

Annual Report

INSURING
INVESTMENTS

ENSURING
OPPORTUNITIES

20
15



MIGA

Multilateral Investment
Guarantee Agency
WORLD BANK GROUP

MIGA's MISSION

TO PROMOTE FOREIGN DIRECT INVESTMENT INTO
DEVELOPING COUNTRIES TO SUPPORT ECONOMIC GROWTH,
REDUCE POVERTY, AND IMPROVE PEOPLE'S LIVES.

Annual Report 2015

WORLD BANK GROUP

2015 SUMMARY RESULTS

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

This has been a pivotal year for global development. The international community's decisions in 2015 will have long-term impacts on the world's ability to reach our goal of ending extreme poverty by 2030.

Today, nearly 1 billion people still live on less than \$1.25 a day. This is a staggering number, but it is important to remember that over the past 25 years, the world has reduced the rate of extreme poverty by two-thirds. Over that time, many countries have succeeded in making the seemingly impossible possible.

Ending extreme poverty by 2030 will be difficult but entirely possible. For decades, the World Bank Group's principal 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)—have distilled and analyzed our global experience in fighting poverty. We have learned from our experience what has worked for development and what has not in specific contexts, and some clear patterns have emerged.

Evidence shows that great gains can be made through the strategy of “grow, invest, and insure.” We must promote strong, sustainable, and inclusive economic growth; we must invest in people—especially in health and education; and we must build social safety nets and protections against natural disasters and pandemics to prevent people from plunging into extreme poverty.

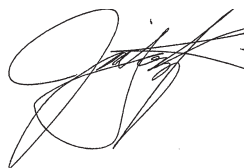
We also know that, as an institution, the World Bank Group needs to better meet the evolving needs of low- and middle-income countries. In a world where capital is more easily available, we must emphasize our greatest strengths—the marriage of our vast knowledge with innovative financing to deliver programs that have the greatest impact on the poorest.

Our aim is to help countries translate global experience into practical know-how to solve their most difficult problems.

This year, the World Bank Group committed nearly \$60 billion in loans, grants, equity investments, and guarantees to its members and private businesses. IBRD delivered record amounts of financing for any year except at the height of the global financial crisis, with commitments totaling \$23.5 billion. And IDA, the World Bank's fund for the poorest, has just had the strongest first year of a replenishment cycle ever, committing \$19 billion. Thanks to our determined and dedicated staff, we have been able to strengthen our performance and ensure that the development knowledge and expertise within our institution moves more easily around the globe.

As the world seeks to go from billions to trillions of dollars in development finance—with sources of financing from high-, middle-, and low-income countries—the work of our entire World Bank Group will be critical to driving private sector investment to emerging markets and fragile countries. IFC and MIGA, two of our institutions focused on private sector development, are strengthening their efforts in this regard. This year, IFC provided about \$17.7 billion in financing for private sector development, about \$7.1 billion of which was mobilized from investment partners. MIGA issued \$2.8 billion in political risk and credit enhancement guarantees underpinning various investments, including in much-needed infrastructure projects.

Nearly 1 billion people living in extreme poverty want an equal opportunity for a better life. They are counting on policies and programs that give them a chance. Governments must seize this moment. Our private sector partners must explore new investments. The World Bank Group, our multilateral development bank partners, and our new partners on the horizon, must all work together to not let this opportunity slip away and collaborate with real conviction. Working together, we can promote inclusive and sustainable growth, as well as opportunity for the poor and the vulnerable. We can be the generation that ended extreme poverty.



DR. JIM YONG KIM
*President of the World Bank Group
and Chairman of the Board
of Executive Directors*



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.

OUR IMPACT

The World Bank Group leveraged its strengths, expertise, and resources to help countries and other partners make a real impact on development—by driving economic growth, promoting inclusiveness, and ensuring sustainability.



DRIVING ECONOMIC GROWTH

IBRD/IDA

27,700

kilometers of roads constructed
or rehabilitated

49 million

people and micro, small, and
medium enterprises reached
with financial services

MIGA

100,325

jobs provided

\$14.7 billion

in new loans issued
by MIGA clients

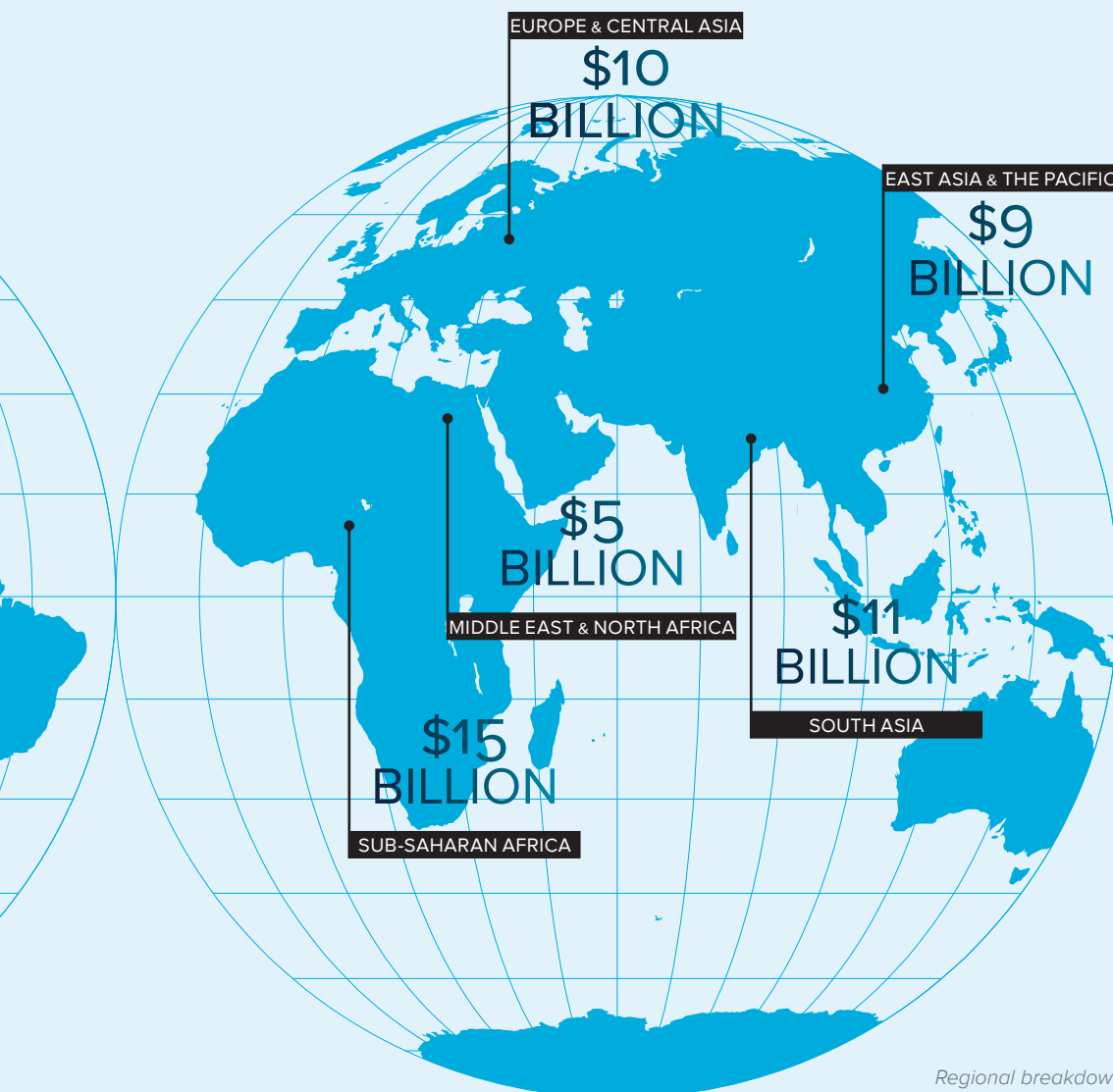
IFC

2.5 million

jobs provided

237 million

customers supplied with
phone connections



\$60 BILLION

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

Total includes multiregional and global projects.

Regional breakdowns reflect World Bank country classifications.

PROMOTING INCLUSIVENESS

IBRD/IDA

123 million

people received health, nutrition, and population services

14.5 million

beneficiaries covered by social safety net programs

MIGA

21.8 million

people provided access to power

142 million

people provided access to transport

IFC

3.4 million

farmers assisted

3.5 million

students received educational benefits

ENSURING SUSTAINABILITY

IBRD/IDA

41 million

tons of CO₂ equivalent emissions expected to be reduced with support of special climate instruments

34

countries with strengthened public financial management systems

MIGA

4 million

people provided access to clean water

\$3.0 billion

in government revenues generated by MIGA clients

IFC

9.7 million

metric tons of greenhouse emissions expected to be reduced as a result of IFC investments in FY15

\$19.5 billion

in government revenues generated by IFC clients

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, in \$ millions

World Bank Group	2011	2012	2013	2014	2015
Commitments ¹	56,424	51,221	50,232	58,190	59,776
Disbursements ²	42,028	42,390	40,570	44,398	31,677
IBRD					
Commitments	26,737	20,582	15,249	18,604	23,528
Disbursements	21,879	19,777	16,030	18,761	19,012
IDA					
Commitments	16,269	14,753	16,298	22,239	18,966
Disbursements	10,282	11,061	11,228	13,432	12,905
IFC					
Commitments ³	7,491	9,241	11,008	9,967	10,539
Disbursements	6,715	7,981	9,971	8,904	9,264
MIGA					
Gross Issuance	2,099	2,657	2,781	3,155	2,828
Recipient-Executed Trust Funds					
Commitments	3,828	3,988	4,897	4,225	3,914
Disbursements	3,152	3,571	3,341	3,301	3,401

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

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

3. Long-term commitments 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




2015 marks a milestone as the international community defines its development agenda for the next generation. A key component is engaging the private sector to bring in new and innovative investment to help advance the World Bank Group's goals of ending extreme poverty and boosting shared prosperity. Here MIGA has a significant role to play: our political risk insurance and credit enhancement for private-sector projects helps catalyze investments into countries where they are needed most.

We just completed another strong year—issuing \$2.8 billion of guarantees for 40 projects to support investors and help them mitigate risk. Almost half of these projects backed investments into countries considered the world's poorest and 15 percent supported projects in places affected by fragility and conflict. We consider both these areas our top priorities.

MIGA continues to innovate and adapt its coverages to specific structures while rolling out new applications of its products customized to meet client needs. In fiscal year 2015 we facilitated private-sector loans to sub-sovereigns and state-owned enterprises in Turkey and Colombia. We introduced a new model for blended financing in Brazil that also showcased the benefits of enhanced World Bank Group collaboration. MIGA also provided its first guarantee in support of the pension funds sector, in El Salvador, and covered a trademark license agreement for a highly developmental project in Nicaragua.

At the same time, MIGA sustained its traditional coverage in critical areas: we supported solar power generation in Honduras and Jordan to help mitigate the impact of climate change. Additionally, MIGA provided coverage to a large banking institution for its subsidiaries in a number of eastern European countries facing difficult conditions resulting from ongoing economic turbulence.

This fiscal year MIGA welcomed Santiago Assalini, our new Director, Corporate Risk. And on July 1st, we welcomed our new Vice President and Chief Operating Officer, Karin Finkelston. We look forward to working with our team as we continue on our mission to support economic growth, reduce poverty, and improve people's lives.



Keiko Honda

MIGA MANAGEMENT



SANTIAGO G. ASSALINI
Director, Corporate Risk

EDITH P. QUINTRELL
Director, Operations

KEIKO HONDA
Executive Vice
President and CEO

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

RAVI VISH
Director, Economics
and Sustainability

MIGA BUSINESS AND OPERATIONAL OVERVIEW

HIGHLIGHTS

IN FISCAL YEAR 2015, WE ISSUED A TOTAL OF \$2.8 BILLION IN GUARANTEES FOR 40 PROJECTS IN MIGA'S DEVELOPING MEMBER COUNTRIES. AN ADDITIONAL \$3.2 MILLION WAS ISSUED UNDER MIGA-ADMINISTERED TRUST FUNDS. PROJECTS SPANNED REGIONS AND SECTORS, WITH 60 PERCENT OF THIS NEW ISSUANCE FALLING INTO AT LEAST ONE OF MIGA'S PRIORITY AREAS. AT THE END OF THE YEAR, MIGA'S GROSS EXPOSURE WAS \$12.5 BILLION. OF THIS, \$4.8 BILLION WAS CEDED TO MIGA'S REINSURANCE PARTNERS. MIGA ALSO WELCOMED BHUTAN AS ITS 181ST MEMBER.

NEW GUARANTEES ISSUED BY PRIORITY AREAS*

in percent

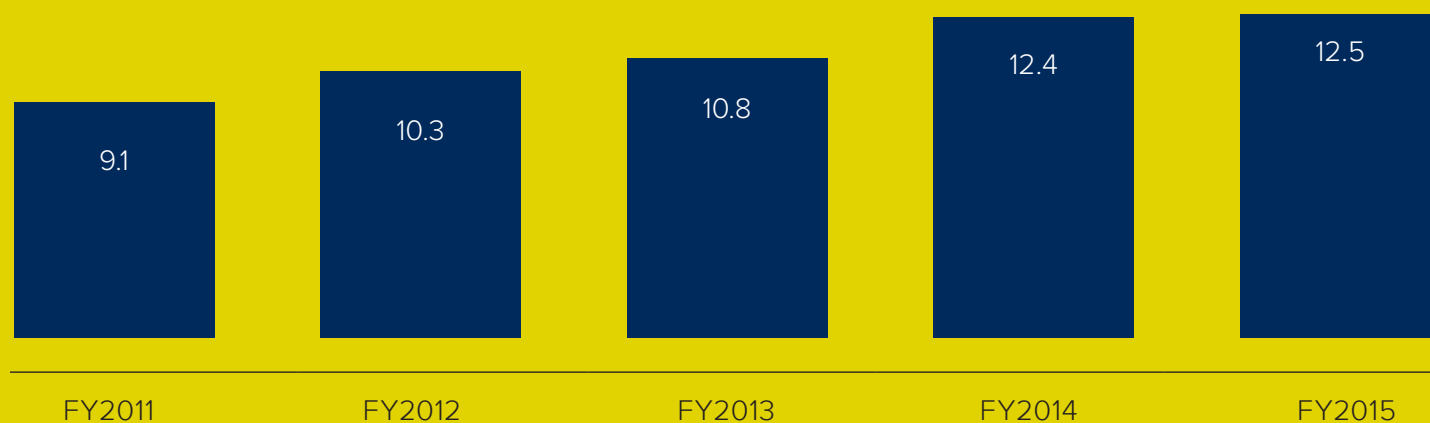
MIGA CONTINUES TO BE MOST ACTIVE IN OUR TOP STRATEGIC PRIORITY AREAS—THE POOREST AND THE HIGHER-RISK COUNTRIES—AND MOBILIZES SUBSTANTIAL ADDITIONAL CAPACITY FOR CLIENTS AND GOVERNMENTS BY SUPPORTING INNOVATIVE PROJECTS AND PARTNERING WITH PUBLIC AND PRIVATE INSURANCE PROVIDERS.

	FY2011	FY2012	FY2013	FY2014	FY2015
IDA-eligible countries	55%	48%	70%	29%	43%
Fragile and conflict-affected countries	24%	18%	23%	50%	15%
Innovative	-	-	-	-	15%

*Some projects address more than one area. MIGA included innovative projects as of FY2015.

GROSS OUTSTANDING EXPOSURE

in \$ billions



TOP 10 HOST COUNTRIES*

Country	
Turkey	9.0%
Serbia	6.8%
Côte d'Ivoire	6.6%
Russian Federation	5.7%
Vietnam	5.3%
Panama	4.7%
Croatia	4.2%
Angola	3.9%
Hungary	3.7%
Ukraine	3.5%
Grand Total	53.4%

TOP 10 INVESTOR COUNTRIES*

Country	
France	17.2%
Austria	13.0%
United States	11.4%
Germany	8.5%
United Kingdom	6.1%
Japan	5.0%
South Africa	4.6%
Greece	4.0%
Spain	3.7%
Ireland	3.7%
Grand Total	77.2%

*Gross exposure \$12.5 billion, as of June 30, 2015

MIGA HELPS ANGOLA TURN WAR SCRAP INTO STEEL REBAR

In Angola, MIGA guarantees of \$70 million are supporting the building and operation of a greenfield plant that will turn remnants of war and other scrap metal into steel rebar for the construction industry. The project represents one of the first large-scale industrial projects in Angola outside of the oil sector. There is an abundance of scrap metal throughout Angola, a legacy of the country's protracted civil war. Collection of this scrap will provide the plant with raw materials for their steel billets while generating both environmental benefits and significant new employment.

MIGA AND WORLD BANK BRING SOLUTIONS TO BRIDGE INFRASTRUCTURE GAP IN BRAZIL

In Brazil, MIGA guarantees of \$360.8 million are supporting a milestone project that will help make the State of São Paulo's transport system more reliable, safer, and resilient to natural disasters. The São Paulo Sustainable Transport project combines the public and private financial instruments of the World Bank Group, working in close collaboration with the government, to provide a solution to Brazil's investment needs-while addressing country-specific lending limits of both the World Bank and commercial lenders.

MIGA HELPS TELECOMS IN DEMOCRATIC REPUBLIC OF CONGO

In the Democratic Republic of Congo, MIGA guarantees of \$30.2 million are supporting additional expansion of the mobile tower network. With the construction of additional towers, existing and potential mobile operators and internet service providers will be able to expand their geography and capacity. The project also supports the country's development goals that include building a modern national infrastructure and improving access to telecoms and new technologies.



MIGA SUPPORTS AFFORDABLE, CLEAN POWER IN INDONESIA

In Indonesia, MIGA guarantees of \$200 million are supporting the development and operation of a 47-megawatt run-of-the-river hydropower plant and the construction of a transmission line. The new facility will help reduce the country's reliance on expensive fuel oil by providing a more affordable and cleaner supply of power to Indonesia's state-owned electric utility company. MIGA's backing will also have a demonstration effect in attracting more private investment into the power sector.



MIGA BACKS INVESTMENT IN EGYPT—JOINS OTHER DEVELOPMENT PARTNERS

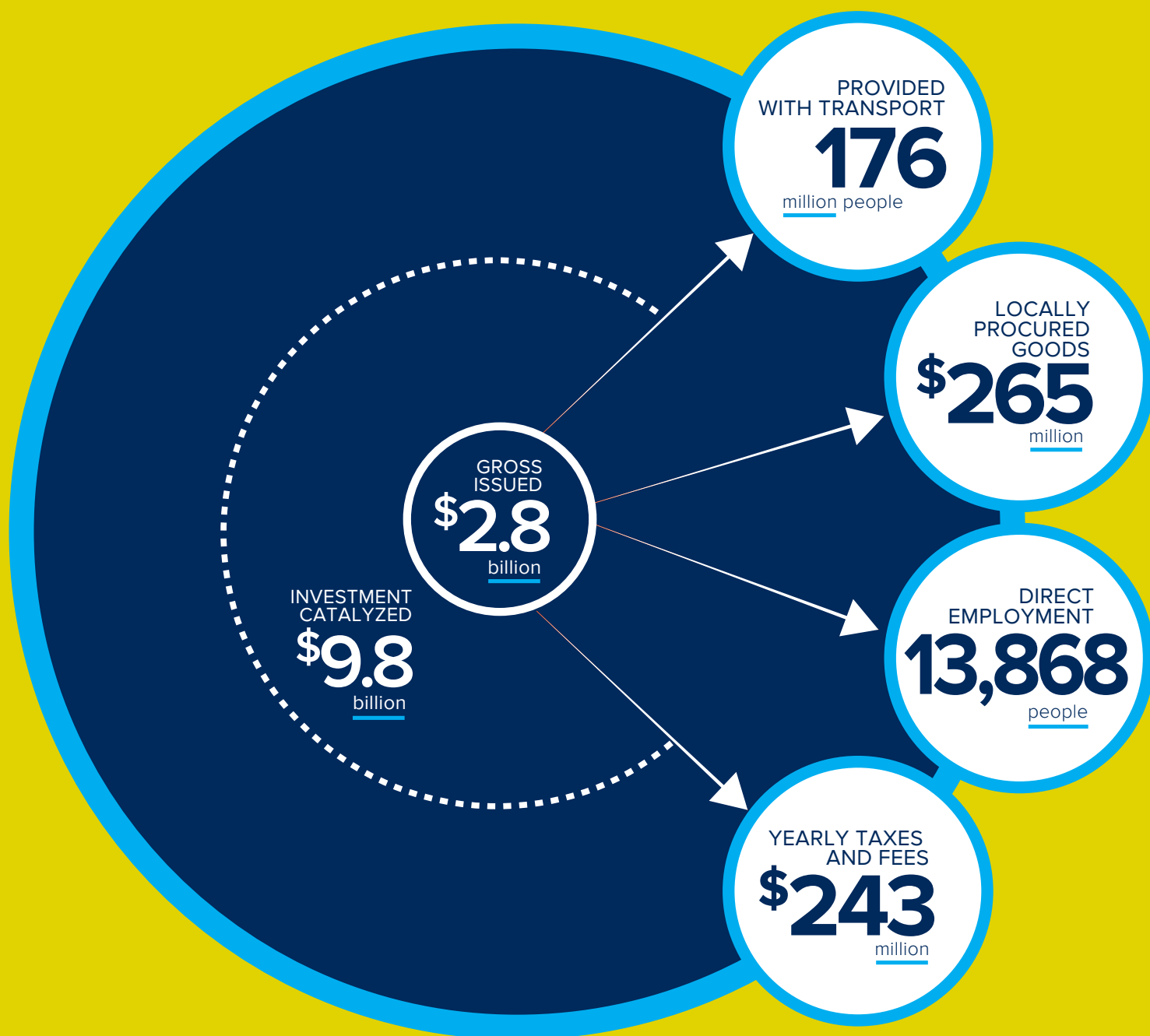
In Egypt, MIGA guarantees of \$23.4 are supporting an oil refinery project that will upgrade locally available refinery atmospheric residue into lighter products, such as diesel and jet fuel, for the domestic Egyptian market. The project will optimize domestic production of low-sulfur refined products to address consumer and industrial demand. MIGA's support contributes to greater investor confidence in the country. The project is also backed by a number of development finance institutions—including the International Finance Corporation, the African Development Bank, and the European Investment Bank.



MIGA FACILITATES EXPANSION OF PUBLIC HEALTH SERVICES IN TURKEY

In Turkey, MIGA guarantees totaling \$209.2 million are supporting the development of an integrated health campus in Adana, southern Turkey and a new hospital in Yozgat, central Turkey. Both projects are part of a nationwide public-private partnership program implemented by the Turkish Ministry of Health to provide improved public healthcare services. The Adana campus also has IFC support. Both projects will fill a substantial healthcare need in their surrounding areas.

DEVELOPMENT RESULTS






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

In order 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 investment catalyzed, direct employment, taxes paid, and value of locally procured goods. It also measures sector-specific indicators. MIGA's \$2.8 billion issuance in fiscal year 2015 is expected to catalyze an additional \$9.8 billion in public and private co-investment.

These are highlights of development results expected from projects supported by MIGA guarantees signed in fiscal year 2015.



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. 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 worldbank.org/en/about/leadership/governors for more information.

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.

IEG's reports and recommendations are publicly disclosed on its website at 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 agencies.

Visit cao-ombudsman.org for more information.

FINANCIAL HIGHLIGHTS

in \$ millions	FY2011	FY2012	FY2013	FY2014	FY2015
Income					
Net Premium Income	50.8	61.7	66.3	72.5	79.0
Investment Income	13.9	36.9	33.6	53.4	24.1
Administrative Expenses ¹	41.1	43.9	47.1	45.6	44.9
Operating Income ²	9.7	17.8	19.2	26.9	34.1
Administrative Expenses/ Net Premium Income Ratio	81%	71%	71%	63%	57%

¹ Administrative expenses include expenses from pension and other post-retirement benefit plans.

² Operating income equals net premium income minus administrative expenses.

NET PREMIUM INCOME

in \$ millions



in \$ millions	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total Economic Capital (EC)*	414	508	572	620	705
Shareholder's Equity	924	905	911	974	971
Operating Capital	1,099	1,125	1,178	1,262	1,312
Portfolio Gross Exposure	9,122	10,346	10,758	12,409	12,538
Total Economic Capital to Operating Capital Ratio	38%	45%	49%	49%	54%
Gross Exposure/Operating Capital Ratio	8.3	9.2	9.1	9.8	9.6

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

SHAREHOLDER'S EQUITY TO GROSS EXPOSURE



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