
MIGA NEWS

FALL / 1998

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New Executive Vice President of MIGA: Mr. Motomichi Ikawa



Mr. Motomichi Ikawa was appointed as Executive Vice President of MIGA on July 9, 1998. Mr. Ikawa succeeded Mr. Akira Iida, who recently completed his second term in this position.

Before joining MIGA, Mr. Ikawa served in the Ministry of Finance of the Government of Japan, as Senior Deputy Director-General of the International Finance Bureau.

Mr. Ikawa also previously served as Managing Director of the Coordination Department at the Overseas Economic Cooperation Fund. He was Director of the Budget, Personnel and Management Systems in the Asian Development Bank, Manila.

Mr. Ikawa noted: "During the first ten years of the Agency's history, the guarantees portfolio continued to grow and diversify across countries and sectors. New technical assistance initiatives were launched, particularly in Africa, Central Europe, and the Former Soviet Union. Building on these achievements, and with the support of increased operating capital through a transfer of funds from the IBRD as well as a recommendation for a capital increase to the Governors by the Board of Directors, I am happy to observe that MIGA is better positioned to serve the needs of its client investors and recipient developing member countries in the years to come."

"MIGA will make further efforts to diversify private investment flows to the poorest countries and, at the same time, will contribute to the process on the road to recovery for a number of emerging economies," Mr. Ikawa said.

MIGA Mobilizing Foreign Investment:

Turkey and South Africa

Responding to demand from its clients, MIGA staff will establish "mobile" offices in Turkey and South Africa. This initiative is an attempt to allow potential investors to meet directly with MIGA staff to discuss how the Agency's programs can assist them in foreign investment opportunities in these regions.

These temporary offices follow the success of similar initiatives in the Caribbean, India, and Europe, in the previous year, which provided a useful forum to supplement MIGA's efforts in addressing the needs of clients from its headquarters in Washington, D.C. Client investors and investment insurers interested in emerging markets and transition economies were able to meet staff through one-on-one meetings and seminars, and follow-up on specific issues, to better understand how MIGA's guarantee program and technical assistance services can assist their foreign investment goals and needs.

The office in *Turkey* will be inaugurated by MIGA's Vice President for Guarantees, Mr. Roger Pruneau, at the Istanbul Chamber of Industry, on October 12. MIGA staff will be available to meet with clients and others interested in the Agency's programs until October 23. During this period, please contact MIGA staff at Tel/Fax: 90-212-252-1210.

The office in *South Africa* will be organized at the International Finance Corporation in Johannesburg from October 19 to November 5. During this period, please contact MIGA staff at Tel: 27-11-325-0720 or Fax: 27-11-325-0582.

For information on these mobile offices, before the above-mentioned dates, please contact MIGA's *Program Coordinators*:

Marjorie Melbourne (for Istanbul),
Tel: 1-202-473-7021, or [e-mail](#)
Evelyne Abellard (for South Africa),
Tel: 1-202-473-1632, or [e-mail](#)
Or send a fax: 1-202-522-2630.

New Publication on Development Impacts

MIGA is pleased to announce the release of a new publication entitled "*MIGA and Foreign Direct Investment: Evaluating Developmental Impacts*." The publication is a compilation of a number of recent reports to MIGA's Board of Directors analyzing the developmental impacts of some of MIGA's projects.

The publication is particularly useful to readers interested in gaining a better understanding of how private foreign direct investment (FDI) can have positive effects on the development process. It also demonstrates how MIGA, through facilitating such

investment, has directly contributed to the economic development of its member countries.

The report adopts a multidimensional approach to assess the development impacts of 25 sectorally and regionally diversified "mature" projects. Overall, the evaluated projects exhibit positive developmental impacts, although the effects vary from project to project. The projects foster transfer of knowledge and technology, contribute to social development and poverty alleviation, support the development of the local financial sector and capital markets, create direct and indirect employment, and benefit other upstream and downstream businesses. Three in-depth case studies of projects in Argentina, Bangladesh, and Pakistan illustrate the specific development impacts of MIGA-guaranteed investments.

MIGA coverage of US\$512 million was provided to facilitate some US\$1.5 billion of investment by these projects. The actual aggregate impacts of these investments were greater than originally anticipated by the investors. For example, actual investments, exports generated, new jobs created, and taxes paid to the host governments were all higher than anticipated at the time of underwriting.

The projects evaluated are located in Argentina, Bangladesh, Brazil, Costa Rica, China, Indonesia, Kazakhstan, Pakistan, Peru, Saudi Arabia, South Africa, Trinidad and Tobago, and Turkey. They include investments in metal forging, fertilizer production, glass manufacturing, pharmaceuticals, trucks/buses, garments, and processing of steel slag. There is one project each in ecotourism, telecommunications, and airline catering services. The sample also includes ten banking projects, a mortgage and a leasing program, and two private pension funds.

The publication will be available from the World Bank's InfoShop in early October 1998.

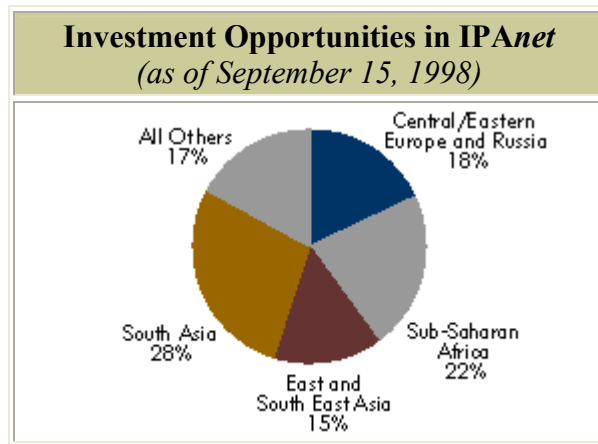
To order a copy, please call (202) 473-2941, [e-mail](#),
or visit the [World Bank Publications Catalog](#)

MIGA's On-Line Services Place Key Information at Investors' Fingertips

Business is booming for MIGA's Investment Marketing Services department, launching a new on-line information service, PrivatizationLink, in June, and experiencing record usage levels for IPAnet, the investment promotion Website. New partnerships have also been established with leading private information service providers that will make even more investment data available to users.

PrivatizationLink, jointly developed by MIGA and the World Bank's Africa and Europe/Central Asia regions, features profiles of state-run enterprises currently being offered for sale as well as information on the laws and regulations governing these transactions. [PrivatizationLink](#) currently covers selected countries in Eastern and Central Europe, the former Soviet Union and Sub-Saharan Africa. Plans are underway to expand to other countries and regions. Access to PrivatizationLink is free, although registration is required --- current IPAnet registrants can use their existing username and password.

IPAnet continues to expand, with over 10,000 registrants now listed in its Directories, representing firms and organizations from all over the world. IPAnet databases now feature detailed information on over 1700 investment projects in emerging markets, including profiles of companies being privatized and existing start-up companies seeking investors. Broken down by region, users can find the highest number of investment projects in South Asia, followed by Sub-Saharan Africa, Central & Eastern Europe and Russia; and, East and South East Asia. Certain countries are particularly active in disseminating information about investment opportunities on-line, including India (343 investment projects), Pakistan (180), Russia (161), Korea, P.D.R. (134), Côte d'Ivoire (107), Guinea (93), Philippines (79), and China (67). Most of these investment opportunities are in manufacturing, followed by the agribusiness, tourism and mining categories.



MIGA has also taken steps to enhance the package of data and features offered through IPAnet and PrivatizationLink by establishing new relationships with private firms. IPAnet will now feature **IndustryWatch**, an industry-sector based news and company information service provided by NewsReal, and is finalizing other agreements with leading on-line purveyors of investment information and research technology to enhance the package of data and features offered through IPAnet and PrivatizationLink.

MIGA's African Mining Symposium Comes to Marrakech

MIGA's fifth annual African Mining and Investment Opportunities Symposium will be held this year in Marrakech, Morocco during November 16-18, 1998, convening for the first time on the African continent. It comes at a propitious time for Africa. The economic reforms initiated by several African countries are beginning to bear fruit, economic performance has been the best in decades and optimism is on the rise.

For many of these countries, the mining sector has been the driving force behind economic recovery. Ghana has seen a revival of gold mining since it embarked on policy reforms in 1986. In Sahelian countries such as Mali and Burkina Faso, industrial production of gold is poised to overtake livestock and cotton as the main export. Tanzania has recently attracted significant private sector interest and has revised its policies to stimulate mining investment. The pace of investment in mining and exploration has grown dramatically. Between 1992 and 1997, exploration expenditures

by major mining companies in Africa increased from about US\$100 million to US\$662 million. Last year, exploration expenditures in Africa grew by a record 58.8 percent, the highest growth rate recorded for any region of the world.

MIGA's promotion activities have played a significant role in attracting foreign investment to the mining sector of Africa. The African Mining Investment and Business Opportunities Symposium is now in its fifth year and is widely recognized by the mining industry as the premier conference of its kind focusing on investment opportunities available in the minerals sector in Africa. The symposium brings together key African government decision-makers and representatives of mining companies, financial institutions and service providers worldwide. Delegations from 28 African countries and over 600 participants from the international mining community are expected to attend the Marrakech symposium.

The symposium will consist of thematic presentations dealing with the current issues facing mining development in Africa, and country presentations on the business climate and the mining investment opportunities available to foreign investors. Delegates of each African country will be available for private discussions, and many of the African countries will also have booths to facilitate networking and information exchange.

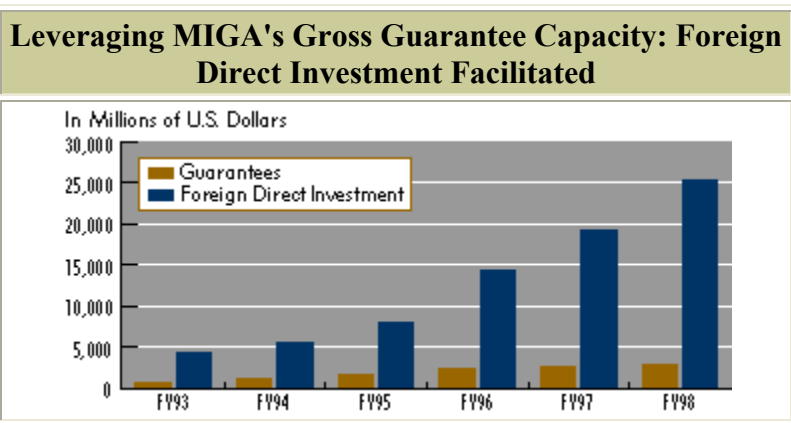
The symposium has been a collaborative effort between MIGA, the United Nations Economic Commission for Africa, the Government of the Kingdom of Morocco, and a number of private sector companies and organizations. As part of the program, a closed-door roundtable involving African heads of delegations and CEOs of mining companies will be held to stimulate dialogue about removing impediments to private investment and enhancing the contribution of mining to economic development.

If you would like additional information on the Symposium, contact Mamadou Barry, Tel: 202/473-3561; Fax: 202/458-2076; or [e-mail](#)

Fiscal 1998: Capital Increase and Guarantees Growth

Fiscal 1998, the tenth anniversary year of MIGA's establishment, was a year of innovation and change for the guarantee program. MIGA developed a new range of products and services and discussed key policies to enhance the developmental benefits of its insured projects. The Board of Directors of the Agency also approved a doubling of MIGA's capital base through a US\$1 billion funding package, to enable continued expansion of its services to foreign investors and host developing member countries.

MIGA issued US\$830.9 million in new coverage for projects in 26 developing member countries, during the year. The Agency broadened its portfolio by covering investments in 10 new countries --- Angola, Bolivia, Cape Verde, Dominican Republic, Equatorial Guinea, India, Kenya, Mozambique, Ukraine, and Uruguay. Overall, MIGA-insured projects have facilitated foreign investment totaling approximately eight times the level of coverage issued.



Development Impact

The development impacts of MIGA's fiscal 1998 projects includes about 8,000 jobs created and approximately US\$6.1 billion in foreign direct investments facilitated in the developing countries in which they were located. The 348 guarantee contracts issued by MIGA so far have facilitated an estimated US\$25 billion in foreign direct investment in 62 developing and transition member countries.

Innovations in Guarantee Activities

MIGA further expanded its efforts to collaborate with other insurers and optimize its guarantee capacity to better serve the needs of its clients. MIGA signed a **coinsurance agreement** with Brockbank Syndicate Management Ltd., of Lloyd's of London, to provide up to US\$100 million in additional insurance per project on an *ad hoc* basis, under the Agency's Cooperative Underwriting Program (CUP). MIGA also signed its first contract with Zurich-American Political Risk, under the CUP, for a power project in Argentina. The CUP is a form of coinsurance designed to encourage private insurers to provide coverage of investments in developing countries where they otherwise might not assume the risk without the backing of the World Bank Group. The program is expected to generate additional investment insurance capacity from private insurers in the future.

Through a **reinsurance agreement**, MIGA issued its largest guarantee to date to cover a shareholder loan by Banque Nationale de Paris for expansion of its branch in St. Petersburg. The US\$90 million guarantee was also MIGA's first reinsurance contract with la Compagnie Française d'Assurances pour le Commerce Extérieur (COFACE) of France.

MIGA also set up its **first mobile offices overseas**, in response to investors' demand for the Agency to extend its field presence. In July and October 1997, MIGA organized two-week work programs in the Caribbean and India, respectively, to enable individual meetings with prospective clients and seminars on the Agency's guarantee program and investment marketing services. In March 1998, MIGA set up a three-week office in London and held a major seminar for insurance brokers. In addition, MIGA hosted a major symposium on International Risk Management Techniques and the Role of Political Risk Insurance, and a seminar on Safeguarding Investments in the West Bank and Gaza, both in Washington, D.C., earlier in October and November, respectively.

Mr. Roger Pruneau, MIGA's Vice President for Guarantees, said: "The development of new products and forging of new partnerships, during fiscal 1998, signal the start of a new period of growth in the future. The recapitalization package assures a sound financial base for expansion. Increased budgetary resources will be used to expand our staff, and our new Management team will add fresh ideas and recent process innovations. Finally, a strong pipeline of more than 1,200 investor applications for guarantee coverage will ensure a vibrant new phase for MIGA."

New Contracts Issued in FY98 *(as of June 30, 1998)*

Guarantee Holder	Project Description	Host Country	MAL (US\$mill.)
Andre & Cie, S.A.	Agribusiness	China	1.7
Banco Santander S.A.	Financial Services	Uruguay	38.0
Sithe International, Inc.	Infrastructure	Pakistan	8.0
ING Bank, N.V.	Financial Services	Ecuador	10.0
Companhia Brasileira de Projetos e Obras	Infrastructure	Argentina	17.9
Coastal Suzhou Power Ltd.	Infrastructure	China	17.7
Motorola, Inc.	Infrastructure	India	9.6
Banff Resources Ltd.	Mining	Uganda	1.9
Banff Resources Ltd. & LaSource SAS	Mining	Uganda	47.5
UMC Equatorial Guinea Corporation	Oil&Gas	Equatorial Guinea	24.0
Mitsubishi International Corporation	Other Services	Argentina	1.6
ING Bank, N.V.	Financial Services	Turkey	20.0
El Paso Energy International Co.	Infrastructure	Czech Republic	24.8
El Paso Energy International Co.	Infrastructure	Czech Republic	5.6
Minorco S.A.	Mining	Argentina	5.0
ABN AMRO Bank N.V.	Financial Services	Turkey	24.0
Citibank, N.A.	Financial Services	Turkey	15.3
Citibank, N.A.	Financial Services	Dominican Republic	18.0
Citibank, N.A.	Financial Services	Turkey	11.7
Harris Advanced Technology (Malaysia) Sdn. Bhd.	Manufacturing	China	30.6
Nissho Iwai Corp.	Infrastructure	Sri Lanka	1.7
Tilda Holdings (Africa) Limited	Agribusiness	Uganda	0.5
Tilda Holdings (Africa) Limited	Agribusiness	Uganda	3.0
Banco Santander S.A.	Financial Services	Peru	15.4
Marubeni LP Holding B.V.	Mining	Chile	31.3
Marriott International	Tourism	Peru	4.5
Marriott International	Tourism	Peru	2.7
Industrial Development Corporation of South Africa Ltd.	Manufacturing	Mozambique	40.0
ERI Holdings II	Infrastructure	Costa Rica	2.2
Scotia Mercantile Bank	Infrastructure	Costa Rica	9.2
El Paso Energy International Co.	Oil&Gas	Argentina	22.6
El Paso Energy International Co.	Oil&Gas	Argentina	17.6
Ukrainian Investment Funds Limited	Financial Services	Ukraine	30.0
Habib Bank AG Zurich	Financial Services	Pakistan	3.6
Mitsubishi International Corporation	Other Services	Argentina	1.8
Mitsubishi International Corporation	Other Services	Argentina	2.7
Secil-Companhia Geral De Cal e Cimento, S.A.	Mining	Cape Verde	0.5
Secil-Companhia Geral De Cal e Cimento, S.A.	Mining	Cape Verde	0.7
Sociedade de Empreitadas Adriano, S.A.	Mining	Cape Verde	0.5
Sociedade de Empreitadas Adriano, S.A.	Mining	Cape Verde	0.7
Banque Nationale de Paris (BNP)	Financial Services	Russian Federation	90.0
Mercurat Beteiligungs Gmbh.	Manufacturing	Poland	2.5
Mr. Jari Peltokangas	Manufacturing	Angola	1.5
Vaasan Saippua Oy - Vasa Tval Ab	Manufacturing	Angola	0.8
Efes Breweries International B.V.	Manufacturing	Russian Federation	29.7
Nordic Power Invest AB	Infrastructure	Bolivia	62.5

Bank of Nova Scotia	Tourism	Peru	27.0
ABN-AMRO Bank N.V.	Financial Services	Ecuador	10.0
Efes Breweries International B.V.	Manufacturing	Romania	30.0
Lloyds Bank Plc	Financial Services	Argentina	14.0
Citibank, N.A.	Financial Services	Russian Federation	20.0
Kocbank,A.S.	Financial Services	Azerbaijan	2.7
The Mersey Docks and Harbour Company	Other Services	Kenya	4.7
Banco Santander S.A.	Manufacturing	Peru	10.7
Italian Technology & Innovations S.r.l.	Other Services	Kyrgyz Republic	0.9
Number of Contracts:	55		830.9

New Investment Promotion Experts

The Investment Marketing Services department (IMS) of MIGA has recruited three senior experts to strengthen its technical assistance to investment intermediaries.

Mr. David Bridgman joins IMS as the Program Manager for Capacity Building and Investment Facilitation. Mr. Bridgman, a South African national, established and was head of the Western Cape of South Africa's Investment Promotion Agency (WESGRO), a position he held for the past 10 years. WESGRO is the most highly rated investment promotion agency in Africa. He holds a Ph.D. in Rural Sociology, Agricultural Economics and City and Regional Planning, and a Master's Degree in International Development, both from Cornell University.

Ms. Lena Coyle, a Scottish national, is on secondment to MIGA for a period of two years from Scottish Enterprise, the agency responsible both for economic development in Scotland and for attracting inbound investment into the country. She joins IMS as Senior Investment Promotion Advisor. At Scottish Enterprise, she was the Director of Operations and Deputy Chief Executive, during which time she developed and implemented a fully integrated and multi-disciplinary approach to regional economic development, resulting in a 200% increase in foreign direct investment. Ms. Coyle holds a Master's Degree in Business Administration from Strathclyde University.

Mr. John Wille, a US national, assumes the post of Program Manager for Information Products and Services. Mr. Wille was a consultant to MIGA, other multilateral development agencies and private sector electronic commerce firms. Previously, he was a Senior Manager in Price Waterhouse's (now Price-waterhouseCoopers) Management Consultancy Services Group, where he specialized in financial services. Mr. Wille's educational background includes an MBA in finance from the University of Chicago Graduate School of Business and a bachelor's degree in Economics from Northwestern University.

IMS General Manager, Karin Millett commented "Our clients deserve the highest quality advice and assistance in attracting foreign direct investment. This new senior team offers a cutting-edge, multifaceted approach that will help client countries compete effectively in the global market."

MIGA NEWS
would be pleased to receive queries or comments from readers about
any matters appearing in this publication.

World Wide Web: <http://www.miga.org>