

INFORMATION ON WORLD BANK POLICY-BASED GUARANTEES

This type of Guarantee can only be used by governments to access budgetary support in the context of a specific program of policy and institutional actions.

Main Objectives and Benefits:

- Facilitate government access to commercial funding (loans or bonds) through strong risk mitigation
- Leverage World Bank – IMF support for a member country’s fiscal and macroeconomic framework
- Enhance the credit quality of the government
- Improve the financing terms for a government (lower interest rates and longer tenors)
- Long-term macroeconomic support while attracting private investment

Example of Contractual Structure

