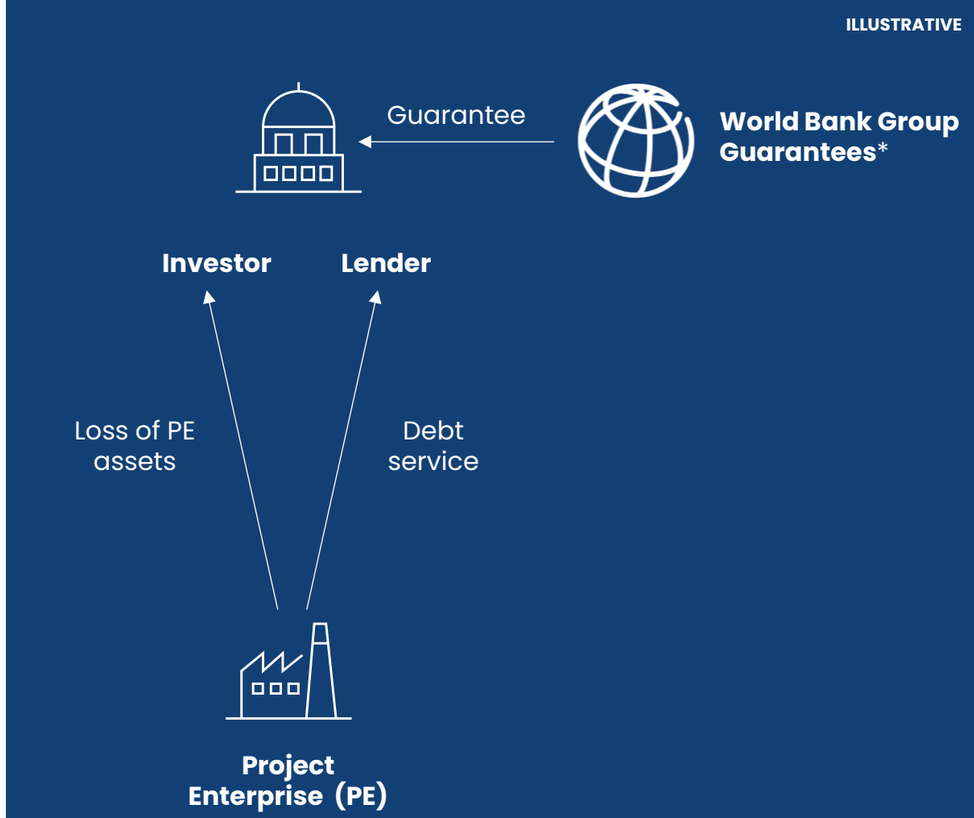
- Provides protection against losses to international investors or lenders arising from damage to, or destruction or disappearance of tangible assets, or total business interruption of the Project Enterprise, or default on debt service, due to political violence (incl. sabotage and terrorism)

When to use

- Investments in regions with a history of instability, particularly for projects involving significant physical assets

Benefits

- Mobilizes private sector investment into regions with elevated risk of civil disturbance and war by de-risking loans and equity investments



*On MIGA's balance sheet

Breach of Contract

Guarantee details

- Provides protection against losses to international investors or lenders arising from breach or repudiation of a contractual obligation by the government or, in certain circumstances, a state-owned company, for which an award has been entered in favor of an investor and the government/SOE refuses to pay

When to use

- Investments involving long-term contracts with governments or state-owned enterprises, such as power purchase agreements or concessions

Benefits

- Encourages investment by reducing contract enforcement risk
- Provides compensation for non-payment of an arbitration award or denial of recourse
- Facilitates dispute resolution and enforcement of contracts

NON-COMMERCIAL RISKS

PRIVATE SECTOR MOBILIZATION

CROSS BORDER TRANSACTIONS

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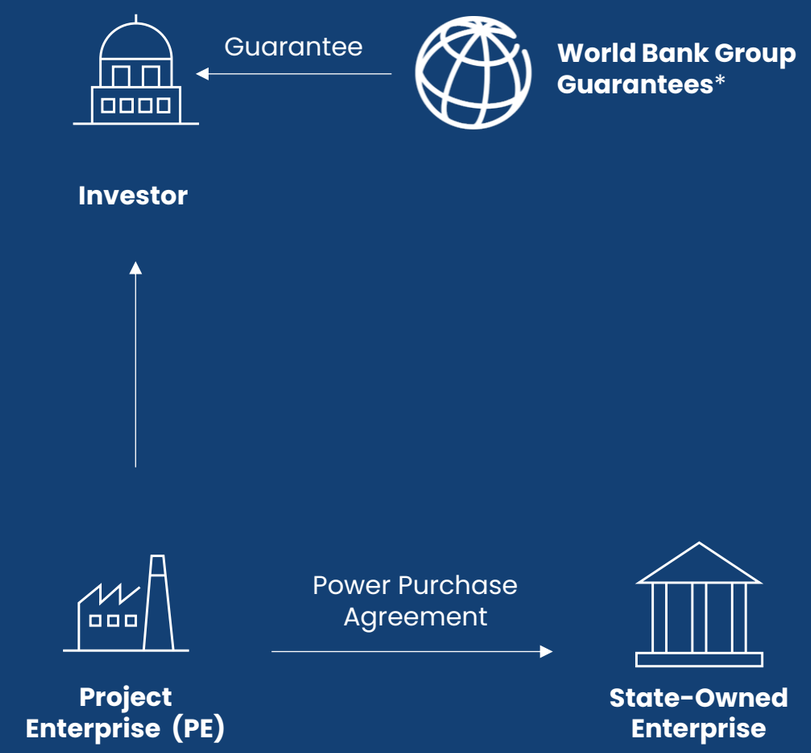

*On MIGA's balance sheet

Thank You

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