



**MIGA**

Multilateral Investment  
Guarantee Agency  
WORLD BANK GROUP

# MIGA Annual Report 2016

INSURING INVESTMENTS,  
ENSURING OPPORTUNITIES



# World Bank Group 2016 Summary Results

Message from the President  
of the World Bank Group  
and Chairman of the Board  
of Executive Directors

In recent years, historic progress has been made to end extreme poverty around the globe. More than 1 billion people lifted themselves out of poverty in the past 15 years alone. In 2015, for the first time ever, the World Bank Group forecast that the global percentage of people living in extreme poverty fell under 10 percent. This is a remarkable milestone.

Yet the world today faces challenges that are as complex and vexing as at any time in recent memory. Strong economic headwinds have slowed global growth; fragility and conflict have displaced tens of millions of people from their homes; countries and their economies are vulnerable to natural disasters and climate change-related shocks; and a pandemic can spread quickly without warning. We are all affected by these challenges, but the stark truth is that people living in extreme poverty are hit first and hardest.

“ Our mission at the World Bank Group is defined by two goals—to end extreme poverty by 2030 and to boost prosperity among the poorest 40 percent in low- and middle-income countries. To achieve them, we are focusing on broad-based, inclusive growth, and we remain vigilant against shocks that can reverse hard-won gains in development. ”

We know that business as usual won't be enough. The World Bank Group is collaborating in new ways with an increasingly diverse array of partners. For example, we partnered with the United Nations and the Islamic Development Bank Group last year to launch an innovative financing facility in support of Syrian refugees and host communities in Jordan and Lebanon. Based on the initial contributions provided by eight nations and the European Commission, the facility will be able to immediately generate up to \$800 million in concessional loans for Jordan and Lebanon. This will allow the scaling up of programs to expand vital services, such as health and education, to meet the combined demand from refugees and citizens.

This is one of the many groundbreaking solutions we are implementing to address today's global challenges. The talented and dedicated staff of our main financing institutions—the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA)—work together to mobilize the innovative solutions and investments necessary to support inclusive economic growth.

This year the World Bank Group committed nearly \$64.2 billion in loans, grants, equity investments, and guarantees to its members and private businesses. Client demand for IBRD's services continues to be strong, and this year it made commitments totaling \$29.7 billion—the highest amount ever outside of a financial crisis. And IDA, the World Bank's fund for the poorest, committed \$16.2 billion to support countries most in need to face their toughest challenges.

Working with the private sector will become increasingly important to meet the scale of financing needs for our development goals. IFC and MIGA, our two institutions focused on private sector development, are strengthening their efforts in this regard. IFC delivered a record amount of financing for private sector development—about \$18.8 billion, including \$7.7 billion mobilized from investment partners. IFC's investments in fragile and conflict-affected areas climbed to nearly \$1 billion, an increase of more than 50 percent over the previous year. MIGA issued a record \$4.3 billion in political risk and credit enhancement guarantees underpinning various investments, with 45 percent of its active portfolio in IDA-eligible countries and 10 percent in countries affected by conflict and fragility.

The progress we've made in recent decades shows that we are the first generation in human history that can end extreme poverty. This is our great challenge, and our great opportunity. With the collective determination of the World Bank Group, our member countries, and global partners, I remain optimistic that we can tackle these challenges—one region, one country, and one person at a time—and create a more prosperous and inclusive world for all.



DR. JIM YONG KIM

President of the World Bank Group and  
Chairman of the Board of Executive Directors

TOTAL  
**\$64.2**  
BILLION

in loans, grants, equity investments, and guarantees to partner countries and private businesses.

Total includes multiregional and global projects.

## GLOBAL COMMITMENTS

The World Bank Group maintained strong support for developing countries over the past year as the organization focused on delivering results more quickly, increasing its relevance for its clients and partners, and bringing global solutions to local challenges.

MIDDLE EAST AND NORTH AFRICA

**\$6.3**  
BILLION

LATIN AMERICA & THE CARIBBEAN

**\$11.4**  
BILLION

The numbers may not add up due to rounding.  
Regional breakdowns reflect World Bank Group country classifications.



EUROPE AND CENTRAL ASIA

**\$10.3**  
BILLION

EAST ASIA AND PACIFIC

**\$11.4**  
BILLION

SOUTH ASIA

**\$11.3**  
BILLION

SUB-SAHARAN AFRICA

**\$13.3**  
BILLION

# The Institutions of the World Bank Group

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries, consisting of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

## International Bank for Reconstruction and Development (IBRD)

lends to governments of middle-income and creditworthy low-income countries

## International Development Association (IDA)

provides interest-free loans, or credits, and grants to governments of the poorest countries

## International Finance Corporation (IFC)

provides loans, equity, and advisory services to stimulate private sector investment in developing countries

## Multilateral Investment Guarantee Agency (MIGA)

provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies

## International Centre for Settlement of Investment Disputes (ICSID)

provides international facilities for conciliation and arbitration of investment disputes

## World Bank Group Financing for Partner Countries

by fiscal year, millions of dollars

|   | 2012   | 2013   | 2014   | 2015   | 2016   |
|---|--------|--------|--------|--------|--------|
| <b>World Bank Group</b>                 |        |        |        |        |        |
| Commitments <sup>a</sup>                | 51,221 | 50,232 | 58,190 | 59,776 | 64,185 |
| Disbursements <sup>b</sup>              | 42,390 | 40,570 | 44,398 | 44,582 | 49,039 |
| <b>IBRD</b>                             |        |        |        |        |        |
| Commitments                             | 20,582 | 15,249 | 18,604 | 23,528 | 29,729 |
| Disbursements                           | 19,777 | 16,030 | 18,761 | 19,012 | 22,532 |
| <b>IDA</b>                              |        |        |        |        |        |
| Commitments                             | 14,753 | 16,298 | 22,239 | 18,966 | 16,171 |
| Disbursements                           | 11,061 | 11,228 | 13,432 | 12,905 | 13,191 |
| <b>IFC</b>                              |        |        |        |        |        |
| Commitments <sup>c</sup>                | 9,241  | 11,008 | 9,967  | 10,539 | 11,117 |
| Disbursements <sup>d</sup>              | 7,981  | 9,971  | 8,904  | 9,264  | 9,953  |
| <b>MIGA</b>                             |        |        |        |        |        |
| Gross Issuance                          | 2,657  | 2,781  | 3,155  | 2,828  | 4,258  |
| <b>4 Recipient Executed Trust Funds</b> |        |        |        |        |        |
| Commitments                             | 3,988  | 4,897  | 4,225  | 3,914  | 2,910  |
| Disbursements                           | 3,571  | 3,341  | 3,301  | 3,401  | 3,363  |

a. Includes IBRD, IDA, IFC, Recipient Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient executed grants, and therefore total WBG commitments differ from the amount reported in the WBG Corporate Scorecard, which includes only a subset of trust funded activities.

b. Includes IBRD, IDA, IFC, and RETF disbursements.

c. Long-term commitments for IFC's own account. Does not include short-term finance or funds mobilized from other investors.

d. For IFC's own account. Does not include short-term finance or funds mobilized from other investors.

# Message from Keiko Honda

MIGA Executive Vice President and CEO



In fiscal year 2016, despite a period of increased uncertainty over the state of our global economy, MIGA played a significant role in catalyzing private sector investments into countries most vulnerable to external shocks through our political risk insurance and credit enhancement products.

Of the record \$4.3 billion in guarantees issued, 53 percent of the investments were insured in poverty-afflicted areas. We continued to work tirelessly to ensure that we supported investments in fragile and conflict-affected countries, which make up 10 percent of our portfolio.

MIGA continued to collaborate closely with the rest of the World Bank Group to leverage our expertise and knowledge to solve the most pressing development challenges. Along with the World Bank and IFC, MIGA facilitated a crucial investment needed to build a new power plant in Nigeria to provide electricity to 13 million homes, showcasing the power of the “One WBG” model. In Mongolia, we supported one of the largest underground copper mines to generate thousands of jobs for decades. MIGA also provided guarantees to Turkey’s official state export credit agency to help small and medium-sized Turkish companies access affordable financing to build and grow their businesses.

This year, we implemented two new initiatives to celebrate the success of our clients and projects. Prime Minister Daniel Kablan Duncan of Côte d’Ivoire came to MIGA to discuss the importance of having corporations, financial institutions and governments work together to increase cross-border investments. MIGA also launched its first Gender CEO Award to recognize a woman leader among its clients and to highlight the importance women have in leading and spurring private sector activity in developing countries.

Lastly, we welcomed Sarvesh Suri, our Director of Operations, and Muhamet B. Fall, our Associate Director of Operations. To be closer to our clients, we announced the opening of our first Africa regional hub in Dakar, Senegal. We look forward to working with our new team to continue to fulfill our mission of reducing poverty, supporting economic growth and improving people’s lives worldwide.

KEIKO HONDA

Executive Vice President and Chief Executive Officer

## MIGA MANAGEMENT



**YASSER MOHAMED IBRAHIM**  
Co-Acting Director,  
Economics and  
Sustainability

**SANTIAGO ASSALINI**  
Director, Corporate  
Risk

**ANA-MITA BETANCOURT**  
Director and General  
Counsel, Legal Affairs

**KEIKO HONDA**  
Executive Vice  
President and Chief  
Executive Officer

**KARIN FINKELSTON**  
Vice President and  
Chief Operating  
Officer

**DAN BILLER**  
Co-Acting Director,  
Economics and  
Sustainability

**MUHAMET BAMBA FALL**  
Associate Director  
and Chief Underwriter,  
Operations

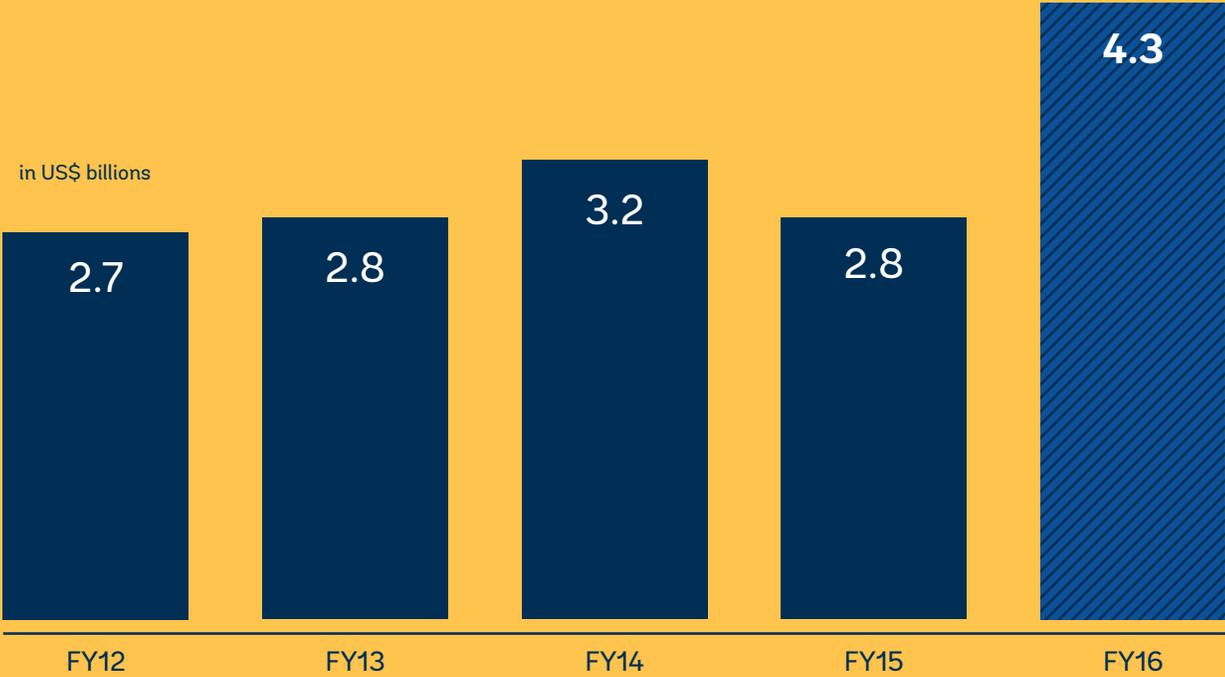
# MIGA BUSINESS AND OPERATIONAL OVERVIEW

In fiscal year 2016, MIGA facilitated private sector investments into its four priority areas—IDA, FCS, climate change and innovation—and focused on increasing our development impact footprint by helping provide millions with electricity, generating new jobs and skills transfer and bridging the infrastructure gap.

In FY16  
MIGA issued  
a record  
**\$4.3 billion**  
in guarantees

Projects spanned across all regions and sectors, with 59 percent of projects falling into at least one of MIGA’s four priority areas. At the end of the year, MIGA’s outstanding gross exposure was **\$14.2 billion**, of which 45 percent was in IDA-eligible countries and 10 percent in FCS countries. Of this, \$7.5 billion was ceded to our reinsurance partners.

GROSS ISSUANCE VOLUME

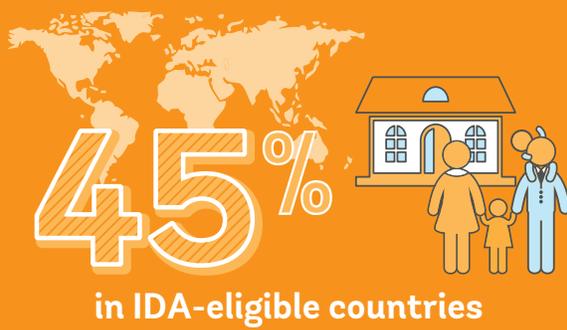


## GROSS OUTSTANDING EXPOSURE

in US\$ billions



## Of MIGA's Active Portfolio

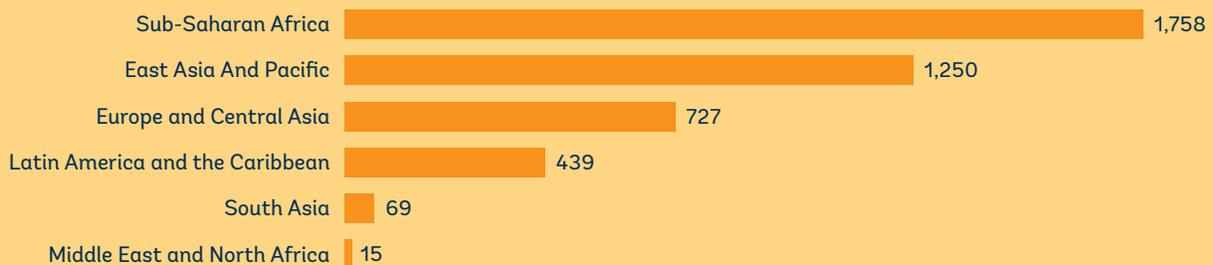


## GROSS ISSUANCE\*

| Project Count                           | FY12 | FY13 | FY14 | FY15 | FY16 |
|---|------|------|------|------|------|
| IDA-Eligible Countries                  | 48%  | 70%  | 50%  | 43%  | 53%  |
| Fragile and Conflict-Affected Countries | 18%  | 23%  | 29%  | 15%  | 6%   |

\* Some projects address more than one area.

## GROSS ISSUANCE (in \$US millions)



# Development Impact Highlights

## Nigeria World Bank Group Backs Gas-Fired Power Plant to Bring Affordable and Reliable Energy

Azura Edo  
power plant project

**\$492** million  
in guarantees

**459MW**  
capacity

**13** million  
residential  
consumers reached



MIGA issued \$492 million in guarantees to support the Azura Edo power plant project, the first wholly project-financed greenfield independent power producer (IPP) in Nigeria. While Nigeria is abundant in energy resources, 65 percent of the population does not have access to electricity. This 459MW open-cycle gas-fired project is expected to deliver reliable and affordable energy to the country's grid and reach 13 million residential consumers. Azura, with support from the World Bank and IFC, is setting a precedent for future private sector investments in the gas-to-power value chain, which are much needed for the successful implementation of the Nigerian government's energy sector reforms.

## Mauritania MIGA Helps Create Local Jobs, Improve Hotel Services in IDA Country

Marhaba  
64-room hotel

**\$2.5** million  
in guarantees

**115**  
direct jobs  
to be created

**900**  
indirect jobs  
to be created



MIGA guarantees of \$2.5 million are supporting the renovation of the existing 64-room Hotel Marhaba in Mauritania. As a four-star hotel of international quality standard, the project will address the need for better hotel services for both regional and international business clients in a dynamic and emerging market economy. The investment will generate approximately 115 direct jobs and encourage more inclusive and sustainable economic growth in the country. Local businesses, such as farmers, taxi drivers and clothes designers, will also benefit through the creation of approximately 900 indirect jobs.



## Mongolia MIGA and IFC Support Largest Mining Project to Generate Employment

Oyu Tolgoi  
mining project

**\$1** billion  
in guarantees

**Thousands**  
of direct jobs to be  
created for decades

**\$ Billions**  
in government  
revenues to be  
generated



MIGA provided guarantees totaling \$1 billion for the Oyu Tolgoi mining project in Mongolia. It is one of the largest underground copper mines in the world, with an expected mine life of at least 40 years. Its development is set to create thousands of jobs and generate billions of dollars in government revenues for decades. In addition to contributing significantly to economic growth and employment opportunities, MIGA's backing of the Oyu Tolgoi mine, with IFC support, will foster community development programs, skills transfer and improve infrastructure in Mongolia.

## Turkey MIGA's Backing of Turk Eximbank Helps Turkish SMEs Access Affordable Financing

Türkiye İhracat  
Kredi Bankası  
bank

**\$616** million  
in guarantees

**Help boost  
economy**

**Job creation**  
in the export sector



MIGA provided guarantees of \$616 million, the first tranche of a \$1 billion guarantee package to support a second round of financing for the Türkiye İhracat Kredi Bankası A.Ş (Türk Eximbank) of Turkey. Türk Eximbank is the official state export credit agency of Turkey, with a mandate to support Turkish exporters, investors and contractors operating abroad through credit, guarantees and insurance programs. The project facilitates Turkish exporters' access to financing, particularly for small and medium-sized enterprises (SMEs). In addition to helping boost the Turkish economy, MIGA's support of Türk Eximbank through its credit enhancement product will contribute to the creation of new jobs in the export sector.

# Expected Development Results



MIGA's aim is to support economic growth, reduce poverty and improve people's lives.

To achieve this, the agency needs a clear understanding of the development outcomes of the projects it supports. MIGA's Development Effectiveness Indicator System (DEIS) collects a common set of indicators from clients to demonstrate results across all projects: volume of total project financing, direct employment, taxes paid and value of locally procured goods. It also measures sector-specific indicators.

**MIGA's \$4.3 billion issuance in fiscal year 2016 is expected to support total project financing of \$27.3 billion in public and private investments.**

Found here are highlights of the development results expected from projects supported by MIGA guarantees signed in fiscal year 2016.

## GOVERNANCE

### MIGA's Board

A Council of Governors and a Board of Directors, representing 181 member countries, guide the programs and activities of MIGA. Each country appoints one governor and one alternate. MIGA's corporate powers are vested in the Council of Governors, which delegates most of its powers to a Board of 25 Directors. Voting power is weighted according to the share of capital each director represents. The Directors meet regularly at the World Bank Group headquarters in Washington, DC, where they review and decide on investment projects and oversee general management policies.

Visit the Board's website for more information:  
<http://www.worldbank.org/en/about/leadership/governors>

## ACCOUNTABILITY

### Independent Evaluation Group

The Independent Evaluation Group (IEG) assesses MIGA's strategies, policies and projects to improve the Agency's development results. IEG is independent of MIGA management and reports its findings to MIGA's Board of Directors and the Committee on Development Effectiveness.

Visit IEG's website for more information:  
<http://ieg.worldbankgroup.org/>

### Compliance Advisor Ombudsman

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for MIGA and IFC and reports directly to the President of the World Bank Group. The CAO responds to complaints from people affected by MIGA- and IFC-supported business activities, with the goal of enhancing social and environmental outcomes on the ground and fostering greater public accountability of both institutions.

Visit the CAO's website for more information:  
<http://www.cao-ombudsman.org/>

# FINANCIAL HIGHLIGHTS

| in \$ millions                                       | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|--|--------|--------|--------|--------|--------|
| <b>Income</b>  |        |        |        |        |        |
| Gross Premium Income                                 | 89.2   | 97.2   | 115.6  | 128.1  | 139.8  |
| Net Premium Income <sup>*(1)</sup>                   | 61.7   | 66.3   | 72.5   | 79.0   | 86.4   |
| Investment Income                                    | 36.9   | 33.6   | 53.4   | 24.1   | 22.9   |
| Administrative Expenses <sup>*(2)</sup>              | 43.9   | 47.1   | 45.6   | 44.9   | 48.1   |
| Operating Income <sup>*(3)</sup>                     | 17.8   | 19.2   | 26.9   | 34.1   | 38.3   |
| Administrative Expenses/<br>Net Premium Income Ratio | 71%    | 71%    | 63%    | 57%    | 56%    |

<sup>\*(1)</sup> Net premium income equals gross premium income and ceding commissions less premium ceded to reinsurers and brokerage costs.

<sup>\*(2)</sup> Administrative expenses include expenses from pension and other post-retirement benefit plans.

<sup>\*(3)</sup> Operating income equals net premium income minus administrative expenses.

## GROSS PREMIUM INCOME

in \$ millions



| in \$ millions                           | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|--|---------|---------|---------|---------|---------|
| Total Economic Capital (EC) <sup>*</sup> | 508     | 572     | 620     | 705     | 663     |
| Shareholder's Equity                     | 905     | 911     | 974     | 971     | 989     |
| Operating Capital                        | 1,125   | 1,178   | 1,262   | 1,312   | 1,329   |
| Portfolio Gross Exposure                 | 10,346  | 10,758  | 12,409  | 12,538  | 14,187  |
| Gross Exposure/Operating Capital Ratio   | 9.2     | 9.1     | 9.8     | 9.6     | 10.7    |

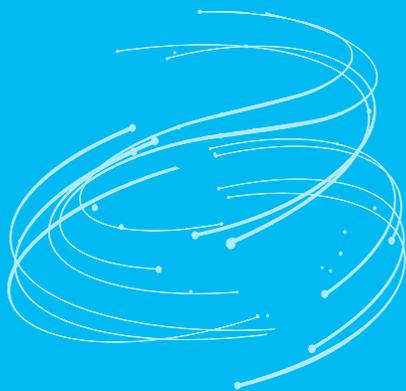
<sup>\*</sup>Total economic capital equals capital consumption from the guarantee portfolio, plus capital required for operational risk and investment risk.

## SHAREHOLDERS' EQUITY TO GROSS EXPOSURE



# MIGA Highlights

In fiscal year 2016, MIGA implemented two new initiatives to celebrate projects that successfully attracted private sector investors to some of the most challenging markets and generated high development impact.



## Spring Meetings: Attracting Investors to Emerging Markets in Uncertain Times

MIGA hosted Prime Minister Daniel Kablan Duncan of Côte d'Ivoire, Helen Tarnoy (Aldwych International) and Yves Jacob (Société Générale) for the World Bank Group's Spring Meetings event on risk, hedging and investing in uncertain times. The Financial Times' John Authers moderated the panel, which included EVP & CEO, Keiko Honda, and focused on how corporates, financial institutions and governments could work together to encourage the continuation of foreign direct investment in emerging markets, even in times of heightened uncertainty.



## MIGA Gender CEO Award

MIGA launched its first Gender CEO Award, in honor of International Women's Day, to recognize a woman leader among the Agency's clients. Nourah Mehyar, CEO of NAFITH Logistics (NAFITH) and a Jordanian national, won MIGA's 2016 Gender CEO Award for bringing jobs to Iraq and modernizing the logistics network in the Middle East. MIGA provided guarantees to NAFITH's investment in Iraq in 2014 to help build and manage a system in charge of regulating the entry and flow of trucks entering the Basra region.





Multilateral Investment  
Guarantee Agency  
WORLD BANK GROUP

## MULTILATERAL INVESTMENT GUARANTEE AGENCY

1818 H Street, NW  
World Bank Group  
miga.org

## Contact Information

### Senior Management

**Keiko Honda**  
Executive Vice President and Chief  
Executive officer  
khonda@worldbank.org

**Karin Finkelston**  
Vice President and Chief Operating Officer  
kfinkelston@worldbank.org

**Santiago Assalini**  
Director, Corporate Risk  
sassalini@worldbank.org

**Aradhana Kumar-Capoor**  
Acting Director and General Counsel,  
Legal Affairs  
akumarcapoor@worldbank.org

**Sarvesh Suri**  
Director, Operations  
ssuri1@worldbank.org

**Muhamet Bamba Fall**  
Associate Director and Chief Underwriter,  
Operations  
mfall3@worldbank.org

**Dan Biller, Yasser Mohamed Ibrahim**  
Co-Acting Directors,  
Economics and Sustainability  
dbiller@worldbank.org;  
yibrahim@worldbank.org

### Regional

**Jae Hyung Kwon**  
Head, North Asia  
jkwon@worldbank.org

**Christopher Millward**  
Acting Head, Europe  
cmillward@worldbank.org

**Timothy Histed**  
Head, South and Southeast Asia  
thisted@worldbank.org

**Hoda Atia Moustafa**  
Head, Africa  
hmoustafa@worldbank.org

### Sectors

**Carlo Bongianini**  
Sector Manager, Infrastructure  
cbongianini@worldbank.org

**Nabil Fawaz**  
Sector Manager, Agribusiness  
and General Services  
nfawaz@worldbank.org

**Olga Sclovscaia**  
Sector Manager,  
Finance and Capital Markets  
osclovscaia@worldbank.org

**Marcus Williams**  
Acting Sector Manager,  
Energy and Extractive Industries  
mwilliams5@worldbank.org

### Reinsurance

**Marc Roex**  
Head, Reinsurance  
mroex@worldbank.org

### Business Inquiries

migainquiry@worldbank.org

