



MIGA Annual Report 2016

INSURING INVESTMENTS,
ENSURING OPPORTUNITIES

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

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

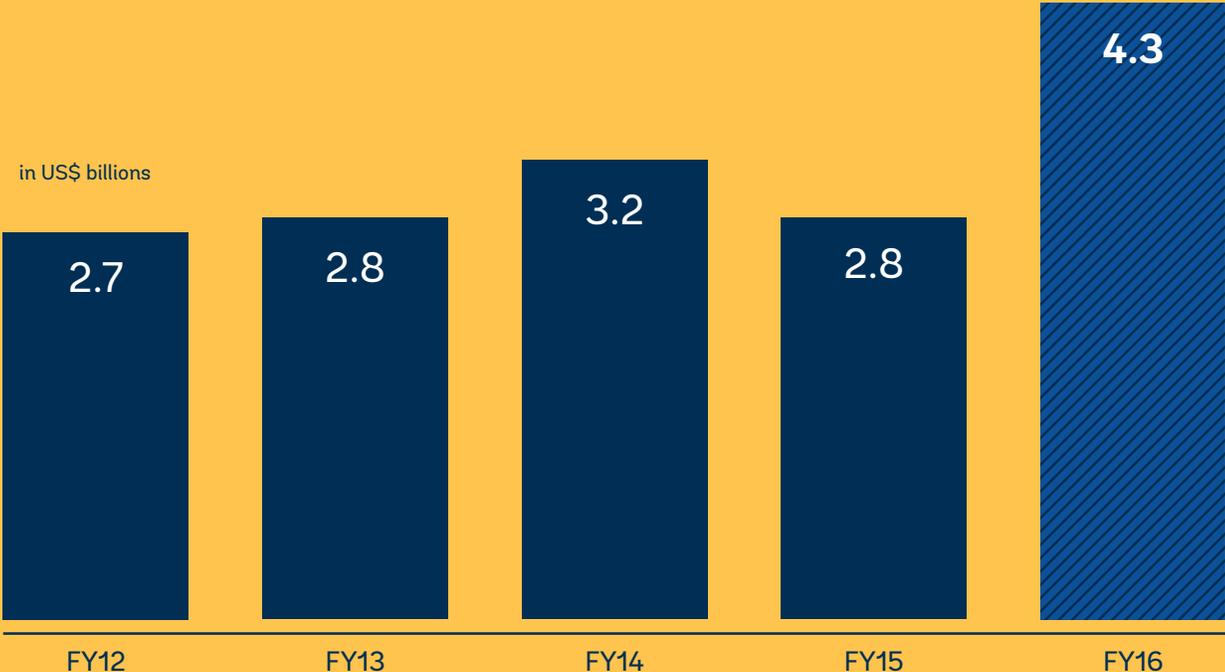
MIGA BUSINESS AND OPERATIONAL OVERVIEW

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

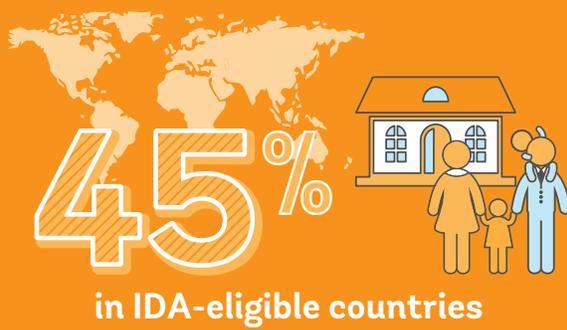


GROSS OUTSTANDING EXPOSURE

in US\$ billions



Of MIGA's Active Portfolio

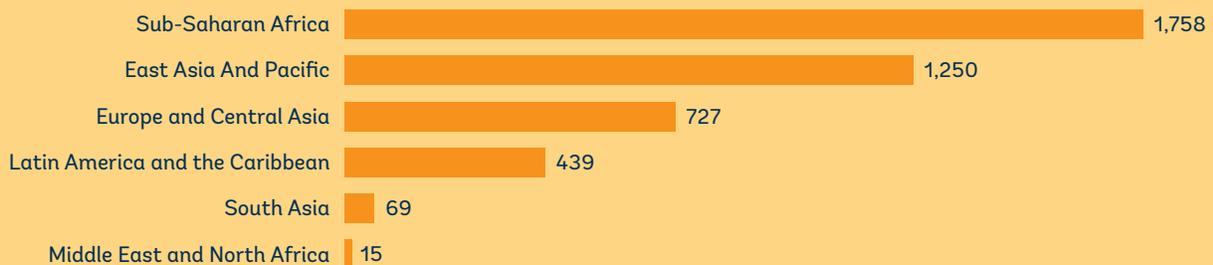


GROSS ISSUANCE*

| 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 |
|--|--------|--------|--------|--------|--------|
| Income | | | | | |
| Gross Premium Income | 89.2 | 97.2 | 115.6 | 128.1 | 139.8 |
| Net Premium Income ^{*(1)} | 61.7 | 66.3 | 72.5 | 79.0 | 86.4 |
| Investment Income | 36.9 | 33.6 | 53.4 | 24.1 | 22.9 |
| Administrative Expenses ^{*(2)} | 43.9 | 47.1 | 45.6 | 44.9 | 48.1 |
| Operating Income ^{*(3)} | 17.8 | 19.2 | 26.9 | 34.1 | 38.3 |
| Administrative Expenses/ Net Premium Income Ratio | 71% | 71% | 63% | 57% | 56% |

^{*(1)} Net premium income equals gross premium income and ceding commissions less premium ceded to reinsurers and brokerage costs.

^{*(2)} Administrative expenses include expenses from pension and other post-retirement benefit plans.

^{*(3)} 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)* | 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 |

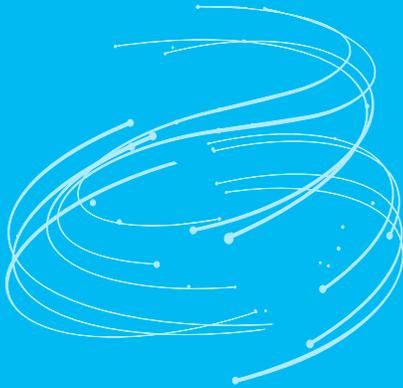
*Total economic capital equals capital consumption from the guarantee portfolio, plus capital required for operational risk and investment risk.

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

