

MIGA Business



OPERATIONAL OVERVIEW

MIGA ISSUED \$2.1 BILLION IN NEW GUARANTEE COVERAGE IN FISCAL YEAR 2011. THIS REPRESENTS THE LARGEST AMOUNT OF NEW ISSUANCE IN MIGA'S HISTORY. NEARLY ALL OF THE COVERAGE WAS ISSUED TO NEW CLIENTS—INDICATING THAT OUR ENHANCED BUSINESS DEVELOPMENT EFFORTS, INCLUDING A MARKETING AGREEMENT WITH THE IFC, ARE BEGINNING TO SHOW RESULTS. IN ADDITION, A SIGNIFICANT VOLUME OF OUR 2011 BUSINESS RESULTED FROM RECENT AMENDMENTS TO MIGA'S CONVENTION.

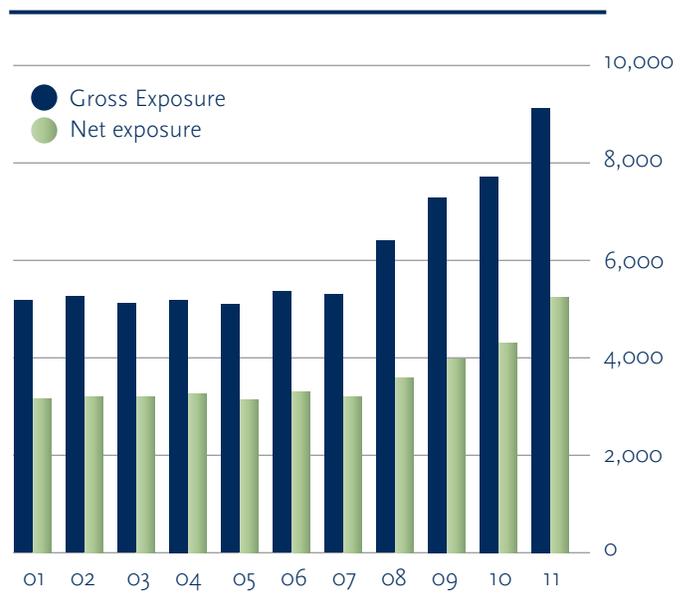


The portfolio was also more diversified across sectors and regions than in recent years. We insured investments in four new host countries—Iraq, Kosovo, Liberia, and the Republic of Congo—and supported investments in nearly all of our business sectors. With 36 contract cancellations totaling \$417 million, portfolio runoff continued to be relatively low, as in the past few years. At the close of the fiscal year, the agency’s total gross exposure of \$9.1 billion represented yet another historic high for MIGA (see figure 1).

MIGA’S OPERATING ENVIRONMENT

Fiscal year 2011 was characterized by gradual economic recovery led by the developing world. As credit constraints eased and foreign direct investment (FDI) flows to developing countries began to recover, the demand for political risk insurance (PRI) products increased. In addition, as we mentioned earlier, events in the Middle East and North Africa contributed to a resurging awareness of political risk.

FIGURE 1
GUARANTEES PORTFOLIO,
GROSS AND NET OUTSTANDING EXPOSURE (\$M)



Yet, despite this increased interest, PRI seems to remain a discretionary purchase as margins become thinner and many established investors feel that their balance sheets are strong enough to warrant the risk of not insuring the investment. Competition in the industry is strong with adequate capacity to support investor demand.

Our comparative advantage in this competitive market lies in MIGA's status as a member of the World Bank Group and our ability to support complex, higher-risk projects requiring long tenors and significant syndication. Despite available capacity, many providers of PRI are less willing to provide cover in countries where political risk is perceived to have increased. In these environments, MIGA is often the only insurer willing to provide coverage, especially for long tenors. Indeed, we are taking this comparative advantage to the next level by proposing the establishment of a Conflict-Affected and Fragile Economies Facility to further promote investment and trade in these under-served markets. Supported by donors, the facility would offer investment and export credit insurance to address the unmet demand for risk-management products, as well as to fill the gap between the exit of post-conflict official development assistance and the emergence of a resilient private sector in these countries.

As a development institution, MIGA has many additional underwriting requirements that many other PRI providers do not, such as the need for economic impact analysis and environmental and social requirements. However, this is often a comparative advantage for MIGA, especially in projects that are facing difficult environmental or social

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issues. Our presence is a public indication that the project sponsor is developing the project in accordance with MIGA's Policy on Social and Environmental Sustainability. This can help the client in a variety of ways—from managing community relations to attracting financing.

CONVENTION AMENDMENTS BOOST MIGA'S SUPPORT TO FDI

Significant amendments to MIGA's Convention, approved by MIGA's Council of Governors, took effect in November 2010. Two key modifications are that MIGA is now able to insure project debt even when we are not insuring a portion of the equity investment, and we may now insure some types of existing investments.

The ability to support non-shareholder loans supporting FDI was a critical milestone for MIGA. We frequently had to turn away projects where a lender wanted the benefit of MIGA's cover, but the equity investor did not meet MIGA's eligibility requirements or was not convinced of the need for PRI. This resulted in cases where prospective lenders to projects chose not to proceed, reducing the number of available financing options for the sponsors—and potentially increasing their financing costs. Our ability to insure stand-alone debt has also made it easier for us to provide non-honoring of sovereign financial obligations cover. Demand for this product has been substantial, coming primarily from lenders and involving transactions in the public finance area and sub-sovereign entities in frontier markets.

We can also provide PRI to projects in cases of the simple acquisition of existing investments. Previously, MIGA was unable to provide cover for brownfield acquisitions, despite the potential developmental benefits of having a new private sector operator. MIGA is also able to insure eligible investments in cases where an investor is seeking coverage for a pool of existing and new projects. Our ability to offer coverage for existing investments puts MIGA in a better position to support investors in times of uncertainty and is particularly timely given this year's events unfolding in the Middle East and North Africa. Coverage for temporary business interruption, which was authorized under the changes to our Operational Regulations in fiscal year 2009, offers an added layer of protection in conflict-affected environments.

MIGA'S BUSINESS DEVELOPMENT

This year we focused on raising awareness of our new flexibility and products among existing clients and developing new relationships with the banking industry. We also strengthened collaboration with the IFC to mobilize private investment into emerging markets. Building on the two organizations' natural synergy, the IFC/MIGA business development unit leveraged IFC's global

CONVENTION AMENDMENTS DELIVER RESULTS

Within weeks of the amended Convention's effective date, MIGA signed contracts for projects that would not have been possible under the previous Convention.



EASING TRAFFIC CONGESTION IN ISTANBUL

In Turkey, we are supporting the expansion of Istanbul's metro system, which will reduce traffic and congestion, provide better access to jobs, and improve the quality of life in the metropolis that is home to 18 percent of Turkey's population. In December 2010, MIGA issued a guarantee of \$19.6 million covering an investment by WestLB of Germany in the Otogar-Bâcılar-Ikitelli-Olimpic Village Metro Project, insuring the Municipality of Istanbul's guarantee of WestLB's loan to Istanbul Electricity Tram and Tunnel. In addition to covering stand-alone debt, this project also represents the first use of our authority to provide non-honoring of sovereign financial obligations coverage. MIGA is also supporting sub-sovereign credit risk as the loan is to the Metropolitan Municipality of Istanbul.

In April 2011, MIGA provided further support to Istanbul's metro expansion through a guarantee of \$409.2 million. This larger guarantee was issued to WestLB, the facility agent for a consortium of lenders including UniCredit, ING, Crédit Agricole, Société Générale, and BNP Paribas. This financing is supporting the construction of Istanbul's metro on the Asian side of the city, including 16 metro stations.

EXTENDING THE REACH OF TELECOMS SERVICES IN INDONESIA

Another significant project signed in 2011 representing stand-alone debt is PT Natrindo Telepon Seluler in Indonesia. In this project, MIGA's guarantees are backing a \$450 million

"Murabaha" financing facility underwritten by Deutsche Bank and Saudi British Bank. The MIGA-backed Islamic finance facility is part of a larger \$1.2 billion financing package for the expansion of Indonesian telecom company PT Natrindo Telepon Seluler, known by the brand "Axis". Axis is a GSM and 3G cellular service provider offering wireless communication services in more than 400 cities across Indonesia. The new financing will help the company increase network quality, expand coverage, and build more network capacity. In particular, it will allow Axis to reach lower-income segments of the market as well as remote islands of the archipelago, where telecommunications is a particular challenge.

SUPPORTING BANKING SERVICES IN UNDERSERVED MARKETS

Our authority to cover a pool of new and existing investments allowed us to support the ProCredit Group Central Bank Mandatory Reserves Coverage project. Here, a MIGA master contract covers 14 fully licensed banks in 14 countries and a diverse portfolio of new and existing equity investments. MIGA's expropriation of funds coverage allows ProCredit to obtain capital relief, freeing up equity tied up at the parent holding level for regulatory purposes. This equity will be injected into ProCredit group's banks across emerging markets, allowing those banks to provide loans and financial services to very small, small, and medium enterprises. This is the first time we are providing a guarantee for funds held as mandatory reserves with host country central banks and is an innovation that can be replicated to support other financial institutions.

presence while offering IFC a clear financial incentive to bring bankable projects to MIGA. The landmark ProCredit transaction, which resulted from this relationship, led to the completion of 14 projects in 14 countries, of which nine are eligible for concessional lending from the International Development Association (IDA) (see box 3).

In August 2010, MIGA launched a hub in Asia and started operations in Hong Kong SAR, China and Singapore. We also augmented our representation in Beijing and Tokyo. The hub is geared toward providing better and more efficient access for MIGA's clients and other stakeholders in Asia. We felt a particularly acute need for a base in Asia due to the robustness of the region's inbound and outbound investment activities as well as practical challenges such as the geographical and time differences. The team has developed a strong pipeline of viable business leads and underwriting is underway on several projects.

Our marketing agents and finders program, launched in September 2009, now has five marketing agents and 41 business finders who have been selected to help us expand our marketing efforts in countries and regions where MIGA is less well-known. In fiscal year 2011, three projects in Africa, equivalent to \$14.2 million in guarantees, were generated through the program—and an additional seven projects totaling approximately \$500 million are in the business pipeline. The majority of these projects are in one or more of our strategic priority areas.

Underpinning all of this has been a concerted effort to improve efficiency within the agency. We have streamlined a number of internal processes and launched a new system to support coordinated management of client relationships.

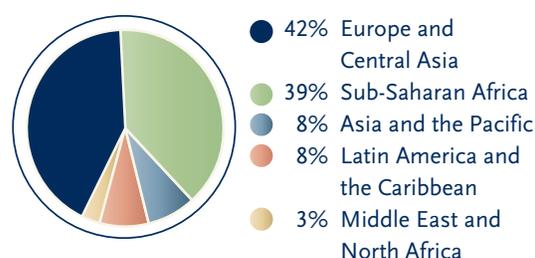
PRODUCT INNOVATION, NEW HOST COUNTRIES BROADEN MIGA'S PORTFOLIO

From a regional and country perspective, MIGA's guarantee volume showed significant diversification (see figure 2) as Europe and Central Asia accounted for 51 percent of the volume of guarantees issued, compared to 74 percent in fiscal year 2010 and 88 percent in fiscal year 2009. We supported 15 new projects in sub-Saharan Africa, spanning a variety of sectors. Seventy-two percent of the projects we supported fell into one or more of our strategic priority areas: investment into IDA-eligible countries, support for complex projects, support for South-South investment, and investment into conflict-affected countries.

This year we issued guarantees in support of investments into Iraq, Kosovo, Liberia, and the Republic of Congo. These are new host countries for MIGA and all represent priority areas for us. Notably, all four countries are recognized by the World Bank as "conflict-affected."

Diversity also returned at the sector level (see figure 3). Since the onset of the global financial crisis, we focused heavily on supporting the recapitalization of banks in Eastern Europe and Central Asia as part of the World Bank Group's Financial Sector Initiative. This year we wound down those activities as demand subsided and investor needs shifted. As a result, 24 percent of the volume of guarantees we issued this year were in the financial sector, compared to 64 percent in fiscal year 2010. We covered 17 projects in this sector, including 14 projects with ProCredit Holding, a new client for MIGA focusing on small and medium enterprises. Through our Small Investment Program, we are supporting a health insurance provider in Kenya that is expanding its delivery of medical insurance in East Africa.

FIGURE 2
GUARANTEES ISSUED IN FY11, BY REGION
(BY NUMBER OF PROJECTS)



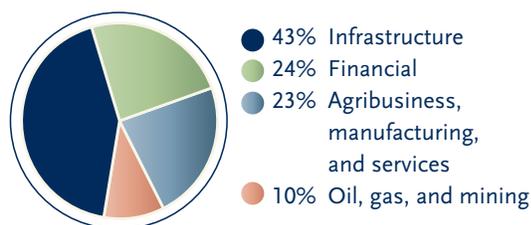
As noted earlier, demand by financial institutions for MIGA's cover against the risk of non-honoring of sovereign financial obligations resulted in robust support to the infrastructure sector, including two contracts covering the construction of Istanbul's metro system. Several additional infrastructure projects involving this cover are in MIGA's pipeline for fiscal year 2012. MIGA's increased value in the infrastructure sector has been recognized by the market: In polling undertaken by *Infrastructure Investor*, MIGA received Honorable Mention in the category of Global Infrastructure Insurance House of the Year (2010).

We also supported a number of new agribusiness transactions this year. This sector is an area of particular importance considering deepening concerns about food price volatility and supply. Our work in this sector is bolstering the World Bank Group's commitment to helping developing countries improve agriculture's contribution to food security, raising the incomes of the poor, and facilitating economic transformation. Notably, in Zambia, a MIGA guarantee backs a project that will cultivate maize, wheat, and soya for consumers in that country and the broader Southern African Development

Community (SADC). This project comes under the master contract we issued last year to Chayton Atlas Investments, an investment holding company within Chayton Atlas Agricultural Company, a private equity fund focused on investing in agribusiness in SADC countries.

Portfolio runoff due to cancelled contracts remained somewhat lower than the years preceding the global financial crisis, but is beginning to return to pre-crisis levels. Thirty-six contracts were cancelled this fiscal year compared to 32 in 2010, 11 in 2009, 50 in 2008, and 54 in 2007. The majority of these cancellations were due to the sale of the project enterprise by MIGA's guarantee holder. A significant number of cancellations also takes place each year as a result of changes in corporate strategy related to risk management. These generally occur when an investment is considered successful from a financial standpoint or when perceptions of political risk have improved.

**FIGURE 3
GUARANTEES ISSUED IN FY11, BY SECTOR
(BY \$ VOLUME)**



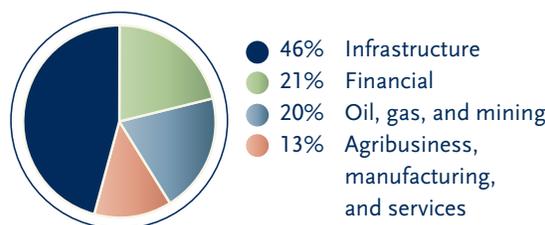
NEW EXPOSURE LIMITS REFLECT MIGA'S STRONG CAPITAL POSITION AND RISK-MANAGEMENT CAPACITY

In our fiscal year 2012-2014 strategy, we recommitted to supporting the four priority areas that have guided our work over the last several years. In keeping with our strategy of growth and continued strengthening of development impact, our Board of Directors has approved increases to our single country and single project exposure limits (net after reinsurance). Beginning in fiscal year 2012, we will be able to take on net exposure of up to \$220 million per project and up to \$720 million per country. This will allow us to extend our reach while continuing to maintain a strong capital position.

Our measures of capital adequacy and risk-bearing capacity include economic capital consumed by the guarantee portfolio. Modeled economic capital is the portion of MIGA's capital that is placed at risk by the guarantee portfolio exposure (see figure 4 for con-

sumption of economic capital by sector). The guarantee portfolio as a whole consumed approximately one-third of MIGA's available capital as of June 30. This underscores our commitment to supporting complex projects while carefully managing the agency's capital base.

**FIGURE 4
CONSUMPTION OF MIGA'S ECONOMIC CAPITAL
IN FY11, BY SECTOR**



**DISPUTE RESOLUTION AND PRE-CLAIMS ASSISTANCE:
KEEPING INVESTMENTS AND BENEFITS ON TRACK**

When problems or disputes have a potentially adverse impact on MIGA-supported investments or the host country's ability to attract future investment, we collaborate closely with all parties involved. In fiscal year 2011, we continued to effectively assist member governments and investors in resolving long-standing disputes, whether or not those disputes could have resulted in valid claims. Since inception, MIGA has participated in discussions on more than 90 disputes of this type. Our work on these matters has helped to avoid dispute escalation, which could have led to failure of the project, withdrawal of the investment and, possibly, a claim. Our management of potential claims and similar matters enables MIGA-supported projects to continue operating in host countries, preserving value for the investor and ensuring that projects continue to contribute to the local economy.

While we encourage investors to seek a resolution of a dispute when possible, if a claim is made, MIGA's procedures assure that it is evaluated promptly and that the claimant is given an adequate opportunity to present an argument in full. As a result of this approach, MIGA has never had a dispute with a claimant regarding our determination. In fiscal year 2011, we received three claims. One claim under our expropriation coverage is being evaluated. The other claims, both for war and civil disturbance, were made to MIGA in its capacity as administrator of the donor-funded Afghanistan Investment Guarantee Facility. One of these claims was paid, and

MIGA is evaluating the other. In addition, we are continuing to work on a claim filed in fiscal year 2010 and have given the investor additional time to support its claim. MIGA maintains appropriate reserves for these matters.

REINSURING THE PORTFOLIO

MIGA uses reinsurance to increase the amount of coverage we can provide, to manage the risk profile of the portfolio, and to cooperate with other insurers as required under the agency's Convention. The primary benefits of reinsurance accrue to our clients, the investors who gain access to increased capacity to insure projects in developing countries, and the recipient countries that benefit from higher levels of FDI.

Reinsurance arrangements increase our capacity to support large projects. As a result of its risk-mitigation effect, MIGA's involvement encourages other insurers to participate in projects in frontier markets. It also enables other insurers to underwrite transactions with longer tenors than they would normally consider. These insurers benefit from our expertise in risk analysis and dispute resolution, as well as claims handling and recovery procedures. As of June 30, 2011, \$3.9 billion of MIGA's total gross exposure was reinsured.

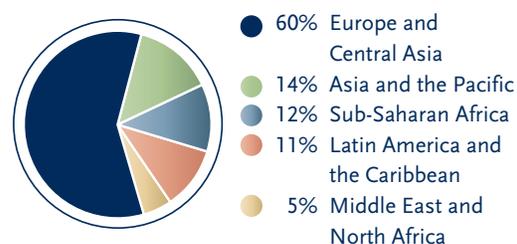
REINSURANCE PARTNERS

MIGA continues to work with both facultative and treaty reinsurance providers. During fiscal year 2011, we entered into facultative reinsurance agreements with a number of private sector and public sector insurance partners. These agreements supported infrastructure and telecommuni-

cations projects in the Middle East and Southeast Asia. MIGA also provided outward reinsurance to SID Bank, the Slovenian export credit agency, for investments in Serbia.

During the fiscal year, MIGA continued to work with its treaty reinsurance partners, ACE Bermuda Insurance Co. Ltd., XL Re Ltd, and Hannover Re. ONDD, the Belgian export credit agency, joined MIGA's panel of treaty reinsurers.

FIGURE 5
OUTSTANDING PORTFOLIO DISTRIBUTION BY HOST REGION, PERCENT OF GROSS EXPOSURE*



** Totals exceed 100 percent due to master contracts covering more than one region*

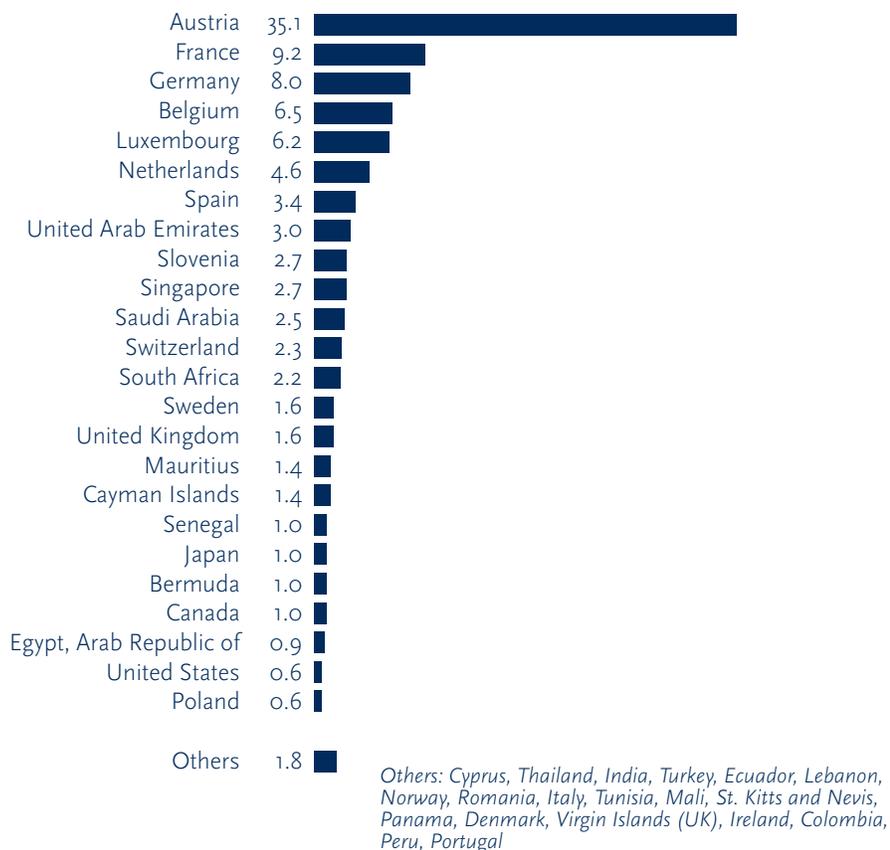
TABLE 1
OUTSTANDING PORTFOLIO DISTRIBUTION BY SECTOR
PERCENT OF GROSS EXPOSURE

	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Infrastructure	39	41	41	41	35	30	33
Financial	39	33	29	37	47	52	49
Oil, gas, and mining	9	14	13	9	7	7	5
Agribusiness, manufacturing, and services	13	13	17	13	11	11	13
Total	100						

TABLE 2
TEN LARGEST OUTSTANDING COUNTRY EXPOSURES IN MIGA PORTFOLIO

Host Country	Gross Exposure (\$M)	% of Gross	Net Exposure (\$M)	% of Net
Ukraine	999.1	11.0	384.1	7.3
Turkey	952.7	10.4	379.1	7.2
Russian Federation	916.8	10.0	455.3	8.7
Croatia	660.1	7.2	309.5	5.9
Indonesia	657.0	7.2	327.0	6.2
Serbia	446.7	4.9	290.4	5.5
Hungary	412.6	4.5	349.4	6.7
Kazakhstan	401.5	4.4	162.0	3.1
Uruguay	300.1	3.3	108.1	2.1
China	230.0	2.5	210.7	4.0

FIGURE 6
OUTSTANDING PORTFOLIO DISTRIBUTION, BY INVESTOR COUNTRY
PERCENT OF GROSS EXPOSURE*



* Numbers may not add up to 100 percent due to investors for the same guarantee contract domiciled in different countries

TABLE 3
MIGA'S OUTSTANDING GUARANTEE PORTFOLIO IN IDA-ELIGIBLE COUNTRIES

IDA-eligible countries	Gross exposure (\$M)	% of Gross	Net exposure (\$M)	% of Net
Djibouti	224.9	2.5	73.1	1.4
Mozambique	165.8	1.8	127.2	2.4
Uganda	156.0	1.7	80.2	1.5
Liberia	148.8	1.6	96.8	1.9
Nigeria	108.9	1.2	94.6	1.8
Pakistan*	106.1	1.2	55.0	1.1
Nicaragua	99.8	1.1	56.4	1.1
Senegal	83.8	0.9	73.9	1.4
Bangladesh	78.3	0.9	70.4	1.3
Lao People's Democratic Republic	77.9	0.9	38.9	0.7
Afghanistan	76.2	0.8	35.1	0.7
Moldova	72.7	0.8	42.2	0.8
Ghana	65.3	0.7	58.3	1.1
Guinea	59.9	0.7	54.2	1.0
Kosovo	55.0	0.6	55.0	1.1
Kenya	50.2	0.6	43.6	0.8
Bosnia and Herzegovina*	45.0	0.5	41.7	0.8
Vietnam	40.9	0.5	10.3	0.2
Rwanda	39.9	0.4	39.9	0.8
Central African Republic	34.7	0.4	34.7	0.7
Congo, Democratic Republic of	30.7	0.3	30.7	0.6
Nepal	29.4	0.3	11.7	0.2
Madagascar	22.0	0.2	22.0	0.4
Guinea-Bissau	20.1	0.2	18.1	0.4
Zambia	18.6	0.2	18.6	0.4
Sierra Leone	17.2	0.2	16.7	0.3
Mali	16.2	0.2	14.6	0.3
Ethiopia	14.0	0.2	14.0	0.3
Angola	12.9	0.1	11.6	0.2
Georgia*	9.0	0.1	9.0	0.2
Kyrgyz Republic	8.9	0.1	8.6	0.2
Honduras	6.9	0.1	6.9	0.1
Congo, Republic of	5.6	0.1	5.6	0.1
Mauritania	5.4	0.1	4.9	0.1
Togo	4.6	0.1	4.6	0.1
Armenia*	4.1	0.1	4.1	0.1
Benin	2.4	0.0	2.3	0.0
Burkina Faso	1.8	0.0	1.6	0.0
Côte d'Ivoire	1.8	0.0	1.8	0.0
Grand Total	2,021.7	22.2	1,388.8	26.5

* IDA-eligible, but creditworthy enough to borrow from IBRD

TABLE 4
PROJECTS SUPPORTED IN FISCAL YEAR 2011

Host Country	Guarantee Holder	Investor Country	Sector	Amount \$M (Gross exposure)	Priority/ Area of Interest ¹
ASIA AND THE PACIFIC					
Indonesia	Strand Minerals (Indonesia) Pte. Ltd.	Singapore	Mining	207.0	COM
Indonesia	Deutsche Bank Luxembourg S.A.; Saudi British Bank	Luxembourg; Saudi Arabia	Telecommunications	450.0	S-S, COM
Pakistan	Habib Bank AG Zurich*	Switzerland	Banking	95.1	IDA (blend) ²
EUROPE AND CENTRAL ASIA					
Albania	ProCredit Holding AG	Germany	Banking	25.0	
Armenia	ProCredit Holding AG	Germany	Banking	3.7	IDA (blend)
Bosnia and Herzegovina	ProCredit Holding AG	Germany	Banking	12.5	IDA (blend), CA
Georgia	ProCredit Holding AG	Germany	Banking	9.0	IDA (blend), CA
Hungary	UniCredit Bank Austria AG*	Austria	Banking	259.4	
Kosovo	ProCredit Holding AG	Germany	Banking	50.0	IDA, CA
Macedonia, FYR	ProCredit Holding AG	Germany	Banking	12.5	
Moldova	ProCredit Holding AG	Germany	Banking	4.1	IDA
Poland	Linx Telecommunications B.V.; ABN Amro	Netherlands	Services	3.7	SIP
Russian Federation	Linx Telecommunications B.V.; ABN Amro	Netherlands	Services	10.1	SIP
Serbia	ProCredit Holding AG	Germany	Banking	4.4	
Serbia	SID Bank, Inc. Ljubljana	Slovenia	Services	247.9	
Turkey	Troy AB*	Sweden	Transportation	0.5	COM
Turkey	WestLB AG, Istanbul Branch	Germany	Transportation	19.6	COM
Turkey	WestLB AG, London Branch	Germany	Transportation	409.2	COM
Ukraine	ProCredit Holding AG	Germany	Banking	5.6	

PROJECTS SUPPORTED IN FY11 (cont'd)

Host Country	Guarantee Holder	Investor Country	Sector	Amount \$M (Gross exposure)	Priority/ Area of Interest ¹
LATIN AMERICA AND THE CARIBBEAN					
Colombia	ProCredit Holding AG	Germany	Banking	2.6	
Honduras	ProCredit Holding AG	Germany	Banking	6.2	IDA
Nicaragua	ProCredit Holding AG	Germany	Banking	12.9	IDA
MIDDLE EAST AND NORTH AFRICA					
Iraq	Karo Dis Ticaret ve Sanayi Ltd. Sti.	Turkey	Manufacturing	5.0	CA, S-S, SIP
SUB-SAHARAN AFRICA					
Congo, Democratic Republic of	ProCredit Holding AG	Germany	Banking	5.0	CA, IDA
Congo, Republic of	Cotecna Inspection S.A.	Switzerland	Services	5.6	CA, IDA
Ethiopia	SGL Ethiopia Cement Limited	Virgin Islands (UK)	Manufacturing	4.0	IDA
Kenya	ADC Financial Services and Corporate Development	Mauritius	Financial Services	2.0	IDA, SIP
Liberia	Vattenfall AB	Sweden	Agribusiness	142.2	CA, IDA
Mozambique	ProCredit Holding AG	Germany	Banking	2.5	IDA
Mozambique	Sojitz Corporation	Japan	Manufacturing	9.1	IDA, SIP
Rwanda	KivuWatt Holdings	Mauritius	Power	28.6	IDA, COM
Sierra Leone	Geogas Trading S.A.	Switzerland	Services	3.6	CA, IDA, SIP
South Africa	MKV Holdings, LLC	Mauritius	Agribusiness	10.0	SIP
South Africa	Tulbagh Holdings LLC	United States	Agribusiness	5.0	SIP
Togo	Cotecna Inspection S.A.	Switzerland	Services	4.6	CA, IDA
Uganda	Icam SpA, Giovanni Aletti	Italy	Agribusiness	2.1	IDA, SIP
Zambia	Chayton Atlas Investments	Mauritius	Agribusiness	5.2	IDA
Zambia	Hitachi Construction Machinery Africa Pty. Ltd.; Hitachi Construction Machinery Southern Africa Co., Ltd.	South Africa	Manufacturing	13.5	IDA, S-S

* Additional coverage provided to projects underwritten in previous fiscal years and counted as a "new project" in previous fiscal years and as a "project supported" in FY11

¹ Projects in priority areas and other areas of interest, as follows: CA: conflict-affected country; IDA: IDA-eligible country; COM: complex project in infrastructure or extractive industries; S-S: support to a South-South investment between MIGA's developing-member (category two) countries; SIP: project underwritten through the Small Investment Program

² Blend countries: IDA-eligible but creditworthy enough to borrow from IBRD

Guarantees

Asia and the Pacific



MIGA DEVELOPING MEMBER COUNTRIES

AFGHANISTAN BANGLADESH CAMBODIA CHINA

FIJI INDIA INDONESIA KOREA (REPUBLIC OF)

LAO PEOPLE'S DEMOCRATIC REPUBLIC MALAYSIA

MALDIVES MICRONESIA (FEDERATED STATES OF)

MONGOLIA NEPAL PAKISTAN PALAU

PAPUA NEW GUINEA PHILIPPINES SAMOA

SINGAPORE SOLOMON ISLANDS SRI LANKA

THAILAND TIMOR-LESTE VANUATU VIETNAM

The East Asia and Pacific region rebounded quickly from the recession prompted by the financial crisis, with overall growth estimated to have reached 9.6 percent in 2010. Supported by a fiscal stimulus, China was the principal driver, with GDP growth estimated at 10.3 percent in 2010. Also driven by China, exports of goods and services rebounded robustly in 2010 having declined in the previous year. Excluding China, the East Asia and Pacific region grew by 1.5 percent in 2009 and an estimated 6.8 percent in 2010. GDP growth rates for China and the region as a whole are expected to slow somewhat in 2011 and 2012, but remain elevated.

The effects of the March 2011 earthquake and tsunami in Japan are expected to have a negative impact on that country's growth rate in the short term, but as reconstruction begins growth is expected to accelerate. This temporary slowdown in Japan is expected to have a modest short-term effect on the region through subdued trade and FDI flows, as well as disruptions in regionally integrated supply chain production.

South Asia also recovered quickly from the recession, mostly due to strong domestic demand, stimulus measures, and improved exports. As a result, GDP growth for the region is estimated at 9.3 percent in 2010, with India alone expected to grow at 8.8 percent. Excluding India, South Asia's rate of growth for 2010 is estimated at 5 percent.

The strong rebound of the Asia-Pacific region, coupled with asset price increases, spiking food and oil prices, and a surge in portfolio inflows, has also raised the specter of inflation in a number of countries. This has prompted increases in interest rates to control inflationary pressures, new measures aimed at stemming price increases in overheated sectors, and currency appreciations in some countries.

Net private and official capital flows increased in 2010 to an estimated \$378.2 billion in East Asia and the Pacific. Following a sizable decline in 2009, net FDI inflows jumped by 63 percent to an estimated \$225.2 billion in 2010, and are projected to increase further to \$267.7 billion in 2012. In South Asia, net private and official flows increased to an estimated \$88.3 billion in 2010, but FDI flows declined for the second consecutive year from a peak of \$48.7 billion in 2008 to an estimated \$24.2 billion.

During the fiscal year, MIGA provided guarantees for three projects in the region. At year-end, MIGA's gross guarantee exposure stood at \$1.3 billion, equivalent to 14 percent of the agency's outstanding portfolio.

INDONESIA

PROJECT NAME: PT NATRINDO TELEPON SELULER

GUARANTEE HOLDERS: DEUTSCHE BANK LUXEMBOURG S.A.; SAUDI BRITISH BANK

On June 15, 2011, MIGA issued guarantees totaling \$450 million covering a "Murabaha" financing facility by Deutsche Bank Luxembourg S.A. and Saudi British Bank (SABB) for PT Natrindo Telepon Seluler (NTS) in Indonesia. MIGA's coverage is for a period of up to seven and a half years against the risks of transfer restriction, expropriation, and war and civil disturbance.

This investment is part of a larger \$1.2 billion Islamic financing package for NTS, holder of the registered brand "Axis". The company is a national GSM and 3G cellular service provider in Indonesia, offering wireless communication services. The financing is aimed at increasing the quality on the existing network, increasing the population coverage, and building additional network capacity.

The portion of the financing that MIGA is insuring is a dual currency term "Murabaha" facility with Deutsche Bank Luxembourg S.A. as political risk insurance agent acting on behalf of itself, SABB, and other financial institutions to be identified. The initial participants are SABB and Deutsche Bank Luxembourg S.A. The facility will be syndicated following the financial close. The facility may be taken out at a later stage in whole or part by a Sukuk capital markets issue for which the primary obligor will be NTS.

NTS contributes to the development of a competitive telecommunications industry in Indonesia by providing mobile telecommunication services, including the installation, operation, and maintenance of a GSM network; wireless communication services; internet; and satellite services. NTS is focusing its growth on lower-income segments of the market, so the beneficiaries of these services will be lower income households and remote islands. The spread of mobile telecommunications has been shown to stimulate local entrepreneurship and provide significant employment opportunities.

This widespread availability of telecommunications networks also provides a platform for the private sector and the government to deliver important services to under-served communities throughout Indonesia.

This project will contribute to the objectives of the World Bank Group's Country Partnership Strategy for Indonesia by facilitating important private infrastructure investment in a sector, which promotes the growth of private sector enterprises. The project is also aligned with MIGA's strategic priority of promoting South-South investment.

INDONESIA

PROJECT NAME: PT WEDA BAY NICKEL PROJECT EXPLORATION AND FEASIBILITY STUDIES

GUARANTEE HOLDER: STRAND MINERALS (INDONESIA)
PTE. LTD.

On August 11, 2010, MIGA issued a guarantee of \$207 million to Strand Minerals (Indonesia) Pte. Ltd. of Singapore for its equity investment in the PT Weda Bay Nickel Project. Strand Minerals is jointly owned by Eramet S.A. of France and Mitsubishi Corporation of Japan. The coverage is for a period of up to three years against the risks of transfer restriction, expropriation, breach of contract, and war and civil disturbance.

During this period it is anticipated that approximately \$230 million will be invested for the engineering and feasibility studies necessary to conclude a bankable feasibility study for the operation of a nickel-cobalt mine with a hydrometallurgical processing plant on Halmahera Island. Once the studies are complete, an investment decision will be taken on whether to continue developing the mine and building a processing plant. It is anticipated that the final investment decision should be made before the end of 2012.

The core project will require large capital expenditure to develop the mine and the processing plant. In addition, in order for the mine to be commercially feasible, additional capital expenditure will have to be undertaken on the associated transportation infrastructure including roads, airport, and port.

The Weda Bay deposit is one of the largest undeveloped nickel projects with 5.1 million tons of nickel contained in measured, indicated, and inferred ore resources. Should this project be developed it will allow Indonesia to become one of the world's major nickel producers. It will provide significant employment, both during construction and when in operation, major government revenues, and will contribute substantially to the local economy, in particular to the North Maluku Province. It will also provide an important demonstration of how a major natural resource project can bring benefits to the Indonesian people and be developed in a socially and environmentally sustainable way.

MIGA's support for this investment is aligned with the World Bank Group's Country Partnership Strategy for Indonesia for 2009-2012, particularly with regard to making Indonesia's private sector a driver in broad-based growth, and increasing the country's competitiveness regionally and globally.

PAKISTAN

PROJECT NAME: HABIB METROPOLITAN BANK LIMITED

GUARANTEE HOLDER: HABIB BANK AG ZURICH

On June 24, 2011, MIGA issued a guarantee to Habib Bank AG Zurich (HBZ) of Switzerland covering its investment in its subsidiary, Habib Metropolitan Bank (HMB) in Pakistan. The coverage is for 80 million Swiss Francs (\$95.1 million equivalent) for a period of up to 20 years against the risks of transfer restriction and expropriation. This new coverage augments and replaces several MIGA guarantees issued to HBZ between fiscal years 2001-2008.

HMB is one of the 10 largest banks in Pakistan. The bank was formed in 2006 as a result of a merger between the Pakistani branches of HBZ and Metropolitan Bank Limited, a local bank. HBZ currently holds 51 percent of the shares, with the remaining shares owned by local and foreign investors. MIGA's additional coverage to HBZ, as well as the denomination of MIGA's contract in Swiss Francs, will help HBZ meet its obligations to the Financial Markets Supervisory Authority (FINMA), the Swiss banking regulator.

HMB plays a major role in offering financial services to Pakistan's population. It operates more than 120 branches in 19 cities throughout the country, including four full-service Islamic banking branches. Moreover, the bank's network connectivity has been substantially upgraded, including a 17 percent increase in ATM rollout across the country and various internal control process enhancements. Investment in human capital has also continued, bringing the total number of staff to nearly 2,700.

HBZ's expansion and modernization continues to contribute to the strengthening of the local banking sector through the transfer of know-how, expertise, and technology as HMB's policies, directives, and business practices are aligned with those of its parent company, which is subject to the supervisory authority of FINMA. The impact of this is to introduce international best practices to both HMB and to the local industry. Moreover, foreign presence in the banking sector is considered to play a positive role in strengthening the banking sector against systemic risk.

MIGA's support is aligned with the World Bank Group's strategy in Pakistan's financial sector, which aims at increasing competition and expanding access to financial services to different segments of the population. The sector still suffers from low banking penetration and limited access to finance, especially with respect to the provision of banking services to underserved segments, including small and medium enterprises, consumer and

housing finance, microfinance, and rural finance. The project is also aligned with MIGA's strategic priority of supporting investments into countries eligible for lending from the International Development Association.

Guarantees

Europe and
Central Asia



MIGA DEVELOPING MEMBER COUNTRIES

ALBANIA ARMENIA AZERBAIJAN BELARUS
BOSNIA AND HERZEGOVINA BULGARIA CROATIA
CYPRUS ESTONIA GEORGIA HUNGARY KAZAKHSTAN
KOSOVO KYRGYZ REPUBLIC LATVIA LITHUANIA
MACEDONIA (FORMER YUGOSLAV REPUBLIC OF) MALTA
MOLDOVA MONTENEGRO POLAND ROMANIA
RUSSIAN FEDERATION SERBIA SLOVAK REPUBLIC
TAJIKISTAN TURKEY TURKMENISTAN UKRAINE
UZBEKISTAN

Severely affected by the financial crisis, most of Europe and Central Asia rebounded in 2010, with GDP growth estimated to have reached 5.2 percent, following a 6.4 percent decline in 2009, but still below pre-crisis growth levels. The recovery was mainly driven by merchandise exports, as well as official aid and fiscal stimulus packages in some cases. The recovery of domestic demand and imports, however, has been weak. This, in conjunction with structural imbalances (fiscal deficits, high unemployment, high household indebtedness, and banking sector restructuring), has contributed to slower growth and larger output gaps than other regions.

Net private and official capital inflows, which had plummeted in 2009, increased by 47 percent in 2010 to an estimated \$132.1 billion. Net FDI inflows, which had almost halved in 2009, declined again in 2010 to an estimated \$76.4 billion, but are projected to pick up and reach \$107.1 billion in 2012, aided by renewed interest in privatization in a number of countries.

During fiscal year 2011, MIGA provided guarantees for 16 projects in this region. At year-end, MIGA's gross guarantee exposure stood at \$5.4 billion, or 60 percent of the agency's total outstanding portfolio.

ALBANIA

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$25 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Albania. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. PCH is headquartered in Germany and is the parent company of 21 banks (ProCredit group). The ProCredit group is a provider of finance to some 750,000 very small, small, and medium enterprises in Latin America, Eastern and Central Europe, and Africa. Throughout the world, banks are required to maintain mandatory reserves with the central banks of their respective jurisdictions. The ProCredit group's capital adequacy ratio (CAR) is calculated according to the German Banking Act. Under this act, at a consolidated level, reserves deposited at the various central banks can attract a risk weighting of 100 or even 150 percent, depending on the country. This risk weighting determines the amount of equity required to maintain a specified CAR in accordance with the German Banking Act.

The guarantee issued by MIGA will help PCH obtain capital relief from the CAR requirements. By obtaining MIGA's insurance against the risk of expropriation of funds, the risk weighting for mandatory reserves held at the central bank can be reduced. A lower risk weighting will allow PCH to free up equity currently tied up for CAR maintenance purposes, thereby allowing these funds to be injected into its subsidiary banks. This in turn will allow PCH's emerging market subsidiary banks to increase their lending activities.

MIGA's support will help PCH optimize its capital management across its 21 banks, allowing PCH to direct equity to subsidiaries with the greatest need. These banks will be able to offer additional financial services to very small, small, and medium enterprises at a time of macroeconomic challenges. Supporting productive small businesses will help stimulate growth, generate employment, and reduce poverty.

MIGA's support for this project is aligned with the World Bank Group's microfinance strategy that includes improving the supply of microfinance in large, but under-served markets; enhancing deposit capacity by assisting microfinance institutions in savings mobilization; capacity building; creating and shaping markets; and fostering innovation.

ARMENIA

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$3.7 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Armenia. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Albania" above.*

BOSNIA AND HERZEGOVINA

PROJECT NAME: PRO CREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PRO CREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$12.5 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Bosnia and Herzegovina. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Albania" above.*

GEORGIA

PROJECT NAME: PRO CREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PRO CREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$9 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Georgia. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Albania" above.*

HUNGARY

PROJECT NAME: UNI CREDIT BANK HUNGARY ZRT.

GUARANTEE HOLDER: UNI CREDIT BANK AUSTRIA AG

On September 30, 2010, MIGA issued a guarantee of \$259.4 (€190) million to UniCredit Bank Austria AG's (UBA), covering its €200 million shareholder loan to its Hungarian subsidiary, UniCredit Bank Hungary Zrt. (UCBH). The guarantee is for a period of 10 years against the risks of transfer restriction, expropriation, and war and civil disturbance. This long-term shareholder loan is expected to serve a dual purpose: support the recovery and growth of corporate lending, and improve further UCBH's long-term liquidity profile.

MIGA's coverage for this loan falls under the framework of the Financial Sector Initiative, intended to support financial institutions' cross-border investments into their emerging market subsidiaries, at a time when Hungary's economy is recovering from economic shocks. Hungary, like many other countries in the Europe and Central Asia region, is currently facing difficult fiscal adjustments along with the need for external financing. This shareholder loan from UBA to UCBH will support an institution of systemic importance to the financial sector, while contributing to the growth of new lending in the economy.

The project will help increase the availability of credit for Hungary's corporate, retail, and sub-national borrowers and help UCBH strengthen its structural liquidity profile, enabling UCBH to maintain a higher level of financial intermediation than it would have been able to otherwise accomplish. It will also help provide job opportunities in a consolidating sector and a soft labor market. Despite financial sector consolidation and cost-cutting, UCBH has continued to pursue an approach of strategic expansion, resulting in the opening of 19 new branches and the direct creation of resultant jobs.

KOSOVO

PROJECT NAME: PRO CREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PRO CREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$50 million to ProCredit Holding (PCH) covering its investment in its subsidiary in the Republic of Kosovo. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Albania" above.*

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

PROJECT NAME: PRO CREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PRO CREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$12.5 million to ProCredit Holding (PCH) covering its investment in its subsidiary in the Former Yugoslav Republic of Macedonia. The coverage is for a period of up

to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for “Albania” above.*

MOLDOVA

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$4.1 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Moldova. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for “Albania” above.*

POLAND

PROJECT NAME: LINXTELECOM WARSAW DATA CENTER

GUARANTEE HOLDERS: LINX TELECOMMUNICATIONS B.V.; ABN AMRO

On November 22, 2010, MIGA issued a guarantee of €100,000 (\$136,995) to Linx Telecommunications B.V. (Linx) of the Netherlands covering its equity investment in its subsidiary Warsaw DC Sp Zo.o. of Poland. MIGA also issued a guarantee of €2.6 million (\$3.5 million) for ABN Amro’s non-shareholder loan to the project. The coverage is for up to six years against the risks of transfer restriction, expropriation, and war and civil disturbance.

This project consists of the establishment and operation of a data center in Warsaw that will provide state-of-the-art data center and connectivity services primarily to international customers.

The project hopes to leverage shared infrastructure and data management in order to reach economies of scale—thereby stimulating growth of technology-intensive and knowledge-based industries in Poland. Specifically, the project expects the following development results: improvement of information and communication technology (ICT) infrastructure and access to information; a

lower cost of entry into the ICT market; increased competition in the ICT market; rapidly expanding data/telecom networks; and local employment opportunities.

The World Bank Group’s Country Partnership Strategy for Poland for 2009-2013 notes a need for continued progress in developing the country’s knowledge economy. In fact, Poland’s European Union accession has driven the liberalization of the ICT sector, of which this project is a part.

The project was underwritten through MIGA’s Small Investment Program.

RUSSIAN FEDERATION

PROJECT NAME: LINXTELECOM MODULE 5 AND SKYTRADE DATA CENTERS

GUARANTEE HOLDERS: LINX TELECOMMUNICATIONS B.V.; ABN AMRO

On November 22, 2010, MIGA issued a guarantee of €500,000 (\$684,975) to Linx Telecommunications B.V. (Linx) of the Netherlands covering its shareholder loan to its subsidiary, Linx LLC Svyaz VSD of the Russian Federation. MIGA also issued two guarantees for a total of €6.9 million (\$9.5 million) covering ABN Amro’s non-shareholder loans to the subsidiary. The coverage is for up to six years against the risks of transfer restriction, expropriation, and war and civil disturbance.

This project consists of the construction and operation of a Tier 3 data center in St. Petersburg and operation of Module 5 of a data center in Moscow that will provide state-of-the-art data center and connectivity services primarily to international customers.

The project hopes to leverage shared infrastructure and data management in order to reach economies of scale—thereby stimulating growth of technology-intensive and knowledge-based industries in Russia. Specifically, the project expects the following development results: improvement of information and communication technology (ICT) infrastructure and access to information; a lower cost of entry into the ICT market; increased competition in ICT market; rapidly expanding data/telecom networks; and local employment opportunities.

The World Bank Group’s current Country Partnership Strategy for Russia notes a need for increased private sector development and diversification of the economy—to which this project will contribute.

The project was underwritten through MIGA’s Small Investment Program.

SERBIA

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$4.4 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Serbia. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Albania" above.*

SERBIA

PROJECT NAME: MERCATOR – S SERBIA

GUARANTEE HOLDER: SLOVENSKA IZVOZNA IN RAZVOJNA BANKA, D.D., LJUBLJANA (SID BANK, INC. LJUBLJANA)

On June 29, 2011, MIGA issued a guarantee to reinsure SID Bank, Inc. Ljubljana's coverage to the Mercator retail group (Mercator) in Serbia. MIGA's reinsurance for the investment results in a gross exposure of \$247.9 million. MIGA's reinsurance is for a period of up to two years, against the risks of transfer restriction, expropriation, and war and civil disturbance.

MIGA's support to SID Bank, Inc., Ljubljana is in accordance with MIGA's mandate to cooperate with national entities of its member countries, as stated in MIGA's Convention. By providing facultative reinsurance, MIGA is allowing SID Bank, Inc.; Ljubljana to reduce its net exposure to Mercator and to free up capacity for other investment insurance projects.

Mercator is helping to stimulate exports among Balkan countries by carrying goods from the other countries in each of its retail locations. As a result, Mercator is expanding the venue for suppliers to sell not only in their respective countries, but also in neighboring countries where Mercator has an established presence. In addition, Mercator's further expansion in the Balkans, supported by SID Bank, Inc. Ljubljana and MIGA, will provide employment and retail training opportunities in these countries.

MIGA is also helping to establish best practices with respect to corporate governance as well as environmental and social policies in the host countries.

TURKEY

PROJECT NAME: BANDIRMA PORT

GUARANTEE HOLDER: TROY AB

On October 6, 2010, MIGA issued a guarantee of \$522,000 to cover Troy AB of Sweden's equity investment in the privatization of Bandirma Port in Turkey under a 36-year transfer-of-operating-rights scheme. MIGA's guarantee covers against the risks of currency inconvertibility and transfer restriction, as well as expropriation of funds, for a period of 14 years.

Following a competitive tender, Celebi Joint Venture Group was named the preferred bidder in May 2008, offering an up-front operating rights fee of \$175.5 million.

The project represents an ongoing process of privatization started by the government of Turkey in the early 1980s. It aims to introduce openness and competitiveness into the country, increase efficiency in former state-owned enterprises and promote economic growth.

The privatization of Bandirma Port will introduce a new and experienced management team and best market practices that will improve the productivity and efficiency of the port. In turn, this will strengthen the competitiveness of local exporters by decreasing transportation costs. In particular, better port operations will further stimulate the growth of the region's automotive manufacturing industry as a hub for Central and Eastern Europe. The local economy will also benefit from improved connectivity to international markets, a key infrastructure requirement to attract foreign direct investment. Finally, the new operators of the port will introduce higher standards of operation, including environmental and safety rules in line with national and European Union guidelines.

The project is also aligned with the World Bank Group's Country Partnership Strategy for Turkey. Improving transportation infrastructure is a key component of the World Bank Group's focus on helping Turkey improve its competitiveness and employment opportunities.

TURKEY

PROJECT NAME: OTOĞAR-BAĞCILAR-İKİTELLİ-OLİMPİK VILLAGE METRO PROJECT

GUARANTEE HOLDER: WESTLB, ISTANBUL BRANCH

On December 27, 2010, MIGA issued a guarantee of \$19.6 million to cover an investment by WestLB of Germany in the Otogar-Bağcılar-Ikitelli-Olimpic Village Metro

Project in Turkey. MIGA's guarantee is for a period of up to three years against the risk of non-honoring of sovereign financial obligations. It covers a guarantee by the Metropolitan Municipality of Istanbul (MMI) on a loan amount of up to \$21 million that WestLB AG's branch office in Istanbul (WestLB, Istanbul Branch) has extended to Istanbul Electricity, Tram and Tunnel, a general directorate of MMI, which is financing the expansion of the project.

The project consists of two parts. The first section of the project, "Otogar-Kirazlı LRT", will extend the existing Light Rail Transit from the Otogar (intercity bus terminal) to densely developed residential areas in Bağcılar and Kirazlı. The second phase of the project, "Kirazlı-Ikitelli-Başak Konut/Olimpic Village Metro" will create a new metro line that will connect the Ikitelli Organized Industrial Area and the new residential areas developed at Ikitelli to the rail network of Istanbul.

Section one, Otogar-Kirazlı LRT, which consists of a double-track system of 5,510 meters to serve five stations, is the western extension of the existing LRT track operating between Aksaray and the International Airport. Section two, Kirazlı-Ikitelli-Başak Konut/Olimpic Village Metro, which consists of a double track system of 15,834 meters to serve 11 stations, will be the western extension of the metro track planned to operate between Yenikapı and Kirazlı.

By extending coverage of the metro system to the suburban and light manufacturing areas to the west, the project will help improve urban mobility, and reduce travel times and traffic, thereby contributing to urban productivity and private sector-led growth. In addition, the expansion of public transportation in the city will reduce dependence on roads and motorways, which will help reduce the growth of transport-related greenhouse gases and, through the reduction in pollution, help make Istanbul a more attractive business location.

The project is also aligned with the World Bank Group's Country Partnership Strategy for Turkey. Improving transportation infrastructure is a key component of the Bank Group's focus on helping Turkey improve its competitiveness and employment opportunities.

TURKEY

PROJECT NAME: KADIKOY-KARTAL-KAYNARCA METRO PROJECT

GUARANTEE HOLDER: WESTLB AG, LONDON BRANCH

On April 21, 2011, MIGA issued a guarantee of \$409.2 million for an investment by WestLB AG, London Branch,

for itself and as agent for a consortium of lenders, in the Kadikoy-Kartal-Kaynarca Metro Project in Istanbul, Turkey. MIGA's guarantee covers principal and interest for a period of up to nine and a half years against the risk of non-honoring of sovereign financial obligations.

The project will be the first underground metro system on the Asian side of Istanbul. It will also eventually connect with the European side of city. The first phase of the project involves finishing the construction of 22 kilometers of the line from Kadikoy to Kartal, which includes 16 metro stations. The second phase consists of extending the metro line by 4.5 kilometers from Kartal to Kaynarca, the construction of a parking and maintenance area, and the construction of pedestrian subways.

By extending coverage of Istanbul's metro system, the project will help improve urban mobility, and reduce travel times and traffic—thereby contributing to increased productivity and private sector-led growth. In addition, the expansion of public transportation in the city will reduce dependence on roads and motorways. This will help reduce pollution and help make Istanbul a more attractive location for residents and business.

The project is aligned with the World Bank Group's Country Partnership Strategy for Turkey. Improving transportation infrastructure is a key component of the Bank Group's focus on helping Turkey improve its competitiveness and employment opportunities.

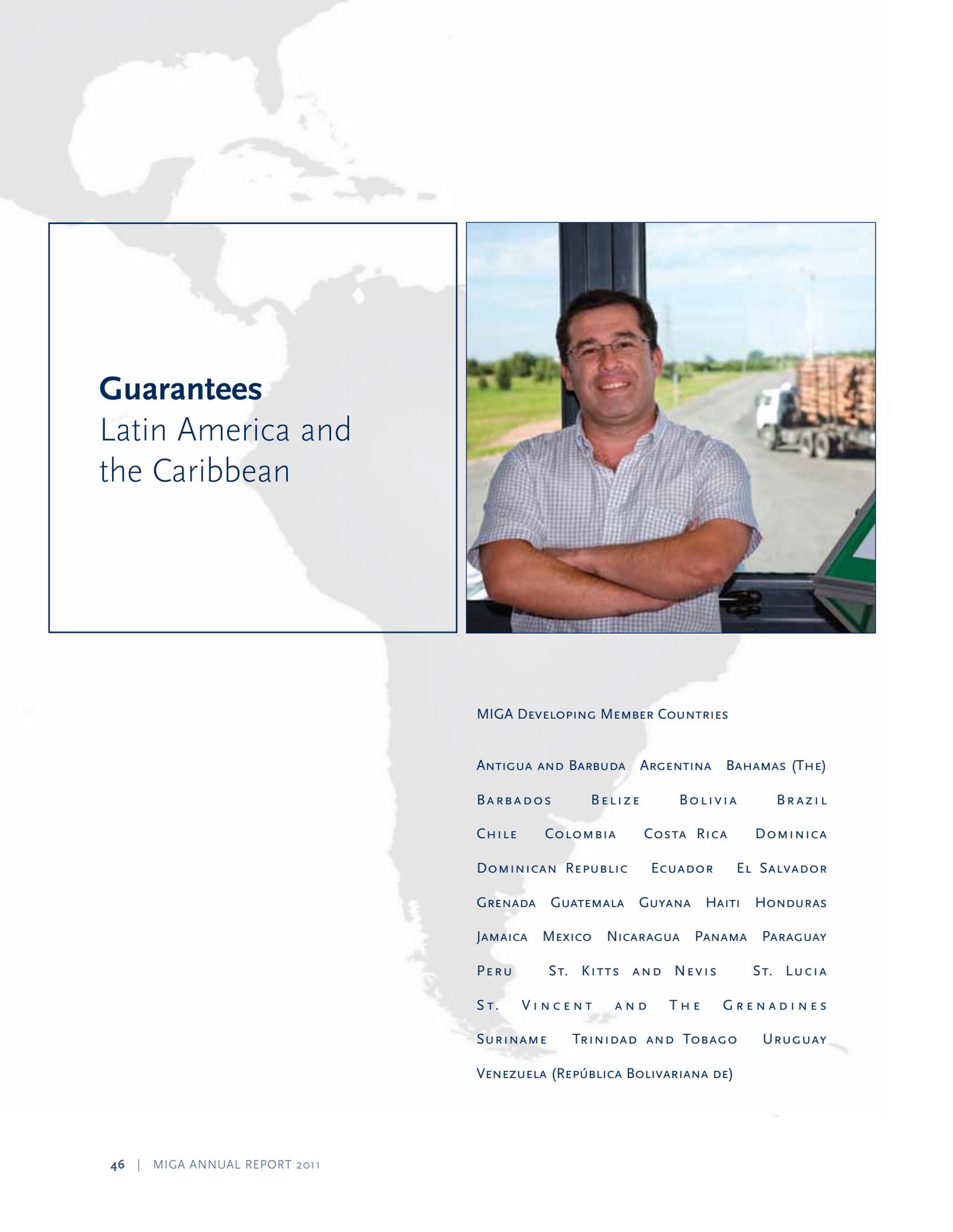
UKRAINE

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$5.6 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Ukraine. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Albania" above.*



Guarantees

Latin America and the Caribbean



MIGA DEVELOPING MEMBER COUNTRIES

ANTIGUA AND BARBUDA ARGENTINA BAHAMAS (THE)
BARBADOS BELIZE BOLIVIA BRAZIL
CHILE COLOMBIA COSTA RICA DOMINICA
DOMINICAN REPUBLIC ECUADOR EL SALVADOR
GRENADA GUATEMALA GUYANA HAITI HONDURAS
JAMAICA MEXICO NICARAGUA PANAMA PARAGUAY
PERU ST. KITTS AND NEVIS ST. LUCIA
ST. VINCENT AND THE GRENADINES
SURINAME TRINIDAD AND TOBAGO URUGUAY
VENEZUELA (REPÚBLICA BOLIVARIANA DE)

With GDP growth rebounding to an estimated 6 percent in 2010, having contracted by 2.1 percent in 2009, Latin America and the Caribbean have weathered the financial crisis well, for the most part reflecting sound macro-economic fundamentals prior to the crisis. In particular, most countries took advantage of higher commodity prices preceding the crisis to reduce their external vulnerabilities through a reduction of external debt and an increase of international reserves. Furthermore, stronger fiscal balances left room for countercyclical fiscal easing. During the crisis, countries with close links to the U.S. economy were more vulnerable, due to either reductions in remittances or reductions in the trade account.

Concerns going forward relate to inflationary pressures and appreciating exchange rates in light of the strong rebound in both growth and capital flows, as well as rising commodity and food prices. GDP growth is expected to moderate to 4.5 percent over 2011 and to 4.1 percent in 2012 as monetary policy tightens.

Net private and official flows recovered too, increasing by 44 percent in 2010 to an estimated \$240.4 billion. Net FDI inflows also jumped to \$115.9 billion, having declined by 42 percent in 2009. They are projected to increase in both 2011 and 2012 and to reach \$132.3 billion in the latter.

During the fiscal year, MIGA provided guarantees for three projects in the region. At year-end, MIGA's gross guarantee exposure stood at \$1.0 billion, equivalent to 11 percent of the agency's outstanding portfolio.

COLOMBIA

PROJECT NAME: PROREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$2.6 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Colombia. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. PCH is headquartered in Germany and is the parent company of 21 banks (ProCredit group). The ProCredit group is a provider of finance to some 750,000 very small, small, and medium enterprises in Latin America, Eastern and Central Europe, and Africa. Throughout the world, banks are required to maintain mandatory reserves with the central banks of their respective jurisdictions. The ProCredit group's capital

adequacy ratio (CAR) is calculated according to the German Banking Act. Under this act, at a consolidated level, reserves deposited at the various central banks can attract a risk weighting of 100 or even 150 percent, depending on the country. This risk weighting determines the amount of equity required to maintain a specified CAR in accordance with the German Banking Act.

The guarantee issued by MIGA will help PCH obtain capital relief from the CAR requirements. By obtaining MIGA's insurance against the risk of expropriation of funds, the risk weighting for mandatory reserves held at the central bank can be reduced. A lower risk weighting will allow PCH to free up equity currently tied up for CAR maintenance purposes, thereby allowing these funds to be injected into its subsidiary banks. This in turn will allow PCH's emerging market subsidiary banks to increase their lending activities.

MIGA's support will help PCH optimize its capital management across its 21 banks, allowing PCH to direct equity to subsidiaries with the greatest need. These banks will be able to offer additional financial services to very small, small, and medium enterprises at a time of macro-economic challenges. Supporting productive small businesses will help stimulate growth, generate employment, and reduce poverty.

MIGA's support for this project is aligned with the World Bank Group's microfinance strategy that includes improving the supply of microfinance in large, but underserved markets; enhancing deposit capacity by assisting microfinance institutions in savings mobilization; capacity building; creating and shaping markets; and fostering innovation.

HONDURAS

PROJECT NAME: PROREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$6.2 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Honduras. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Colombia" above.*

NICARAGUA

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$12.9 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Nicaragua. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for “Colombia” above.*

Guarantees

Middle East and
North Africa



MIGA DEVELOPING MEMBER COUNTRIES

ALGERIA BAHRAIN DJIBOUTI
EGYPT (ARAB REPUBLIC OF) IRAN (ISLAMIC
REPUBLIC OF) IRAQ ISRAEL JORDAN KUWAIT
LEBANON LIBYA MOROCCO OMAN QATAR
SAUDI ARABIA SYRIAN ARAB REPUBLIC TUNISIA
UNITED ARAB EMIRATES YEMEN (REPUBLIC OF)

The Middle East and North Africa grew by an estimated 3.1 percent in 2010, marginally higher than the 2.8 percent GDP growth registered in 2009. The financial crisis had a much smaller impact on economic growth owing to the region's limited global financial integration. Increased oil prices contributed to growth in oil-exporting countries. The recent political turmoil in the region, however, is expected to lead to a slippage in projected growth in 2011 to 1.9 percent, but a rebound to 3.5 percent is expected in 2012.

Compared with 2009, net private and official capital flows into the Middle East and North Africa remained steady in 2010 at \$28 billion. Net FDI inflows are estimated to have declined in 2010 by 18 percent to \$20.1 billion, and are projected to decline further in light of recent political turmoil to \$10.7 billion in 2011, but rebound to \$17.4 billion in 2012.

MIGA provided guarantees for one project in the region. At year-end, MIGA's gross guarantee exposure stood at \$415.8 billion, equivalent to 5 percent of the agency's outstanding portfolio.

IRAQ

PROJECT NAME: SEBEEL AL SAFA MANUFACTURING PETROCHEMICALS AND WATER FILLING COMPANY

GUARANTEE HOLDER: KARO DIS TICARET VE SANAYI LTD. STI.

On September 23, 2010, MIGA issued a guarantee of \$5 million to Karo Dis Ticaret ve Sanayi Ltd. Sti. of Turkey covering their shareholder loan to the Sebeel Al Safa Manufacturing Petrochemicals and Water Filling Company in Iraq. The coverage is for a period of five years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves the establishment of a manufacturing plant in the Baghdad area to produce polyethylene terephthalate (PET) preforms. PET preforms are the raw material used to manufacture bottles for the beverage industry. The first machine will produce preforms for half-liter water bottles. The general demand in Iraq for preforms is estimated to be more than six billion annually for different bottle sizes. Currently, nearly all of PET preforms are imported from neighboring countries.

This project will have a positive and significant development impact for Iraq. The economy is currently heavily dependent on the oil and gas extractive sectors and the government is making efforts to diversify, including through attracting foreign direct investment into other sectors. This South-South investment can provide an

important signal to other potential investors into Iraq and into Baghdad specifically. The project will demonstrate the available returns from supplying the large and growing domestic market in Iraq, and help aid the continued progress towards stability and economic growth. The factory will provide employment for 46 staff, almost all of whom will be recruited locally.

The project is aligned with the World Bank Group's Interim Strategy Note for Iraq, which includes supporting policies and institutions that promote broad-based, private-sector-led growth with the goal of revitalizing the private sector and facilitating job creation. It is also aligned with MIGA's commitment to supporting South-South investments as well as investments in conflict-affected countries. The project was underwritten through MIGA's Small Investment Program.



Guarantees

Sub-Saharan
Africa



MIGA DEVELOPING MEMBER COUNTRIES

ANGOLA BENIN BOTSWANA BURKINA FASO
BURUNDI CAMEROON CAPE VERDE
CENTRAL AFRICAN REPUBLIC CHAD
CONGO (DEMOCRATIC REPUBLIC OF)
CONGO (REPUBLIC OF) CÔTE D'IVOIRE
EQUATORIAL GUINEA ERITREA ETHIOPIA
GABON GAMBIA (THE) GHANA GUINEA
GUINEA-BISSAU KENYA LESOTHO LIBERIA MADAGASCAR
MALAWI MALI MAURITANIA MAURITIUS MOZAMBIQUE
NAMIBIA NIGERIA RWANDA SENEGAL SEYCHELLES
SIERRA LEONE SOUTH AFRICA SUDAN SWAZILAND
TANZANIA TOGO UGANDA ZAMBIA ZIMBABWE

Having declined to 2 percent in 2009, the GDP growth rate of sub-Saharan Africa rebounded in 2010 to an estimated 4.8 percent and is projected to accelerate to 5.1 percent in 2011 and 5.7 percent in 2012. The main drivers have been the recovery of the global economy, supported by growth in domestic demand, oil price increases for the oil-exporting countries, and public expenditures to improve infrastructure in selected countries.

Net private and official flows rebounded in 2010 by 13 percent to an estimated \$51.1 billion. Net FDI inflows declined in 2010 by 21 percent to an estimated \$23.8 billion, but they are projected to increase during 2011 and 2012 and reach \$35.2 billion in the latter.

MIGA provided guarantees for 15 projects in the region. At year-end, MIGA's gross guarantee exposure stood at \$1.1 billion, equivalent to 12 percent of the agency's outstanding portfolio.

DEMOCRATIC REPUBLIC OF CONGO

PROJECT NAME: PROREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$5 million to ProCredit Holding (PCH) covering its investment in its subsidiary in the Democratic Republic of Congo. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. PCH is headquartered in Germany and is the parent company of 21 banks (ProCredit group). The ProCredit group is a provider of finance to some 750,000 very small, small, and medium enterprises in Latin America, Eastern and Central Europe, and Africa. Throughout the world, banks are required to maintain mandatory reserves with the central banks of their respective jurisdictions. The ProCredit group's capital adequacy ratio (CAR) is calculated according to the German Banking Act. Under this act, at a consolidated level, reserves deposited at the various central banks can attract a risk weighting of 100 or even 150 percent, depending on the country. This risk weighting determines the amount of equity required to maintain a specified CAR in accordance with the German Banking Act.

The guarantee issued by MIGA will help PCH obtain capital relief from the CAR requirements. By obtaining MIGA's insurance against the risk of expropriation of

funds, the risk weighting for mandatory reserves held at the central bank can be reduced. A lower risk weighting will allow PCH to free up equity currently tied up for CAR maintenance purposes, thereby allowing these funds to be injected into its subsidiary banks. This in turn will allow PCH's emerging market subsidiary banks to increase their lending activities.

MIGA's support will help PCH optimize its capital management across its 21 banks, allowing PCH to direct equity to subsidiaries with the greatest need. These banks will be able to offer additional financial services to very small, small, and medium enterprises at a time of macro-economic challenges. Supporting productive small businesses will help stimulate growth, generate employment, and reduce poverty.

MIGA's support for this project is aligned with the World Bank Group's microfinance strategy that includes improving the supply of microfinance in large, but underserved markets; enhancing deposit capacity by assisting microfinance institutions in savings mobilization; capacity building; creating and shaping markets; and fostering innovation.

REPUBLIC OF CONGO

PROJECT NAME: COTECNA INSPECTION CONGO S.A.R.L.

GUARANTEE HOLDER: COTECNA INSPECTION S.A.

On June 30, 2011, MIGA issued a guarantee of \$5.6 million covering an investment by Cotecna Inspection S.A. of Switzerland, as sole shareholder, in Cotecna Inspection Congo S.A.R.L located in the Republic of Congo. The coverage is for a period of three years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project involves the provision of import verification services to importers on behalf of the government of Congo under a build, operate, and transfer concession between Cotecna Inspection S.A. and the government. The service contract involves the supply, installation, and operation of an X-ray scanner and Cotecna's Computerized Risk Management System, as well as the overall management of the import verification system for goods entering Congo through the port of Pointe Noire.

The project will contribute to trade facilitation, as well as the development of the private sector, by speeding up the customs clearance of goods needed by the industrial and service sectors in Congo. In addition, it will help the government secure revenues through the elimination of opportunities for fraud and fiscal evasion due to the transparent audit trail provided by scanning

data. Security at the port will also be strengthened by ensuring that containerized goods are not illegal.

This project is aligned with MIGA's strategic priorities of supporting investments into countries eligible for assistance from the International Development Association as well as countries affected by conflict. It is also the first MIGA-supported project in Republic of Congo.

ETHIOPIA

PROJECT NAME: NATIONAL CEMENT SHARE COMPANY

GUARANTEE HOLDER: SGI ETHIOPIA CEMENT LIMITED

On June 30, 2011, MIGA issued a guarantee covering an equity investment by Schulze Global Investments (SGI) into the National Cement Share Company of Ethiopia. The project is being implemented by SGI Ethiopia Cement Limited, an intermediary company incorporated in the British Virgin Islands. MIGA's guarantee of \$4 million provides coverage for a period of up to 15 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

SGI has invested into National Cement Share Company (NCSC) for a minority equity stake in the company. NCSC currently operates a 500 ton-per-day (tpd) clinker plant in Dire Dawa. NCSC recently began construction of a new 3,000 tpd clinker plant. The new plant is also located in Dire Dawa, near the existing plant. In order to accelerate the construction of the new plant, NCSC engaged SGI for a round of equity financing.

The expansion of the plant is expected to result in additional significant tax revenue to the government and the creation of up to 600 new local jobs directly, and potentially an additional 2,500 indirect jobs. It will also provide an increased supply of domestic cement to meet the growing demand in Ethiopia—reducing the country's reliance on expensive imports and reducing the drain on foreign exchange reserves.

MIGA's support for this investment is consistent with the first pillar of the World Bank Group's Country Assistance Strategy for Ethiopia for 2008-2011, which focuses on fostering economic growth in order to sustain the emerging economic "take-off". The project is also aligned with MIGA's commitment to supporting more investments in IDA-eligible (the world's poorest) countries.

KENYA

PROJECT NAME: RESOLUTION HEALTH EAST AFRICA LIMITED

GUARANTEE HOLDER: ADC FINANCIAL SERVICES AND CORPORATE DEVELOPMENT

On June 8, 2011, MIGA issued a guarantee covering an equity investment by ADC Financial Services and Corporate Development (ADC) of Mauritius in Resolution Health East Africa Limited (RHEAL) in Kenya. MIGA's coverage of \$2.0 million is for a period of up to 10 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

ADC is planning to take a 39.4 percent equity stake in RHEAL, an existing Kenyan Health Insurance Provider. ADC's investment is aimed at improving the performance of the company through the introduction of new sales techniques and products; international best practice in processing and management; improved procurement and supplier management; and improved financial controls and corporate governance. The medical insurance sector in Kenya and other East African economies offers attractive growth opportunities. ADC's investment will help RHEAL achieve its growth objectives in the region.

ADC's investment in RHEAL will allow the company to expand its delivery of medical insurance both in Kenya and Tanzania, as well as other East African countries in the future. RHEAL structures medical insurance packages that offer insurance for pre-existing conditions such as HIV/AIDS. Additionally, RHEAL offers access to quality healthcare through offering affordable medical insurance.

This project is aligned with the World Bank Group's Country Partnership Strategy for Kenya. The Bank Group has committed to working together to increase access to financial services, further regulatory reform, and develop capital and local securities markets, with a goal of supporting key economic and social development needs, including infrastructure and housing development, and investments for pension and insurance funds. The project is also aligned with MIGA's objective of supporting investments into countries eligible for concessional lending from the International Development Association. The project was underwritten through MIGA's Small Investment Program.

LIBERIA

PROJECT NAME: BUCHANAN RENEWABLES FUEL INC.

GUARANTEE HOLDER: VATTENFALL AB

On December 28, 2010, MIGA issued guarantees totaling \$142.2 million to Vattenfall AB of Sweden covering its investment in Buchanan Renewables Fuel Inc. in Liberia. The guarantees are for a period of 15 years and provide coverage against the risks of expropriation and war and civil disturbance.

Buchanan Renewables Fuel Inc. (BRF) is a Liberian biomass cultivator that collects and processes non-productive rubber trees for export to Vattenfall's power plants in Europe. Vattenfall's investment will result in an expansion of the current operation from 500,000 tons of biomass per annum to 2 million tons.

Vattenfall's investment will bring experience and technology to Liberia's most important industry. The rubber industry employs over 40,000 Liberians directly, plus an additional 5,000 in related industries. Rubber sales currently constitute 90 percent of the country's export revenues. As a labor-intensive industry in which Liberia has proven its global competitiveness, rubber is Liberia's best available option for generating wide-scale sustainable employment and poverty alleviation.

Vattenfall's investment will help develop a sustainable biomass source from unproductive trees (an agricultural waste product), as well as help Liberia rehabilitate its rubber industry. Even though rubber plantations continued to operate during the war, there was limited replanting and the inventory is old. An estimated 60-75 percent of rubber trees have been slaughter-tapped and/or left to ruin during 15 years of civil conflict. This backlog amounts to nearly 60 million tons of biomass that can be harvested and exported. This project will help farmers by removing unproductive trees that provide no income and accelerate the farm-rejuvenation cycle. It also turns a liability into an asset for the farmers because they are compensated for the biomass.

MIGA's guarantee is aligned with the World Bank Group's strategy of improving Liberia's agriculture and natural resources management in ways that generate pro-poor growth. It is also aligned with MIGA's commitment to supporting investments in the world's poorest countries, as well as countries affected by conflict.

MOZAMBIQUE

PROJECT NAME: PROCREDIT GROUP CENTRAL BANK MANDATORY RESERVES COVERAGE

GUARANTEE HOLDER: PROCREDIT HOLDING

On December 22, 2010, MIGA issued a guarantee of \$2.5 million to ProCredit Holding (PCH) covering its investment in its subsidiary in Mozambique. The coverage is for a period of up to 10 years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

This project is part of a master contract that MIGA has issued. *Please refer to project description for "Democratic Republic of Congo" above.*

MOZAMBIQUE

PROJECT NAME: SOJITZ MAPUTO CELLULOSE LIMITADA

GUARANTEE HOLDER: SOJITZ CORPORATION

On April 14, 2011, MIGA issued a guarantee covering an investment by Sojitz Corporation of Japan in Sojitz Maputo Cellulose Limitada in Mozambique (SOMACEL). Two additional guarantees were issued on June 15, 2011. The total coverage is for \$9.1 million for a period of up to 10 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project consists of the development of a greenfield wood-chipping operation. The facility will be located on the territory of the Maputo port and the raw material will be sourced from eucalyptus plantations in the northeast region of South Africa and from the Northern region of Swaziland. SOMACEL is expected to process and export wood chips. The output will be sold to a paper manufacturer in Japan.

The project is expected to generate local jobs and annual tax revenues for the government of Mozambique. This project is aligned with the third pillar of Mozambique's development strategy, which includes job creation and integrating the country into the international economy.

The project is also aligned with MIGA's operational priority to support investments into countries eligible for concessional lending from the International Development Association. The project was underwritten through MIGA's Small Investment Program.

RWANDA

PROJECT NAME: KIVUWATT LTD.

GUARANTEE HOLDER: KIVUWATT HOLDINGS

On May 4, 2011, MIGA issued a guarantee of \$28.6 million to KivuWatt Holdings of Mauritius for its equity investment in KivuWatt Ltd. in Rwanda. The coverage is for a period of up to 20 years against the risks of expropriation, transfer restriction, war and civil disturbance, and breach of contract.

The investment is for the construction and operation of a 25 megawatt power-generation facility using methane gas extracted from Lake Kivu. The entire project (Phase 1 and Phase 2) involves extraction and separation of methane gas from the bottom of Lake Kivu and up to 100 megawatts of power-generation capacity to be implemented in two phases. The Phase 1 Pilot Project will involve gas extraction using a floating barge located approximately 13 kilometers offshore from the city of Kibuye. The extracted gas will be further processed and pumped to the shore for use in a power plant via submerged floating pipeline. Power will be produced by methane powered reciprocating engine generator sets with combined capacity of 25 megawatts, net output. Based on successful implementation of Phase 1, Phase 2 will comprise three additional gas extraction barges and three more power production blocks with 75 megawatt capacity resulting in 100 megawatts of overall power generation.

The output will be sold to the Rwandan state-owned utility, Rwanda Electricity Corporation (RECO), formerly known as Electrogaz. Phase 1 output will be connected to the national grid via a new dedicated 11 kV transmission line installed by RECO. Phase 2 will be connected to the existing 220 kV transmission system via two new transformers to be installed by RECO.

Over the last decade, Rwanda's economy has nearly doubled in size, growing at an average rate of 7 percent per year. Nevertheless, the country's electricity infrastructure (the generation, transmission, and distribution network) has failed to develop in pace with the broader economy. Rwanda's total installed power generation capacity is 55 megawatts and only 6 percent of the population is serviced by the national power grid. To keep up with demand, expensive diesel power generators have been rented and brought online, raising the power tariff per kilowatt hour to twenty-one cents, one of the highest in Africa.

The project's primary development impact will be the generation of additional electricity capacity produced at a significantly lower cost than alternatives currently in the local market. Tapping the considerable methane reserves

stored in Lake Kivu will offer the small, highly populated, and land-locked country with a secure, domestic, cheap, and renewable source of power supply. The project is being developed in conjunction with a \$400 million initiative (supported by Rwanda and international donors) to simultaneously expand and overhaul Rwanda's power transmission and distribution network.

One of the main objectives of the World Bank's Country Assistance Strategy for Rwanda for 2009-2012 is to improve access to and quality of key infrastructure services. The project is fully consistent with this objective and is also aligned with MIGA's strategic priority of supporting investments into IDA-eligible (the world's poorest) countries and investments in complex infrastructure projects.

SIERRA LEONE

PROJECT NAME: AFRIGAS (SL) LIMITED

GUARANTEE HOLDER: GEOGAS TRADING S.A.

On September 17, 2010, MIGA issued guarantees totaling \$3.6 million to Geogas Trading S.A. of Switzerland covering its investment in a liquefied petroleum gas (LPG) storage and distribution project in Sierra Leone. The coverage is for a period five years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The aim of the project is to introduce permanent LPG bulk storage facilities to supply the local market with LPG. The LPG would be used primarily for cooking, but could also be used for industrial practices such as welding and cooling. In addition to constructing the storage facilities, the project will establish four filling stations for five-kilogram LPG gas bottles.

The project will establish the first permanent LPG storage facility in Sierra Leone and is expected to result in a price reduction of 60 percent for LPG. LPG offers several advantages over traditional biomass fuels, such as wood and charcoal, including the reduction of deforestation and fewer respiratory illnesses resulting from indoor pollution. It can also improve productivity, particularly for women, by reducing the amount of time spent gathering firewood. LPG can also be used in microenterprises such as food preparation and processing and metal works.

MIGA's support for this investment is aligned with the World Bank Group's Country Partnership Strategy for Sierra Leone, particularly with regard to supporting the development of a competitive private sector.

MIGA's participation in the project is also aligned with key agency priorities, which include encouraging investment in post-conflict and IDA-eligible countries. The guarantees were underwritten through MIGA's Small Investment Program.

SOUTH AFRICA

PROJECT NAME: BON VIEW TRADING 92 (PROPRIETARY) LIMITED

GUARANTEE HOLDER: MKV HOLDINGS, LLC

On May 27, 2011, MIGA issued guarantees totaling \$10 million covering an equity investment and shareholder loan from MKV Holdings, LLC of Mauritius to Bon View Trading 92 (Proprietary) Limited in South Africa. Bon View intends to engage in the manufacturing and export of wine and related products through the acquisition of the assets of an existing winery. The coverage is for a period of up to 10 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves an investment in MKV's wholly owned subsidiary, Bon View, for the purposes of acquiring the assets of the Mulderbosch winery, which consists of inventory, winemaking equipment, brand, and the Kanu winery building and farms located in Stellenbosch, Western Cape. The sponsors intend to invest in wine-making equipment to upgrade the existing winery and employ more rigorous viticulture.

The Stellenbosch region's main economic sectors comprise agriculture (vineyards and soft fruit), tourism, and the services industry. Despite continuing economic growth, there remains a great deal of unemployment, especially within the lower income groups in the Stellenbosch/Somerset West region. The project will have a significant socioeconomic benefit to the area through the creation of temporary jobs during the construction phase and permanent jobs in the operational phase. Staff will receive specialized training to build on their existing skills. The project will generate rates and taxes for the Stellenbosch Municipality, and will contribute to increased tourism in the area.

MIGA's support for the project is aligned with the World Bank Group's Country Partnership Strategy for South Africa, which calls for the use of MIGA instruments to support small and medium-scale enterprises and increase foreign direct investment. The project was underwritten through MIGA's Small Investment Program.

SOUTH AFRICA

PROJECT NAME: AUSTIN SCOTT FARMS

GUARANTEE HOLDER: TULBAGH HOLDINGS LLC

On December 16, 2010, MIGA issued guarantees totaling \$5 million to Tulbagh Holdings LLC of the United States for their investment in Austin Scott Farms winery in South Africa. The coverage is for a period of seven years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project consists of the acquisition of Austin Scott Farms situated on the southwestern flank of Tulbagh Mountain. The acquisition includes land (184 hectares), buildings, equipment, existing crops and stock, bottling plants, intellectual property, water rights, and all other assets or rights required for continued business operation. The investor intends to improve the quality of wines through investment and incorporating industry best practices into the vineyards, winemaking process, and structures. Wine production is expected to increase from 4,700 cases of premium wines for the 2011 vintage to approximately 13,500 cases in 2015, and 18,700 cases in 2017.

Tulbagh town's main economic sectors consist of agriculture (vineyards and soft fruit), tourism, and services. It has experienced significant diversification of its economy with the emergence of a number of new small, medium, and micro businesses—particularly in the personal services, financial, and business sectors. Notwithstanding this economic growth there remains a great deal of unemployment, especially within the lower-income groups in the greater region. The project will have a significant socioeconomic benefit to Tulbagh and the surrounding communities by creating jobs (temporary in the construction phase and permanent in the operational phase) in various sectors, investing in staff training, and generating taxes for the Tulbagh Municipality. Workers will also be trained with the industry's current standards and best practices to promote and build upon their skills. The investors intend to adhere to the principles underlying the Broad-Based Black Economic Empowerment Act of 2004.

MIGA's support for the project is aligned with the World Bank Group's Country Partnership Strategy for South Africa, which calls for the use of MIGA instruments to support small and medium-scale enterprises and increase developmentally sound foreign direct investment. The project was underwritten through MIGA's Small Investment Program.

TOGO

PROJECT NAME: COTECNA INSPECTION S.A., BUREAU DE LIAISON DU TOGO

GUARANTEE HOLDER: COTECNA INSPECTION S.A.

On June 30, 2011, MIGA issued a guarantee of \$4.6 million covering an investment by Cotecna Inspection S.A. of Switzerland in Cotecna Inspection S.A., Bureau de Liaison du Togo (COINS-Togo). The coverage is for a period of five years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

COINS-Togo is providing import verification services on behalf of the government of Togo under a build, operate, and transfer concession between Cotecna Inspection S.A. and the government of Togo. The service contract involves the supply, installation, and operation of an x-ray scanner and GPS-based container tracking equipment, as well as the management of the import verification system for goods entering Togo through the Port of Lomé.

The project will improve Togo's position as a trading partner by introducing greater transparency and efficiency into the Port of Lomé's operations. This will help Togo realize the benefits of a deepwater port that can serve neighboring land-locked countries. The transparent audit trail provided by scanning data will also help the government secure revenues through the elimination of opportunities for fraud and fiscal evasion. Security at the port will also be enhanced by ensuring that containerized goods are not illegal.

This project is aligned with MIGA's strategic priorities of supporting investments into countries eligible for assistance from the International Development Association as well as countries affected by conflict.

UGANDA

PROJECT NAME: ICAM CHOCOLATE UGANDA LIMITED

GUARANTEE HOLDERS: ICAM SPA; GIOVANNI ALETTI

On January 14, 2011, MIGA issued guarantees supporting investments by Icam SpA and Giovanni Aletti of Italy in Icam Chocolate Uganda Limited. The guarantees total \$2.1 million and provide coverage for a period of up to six years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project consists of the establishment of a new company, Icam Chocolate Uganda Limited, that will set up collection, storage, and processing facilities in three

cocoa-producing regions. These facilities will source organically grown green cocoa beans directly from local farmers. Icam Uganda will use a bean-drying and fermentation process that will dry the beans faster and more thoroughly to meet the stringent standards of Icam Italy. This process reduces the risk of mold and fungi, and preserves the cocoa's desirable taste and aroma. The project intends to source a combined 3,900 tons of dry cocoa from the three facilities by the fifth year of operation.

Technical assistance will be provided by agronomists to support local farmers in improving farming practices, which could increase productivity by up to 100 percent. Furthermore, by sourcing the cocoa beans before they have been dried and fermented by the farmers, the project will substantially reduce harvest failure due to bad weather (heavy rains) during the drying and fermenting process.

The project is expected to help boost and diversify Uganda's agricultural exports. Although the cacao plant was introduced to the country in the early 1900s, it has never become a major export crop like coffee. Uganda is specifically encouraging cocoa-growing as part of a plan to diversify its exports.

Growing cocoa beans also offers small-scale farmers in Uganda and other tropical countries a livelihood from a product that has strong foreign demand and local environmental benefits, according to researchers at the International Food Policy Research Institute. Cacao bushes can grow alongside food crops on small parcels of land and on poor soils, which makes production more feasible for small farms and women growers.

This project is consistent with the World Bank Group's Country Assistance Strategy for Uganda, which includes increased productivity and commercialization of agriculture as an outcome. The project was underwritten through MIGA's Small Investment Program.

ZAMBIA

PROJECT NAME: CHOBE AGRIVISION COMPANY LIMITED

GUARANTEE HOLDER: CHAYTON ATLAS INVESTMENTS

On June 30, 2011, MIGA issued a guarantee of \$5.2 million to Chayton Atlas Investments of Mauritius for its equity in Chobe Agrivision Company Limited in Zambia. The coverage is for a period of up to 10 years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project involves the acquisition of two adjacent farms in the Mkushi farm block in the Central Province of Zambia. These are commercial farms currently cultivating

maize, wheat, and soya. The investor plans to increase the amount of land under irrigation from 210 to 580 hectares through increased capital expenditure. The farms are located in an area that has abundant renewable water resources for irrigation development and a climate that supports two crops per year with irrigation. A “contract farming” business was acquired in addition to the two farms. The contract farming operation provides machinery and equipment services to the two farms as well as third party farms.

The agricultural sector has been identified by the Zambian government and by the World Bank (in its Country Partnership Strategy) as a key area where there is potential to contribute to development and economic growth. Chayton estimates that only 1.1 percent of the country’s potential fertile Guinea Savannah agricultural area is cropped. Moreover, the introduction of highly efficient agricultural practices (for instance, crop rotation and zero tillage), soil and water management, and certain technological improvements will result in increased productivity and sustainable crop-yield enhancement. The introduction of new technologies and methods also offers the chance for substantial demonstration effects for local farmers. The proposed project will also contribute to increased food security within Zambia and the broader Southern African Development Community—the target market for consumption.

The project is aligned with MIGA’s strategic priorities of supporting investments into countries eligible for assistance from the International Development Association.

The project involves the construction and operation of a remanufacturing plant in Lusaka, Zambia. The facility will recondition used parts and components from heavy-duty earth-moving machinery, primarily in the mining sector, to provide a more cost-effective maintenance solution to serve clients within Zambia as well as in adjacent countries.

The project’s expected developmental impacts include job creation, state-of-the-art technology transfer, and technical skills transfer through structured training programs. In addition, the project’s focus on the reconditioning of old parts will reduce the demand for scarce resources that are used to manufacture new complex machinery and equipment.

MIGA’s support for the project is aligned with the World Bank Group’s Country Partnership Strategy, which calls for improving competitiveness in order to accelerate economic growth. The project addresses this goal through its expected technology and skills transfer. MIGA’s participation in the project is also aligned with key agency priorities, which include supporting South-South investment and investment into IDA-eligible countries.

ZAMBIA

PROJECT NAME: HITACHI CONSTRUCTION MACHINERY ZAMBIA CO. LTD.

GUARANTEE HOLDERS: HITACHI CONSTRUCTION MACHINERY AFRICA PTY. LTD; HITACHI CONSTRUCTION MACHINERY SOUTHERN AFRICA CO., LTD.

On March 31, 2011, MIGA issued guarantees totaling \$13.5 million to Hitachi Construction Machinery Africa Pty. Ltd. and Hitachi Construction Machinery Southern Africa Co., Ltd. of South Africa. The coverage is for a period of up to 20 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

