

EUROPE AND CENTRAL ASIA

ALBANIA

Ge.Por.Tur. s.a.s.

(Giorgi Alfo Sh.p.k.)

In its first project in Albania, MIGA issued a guarantee for \$1.6 million to Ge.Por.Tur. s.a.s. of Italy (Ge.Por.Tur.) for its equity investment in Giorgi Alfo Sh.p.k. Ge.Por.Tur will design, construct, and operate a tourist marina—including a lodge, a restaurant, a supermarket, a yachting club, and moorings for leisure boats—on the southern Albanian coast. The guarantee insures against the risk of expropriation.

The project is contributing to the World Bank and European Commission-led reconstruction efforts in the Balkans in the aftermath of the Kosovo War, which caused numerous disruptions in trade, infrastructure, and tourism in neighboring countries.

The Albanian government expects tourism to become a major source of income. The first marina on the Albanian coast will be a modest step towards this goal—it is expected to help meet increasing demand from European countries for leisure ports in the Southern Adriatic Sea. It is also expected to create permanent jobs and training for some 50 local citizens. The port is environmentally sensitive in design, as it minimizes the disturbance of landscape to maintain the beauty of the coastline.

ARMENIA

Commercial Bank of Greece S.A.

(International Commercial Black Sea Bank (Armenia) S.A.)

In its first project in Armenia, MIGA issued a guarantee totaling \$2.7 million in coverage to the Commercial Bank of Greece S.A. (CBG) for its equity investment in the establishment of a subsidiary branch, International Commercial Black Sea Bank (Armenia) S.A. (ICBSB) in Yerevan, the capital of Armenia. The MIGA guarantee will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

ICBSB is a wholly-owned subsidiary of CBG and will operate as a wholesale bank, focusing its activities in the areas of project finance, trade finance, advisory work, and privatization of local companies. The objective of the investment is to introduce a package of competitively priced financial services in

Armenia. The clients targeted for these services are domestic mid-sized corporate and retail firms. The project will have significant developmental benefits as it will increase the availability of medium- and long-term capital and other financial services to enterprises engaged in the production of foods and services in Armenia. The ICBSB investment is in consonance with the government's economic reform program and will contribute to the development of a sound financial sector.

A Z E R B A I J A N

Azertel A.S.

Bank Kreiss AG

Pamukbank T.A.S.

(Azercell Telecom MMM)

MIGA issued guarantees totaling \$8.8 million in coverage to Bank Kreiss AG of Germany, \$16.8 million to Pamukbank T.A.S. of Turkey, and \$30 million to Azertel A.S. for their investments in Azercell Telecom MMM (Azercell) to expand its digital cellular telecommunications capabilities in Azerbaijan. The MIGA guarantees will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The investment project involves the expansion of service capacity and the upgrading of equipment to Azercell's digital communications network that is based on the Global System for Mobile telecommunications (GSM) standard. Azercell is a joint venture company, owned by Azertel A.S. and the Ministry of Communication. The project provides an opportunity for MIGA to support the growth and modernization of Azerbaijan's telecommunication sector that in 1998 only attained a fixed line teledensity of 9.7 percent.

The project enterprise will benefit from substantial transfer of state-of-the-art digital telecommunication technology and expertise in operating the plant. Moreover, extensive training in modern management, marketing, distribution, and technical know-how will be offered in Azerbaijan and Turkey. The plant will create approximately 455 new jobs and local businesses will benefit from the project by providing security services, cables, communication equipment, and other telecommunications services.

C R O A T I A

Bank Austria Creditanstalt Leasing GmbH

(Bank Austria Creditanstalt Leasing Croatia d.o.o.)

MIGA issued a guarantee totaling \$29.6 million in coverage to Bank Austria Creditanstalt Leasing GmbH (BACAL) of Austria for its shareholder loan to expand and develop the leasing capacity of its subsidiary branch, Bank Austria Creditanstalt Leasing Croatia d.o.o. The MIGA guarantee will cover the investor against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project is the expansion of BACL's representative office in Croatia into a full-service leasing subsidiary offering medium- to long-term leases of agricultural, construction, and transport equipment to Croatian companies. The framework of the investment will be designed to mainly focus on promoting and benefiting Croatia's small- and medium-sized enterprises that do not have access to medium- to long-term equipment finance. The project is expected to add

depth to Croatia’s financial sector by improving the quality and diversity of the products available in the market.

CROATIA

Hypo Alpe-Adria-Bank AG (Slavonska Banka d.d.)

MIGA issued its first guarantee in Croatia, covering a \$24.5 million shareholder loan by Hypo Alpe-Adria-Bank AG to Croatia’s recently privatized Slavonska Banka d.d. MIGA’s guarantee covers the investment against the risks of transfer restriction and expropriation. The new financing will be used to develop Hypo Alpe-Adria-Bank AG’s lending portfolio in the eastern part of Croatia. Slavonska Banka d.d. will on-lend its funds to small- and medium-sized enterprises, which traditionally have had little access to long-term finance. The targeted sectors are tourism, agriculture, agribusiness, wood processing, and building materials. Slavonska Banka d.d. also will expand its retail sector to provide a full range of personal and small business banking services. The project will help the country’s reconstruction efforts by strengthening the private banking sector.

CZECH REPUBLIC

Bank Austria Creditanstalt Leasing GmbH (Bank Austria Creditanstalt Leasing Real Estate S.R.O.)

MIGA issued \$90 million in coverage to Bank Austria Creditanstalt Leasing GmbH for its shareholder loan to Bank Austria Creditanstalt Leasing Real Estate S.R.O. (BACLRE) to expand its commercial real estate operations in the Czech Republic. The guarantee covers the investment against the risk of transfer restriction.

The shareholder loan will allow BACLRE to increase the availability of long-term commercial real estate financial leases for Czech companies and investors at competitive prices. BACLRE is expected to develop the local commercial real estate market, facilitating the expansion of retail, wholesale, and commercial businesses.

Approximately \$100 million in labor and materials for construction will be purchased in the local market. Training programs in Vienna and at onsite facilities will give employees skills in risk assessment and legal and technical assistance in leasing.

MACEDONIA

Balkcem Limited (A.D. Cementarnica USJE)

In its first project in FYR Macedonia, MIGA issued a guarantee totaling \$19 million in coverage to Balkcem Limited (Balkcem) of Cyprus—a joint venture of the cement companies Titan Cement (Greece) and Holderbank, (Switzerland)—for its equity investment in the acquisition of A.D. Cementarnica USJE (Cementarnica), a cement company located in Skopje, the capital of FYR Macedonia. The MIGA guarantee will cover the investment against the risks of war and civil disturbance.

The investor will support the modernization and expansion of the only cement plant in Macedonia. The objective of this investment is to modernize Cementarnica by upgrading its facilities and machinery and thereby improve efficiency, reduce costs, and protect the environment. Upon the successful diversification of Cementarnica, with its first ready-mixed concrete unit in Skopje, Balkcem’s long-term objective is to explore

the possibility of setting up additional ready-mixed concrete plants in other parts of Macedonia.

The project is expected to generate taxes and export revenues to the country. Furthermore, Cementarnica will procure 100 percent of the project's inputs locally, purchasing goods and services such as electricity, bags, and pallets.

MOLDOVA

Commercial Bank of Greece (International Commercial Bank (Moldova) S.A.)

In its first project in Moldova, MIGA issued a guarantee for \$2.7 million to the Commercial Bank of Greece for its equity investment in a subsidiary in Moldova. The investment will expand the financing capacity of the project enterprise, International Commercial Bank (Moldova) S.A. (ICBM). MIGA's guarantee will cover Commercial Bank of Greece's investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The objective of the project is to introduce a package of competitively-priced financial services in Moldova. These services will range from trade financing to providing efficient international payments. Additionally, the project will benefit development by increasing the availability of medium- and long-term capital and other financial services to small- and medium-sized firms that produce goods. The banking sector recently has been liberalized, and ICBM will help promote downstream economic activities. Finally, ICBM is planning to participate in privatization and advisory work for more than 100 companies a year, thus contributing to Moldova's privatization program.

RUSSIAN FEDERATION

Kinam Gold Inc. (Omolon Gold Mining Inc.)

MIGA signed a reinsurance agreement with the Overseas Private Investment Corporation (OPIC) to help provide adequate coverage for a project already insured by OPIC. The coverage will reinsure OPIC for Kinam Gold Inc.'s \$60 million equity investment in a gold and silver mine in the Magadan region of Russia. OPIC has provided \$67.5 million and the European Bank for Reconstruction and Development has provided \$62.5 million in loan financing for the project. MIGA's gross exposure will be \$27.4 million, up to \$11 million of it to be reinsured under a quota share reinsurance treaty. The reinsurance will cover OPIC against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project enterprise, Omolon Gold Mining Inc., will reinvigorate Russia's declining mining industry by providing 15 percent of the country's gold production—400,000–450,000 ounces a year. The project will help to alleviate poverty by creating about 350 jobs in the region. Approximately 50 percent of goods and services will be procured locally, and businesses near the plant are expected to provide labor and construction materials, maintenance, catering, and transportation that will help generate local income and employment.

RUSSIAN FEDERATION

Louis Dreyfus Négoce S.A. (Louis Dreyfus Vostok LLC)

MIGA issued a \$15 million guarantee to Louis Dreyfus Négoce S.A. (LDN) for its loan investment in the expansion and operation of Louis Dreyfus Vostok LLC (LDV), an agricultural commodity trading company in Russia. The MIGA guarantee will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance. The EBRD will contribute debt financing to the project. LDV is a trading company which purchases and sells agricultural commodities, and is expected to establish efficient distribution channels.

RUSSIAN FEDERATION

Louis Dreyfus Négoce S.A. (OAO DReVo)

MIGA issued a guarantee of \$5 million for a loan by Louis Dreyfus Négoce S.A. to OAO DReVo, a privately-owned agribusiness company involved in increasing agricultural productivity in the Voronezh region. The company will make modern agricultural technologies and machinery available, and will provide technical assistance to local farmers. The guarantee covers the risks of transfer restriction, expropriation, and war and civil disturbance. This pioneer project is intended to be a working model for similar projects to improve Russia's agronomy.

RUSSIAN FEDERATION

New Arian Resources Corporation Standard Bank London Limited (Omsukchansk Mining & Geological Company)

MIGA provided \$2.2 million of coverage to New Arian Resources Corporation (Arian), a subsidiary of Bema Gold Corporation of Canada, for its investment in the development and operation of Omsukchansk Mining & Geological Company (OMGC), a mining and milling plant in Russia. A guarantee also was issued under MIGA's CUP with Standard Bank of London Limited of the United Kingdom for an amount of \$25 million, \$14.9 million of which are assumed by MIGA. MIGA's guarantees will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project is the underground mining and processing of gold and silver ores in the province of Magadan. It will operate under a 25-year license awarded to OMGC in 1991 by the province to explore and mine metal deposits. The project is expected to have a production capacity of more than 100,000 tons of ore annually over the mine's nine-year life, producing an average of approximately 100,000 gold equivalent ounces per year.

It is anticipated that OMGC will procure approximately 40 percent of goods and services locally, pay \$6 million in annual taxes, create some 250 new jobs, and contribute to the improvement of the infrastructure in the region. Roads from Omsukchansk to Magadan to the mine site are expected to be extended and upgraded, while area bridges will be reinforced to accommodate larger loads.

RUSSIAN FEDERATION

Rabobank International (Rabo Invest OOO)

MIGA issued a guarantee totaling \$34.2 million to Rabobank International of the Netherlands for its investment to expand the banking capacity of its subsidiary, Rabo Invest OOO (RIO) in Moscow, Russian Federation. The MIGA guarantee will cover the investment against the risks of transfer restriction (excluding inconvertibility) and expropriation.

The project is the continued development of Rabobank's operations in Russia. The shareholder loan is expected to be used for financing commodities (sugar, wheat, and the like) through purchase and repurchase agreements with the Russian subsidiaries of global commodity traders. RIO will contribute to the strengthening of the financial sector by securing the continued presence and expansion of a leading foreign financial institution. Additionally, RIO's focus on the agribusiness sector will provide wider downstream benefits in the food and agriculture sectors.

TURKEY

EAC/Turkey International Enterprises, Inc.

Aegean Free Zone, LLC (Ege Serbest Bolge Kurucu Ve Isleticisi AS)

MIGA issued guarantees for \$9.5 million to EAC/Turkey International Enterprises, Inc. and \$90.7 million in nonshareholder loan coverage to Aegean Free Zone, LLC for their investments in Ege Serbest Bolge Kurucu Ve Isleticisi AS to expand the Aegean Free Zone in Turkey. The Aegean Free Zone is Turkey's first privately owned industrial and technology park. The guar-

antees cover the risk of expropriation. (The contracts were cancelled before the end of the fiscal year.)

TURKEY

Westdeutsche Landesbank Girozentrale Düsseldorf Münster

MIGA increased its coverage to Westdeutsche Landesbank Girozentrale Düsseldorf Münster (WestLB) of Germany for its shareholder loan to a branch in Turkey from \$45 million to \$72 million. The increased coverage was issued under MIGA's CUP, together with the original three Lloyd's syndicates: M.D. Reith, Esq., and Others, Syndicate 861; M.E. Brockbank, Esq., and Others, Syndicate 1209; and N.J. Metcalfe, Esq., and Others, Syndicate 588. MIGA's guarantee covers WestLB's investment against the risks of transfer restriction and expropriation.

The increase in coverage will allow WestLB to continue expanding its banking activities in Turkey, thereby providing more financing to companies in the Turkish market, in particular for those involved in export-generating activities and infrastructure projects.

TURKMENISTAN

EFES Sinai Yatirim Holdings A.S. (Turkmenistan Coca-Cola Bottlers Ltd.)

In its first project in Turkmenistan, MIGA issued a guarantee for \$8 million to EFES Sinai Yatirim Holdings A.S. for its equity investment to expand and modernize a soft drink bottling facility in Ashgabat. The guarantee covers the investment against the risks of expropriation and war and civil disturbance.

The project will transform the existing manufacturing plant into a state-of-the-art soft drink bottling facility by constructing and installing new infrastructure and equipment. The project enterprise, Turkmenistan Coca-Cola Bottlers Ltd. (TCB), will bottle, distribute, and sell soft drink products—and its efficient distribution system will benefit local distributors, restaurants, and small businesses.

The TCB's production plant will benefit from substantial transfer of technical and managerial expertise. Extensive training in modern manufacturing techniques, sales, marketing, management, and distribution of soft drink products will be offered onsite in Turkey and Moscow. The plant will create approximately 180 jobs for local citizens and TCB will likely pay \$2.8 million annually in taxes. Water and carbon dioxide needed for the product will be procured locally.

LATIN AMERICA AND THE CARIBBEAN

ARGENTINA

Citibank Trust Fund

(Citibank, N.A. Argentina Branch)

MIGA issued a guarantee for \$90 million to Citibank Trust Fund for its shareholder loan investment in its subsidiary branch in Argentina. The investment will expand the banking capacity of the project enterprise. MIGA used its CUP to syndicate \$45 million of the exposure in the private market with ACE Global Markets. The MIGA guarantee will cover the investment against the risks of transfer restriction and expropriation.

The investment will contribute to the development of Citibank Argentina's asset-based financing capabilities. MIGA's involvement will enable the Citibank Trust Fund to raise funds in the international capital markets. A large share of the funds will finance agricultural machinery, transportation, and construction equipment and provide working capital for farmers and their suppliers. With more equipment-targeted financing, Citibank Argentina will help enhance the productivity of the agriculture and construction sectors.

BRAZIL

ABN AMRO Bank N.V.

(BCP S.A.)

As part of its CUP with private political risk insurers from the United Kingdom and the United States, MIGA issued a contract of guarantee for \$230 million to ABN AMRO Bank N.V. of the Netherlands, acting as agent for itself and on behalf of an international syndicate of lenders, including Bank of America and Westdeutsche Landesbank (WestLB). Coverage was offered for a nonshareholder loan to BCP S.A. (Brazil) against the risks of transfer restriction and expropriation. Five Lloyd's syndicates—ACE Global Markets, Brockbank, S.J. Catlin, Cox Insurance Holdings, and H.H. Hayward—participated in the CUP, together with Chubb & Son and Unistrat Corporation of America.

BCP S.A. is a subsidiary of Bell South Corporation (the U.S. telephone operator) and the Safra Group (a major financial institution in Brazil). The project involves establishing and operating a cellular telecommunications network in the São Paulo metropolitan area under a 15-year renewable concession agreement, which BCP S.A. won in 1997.

MIGA insurance will support the liberalization and privatization of Brazil's infrastructure sector. This project will likely improve availability and quality of telephone services at lower cost. It will yield immediate benefits to some 18.5 million people (or 11 percent of Brazil's population) within the region covered by the network. BCP S.A. will provide new telecommunications infrastructure by establishing a modern digital cellular network, and it will increase competition among telephone service providers. BCP S.A. expects its subscriber base to increase from 1.2 million to 3.2 million in five years. By offering prepaid services, BCP S.A. will make cellular phone services affordable to people with lower incomes.

BCP S.A. already has paid a concession fee of \$2.4 billion and is expected to hire 800 more people within the next three years.

B R A Z I L

Endesa International S.A.

Banco Santander Central Hispano S.A. (Companhia de Interconexão Energetica)

MIGA issued guarantees for \$28 million to Endesa International S.A. of Spain and \$37 million to Banco Santander Central Hispano S.A. for their investments and loans in Companhia de Interconexão Energetica (CIEN) to expand its power distribution capabilities in Brazil. The guarantees cover the investment against the risks of transfer restriction and expropriation.

The investment project involves constructing a transmission line that will supply 1,000 megawatts of electricity from Argentina to the state of Santa Catarina in Brazil. CIEN also will build a converter

station in Garabi to convert tension levels (from 500 kilowatts to 525 kilowatts) between Argentina and Brazil. Expanding its operations will enable CIEN to provide power that will enhance productivity in the region. In addition, the project will use excess electricity generated in Argentina to meet demand in Brazil.

CIEN will create approximately 900 new jobs during construction and about 30 positions for operating the transmission facilities. An estimated \$96 million in materials required for construction and operation of the facilities will be procured locally.

B R A Z I L

The Fuji Bank, Ltd.

Mitsui & Co., Ltd.

Sumitomo Corporation

(Cayman Cabiunas Investment Co., Ltd.)

MIGA issued guarantees totaling \$13.7 million to The Fuji Bank, Ltd. and \$1.3 million to Mitsui & Co., Ltd. and to Sumitomo Corporation, all from Japan, for their investments in Cayman Cabiunas Investment Co., Ltd. (CCI), a gas processing plant located in Brazil. The MIGA guarantees will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project is the expansion and upgrade of a gas separation facility designed to capture, process, and transport natural gas from deposits being developed in the offshore Campos Basin in Brazil. The project will allow Petrobras to more efficiently use the gas and increase the country's energy output with an environmentally cleaner fuel. The investment will allow the plant to expand its processing capacity to 14 million cubic meters per day, which

represents a 70 percent increase in capacity. The investors additionally will fund the construction of new onshore pipelines to accommodate the increased output.

During the first five years, CCI will contribute approximately \$364 million in oil import substitution, and will further contribute to the local economy through substantial procurement in goods and services from local businesses. Furthermore, the new technological upgrade is expected to significantly improve the air quality in Rio de Janeiro and Vitoria.

BRAZIL

VBC International Corporation (VBC Energia S.A.)

MIGA issued a \$100 million guarantee to VBC International Corporation in the Cayman Islands for half of its loan guaranty of a \$200 million loan from Banque Sudameris of France to VBC Energia, S.A. (VBC Energia). The investment will help facilitate VBC Energia's expansion and privatization efforts in Brazil. The Inter-American Development Bank coinsured the second tranche of \$100 million—the first project-based cooperation between the two institutions. The MIGA guarantee covers the investment against the risks of transfer restriction and a limited form of expropriation. ACE Global Markets provided reinsurance in support of the guarantee.

The project involves the final stages of completing, upgrading, and expanding three power companies privatized by VBC Energia. The companies—Serra da Mesa, Rio Grande Energia S.A., and Companhia

Paulista de Forca e Luz—are generators and distributors of energy in the states of Goias, Rio Grande do Sul, and São Paulo, which represent the fastest growing regions of Brazil. There, demand for electricity is growing faster than the gross domestic product. The generation and distribution of power will improve productivity in the region, allowing VBC Energia to better meet demand while decreasing the risk of power outages.

DOMINICAN REPUBLIC

Banco Central Hispanoamericano International Puerto Rico, Inc. (Consortio Energetico Punta Cana-Macao, S.A.)

MIGA issued a guarantee covering \$11.1 million to Banco Central Hispanoamericano International Puerto Rico, Inc. for a loan to Consortio Energetico Punta Cana-Macao, S.A. (CEPM) to expand its existing facilities in the Dominican Republic. CEPM is jointly owned by CEPM Energy Ltd. (incorporated in the British Virgin Islands) and International Endesa B.V. (incorporated in the Netherlands and a subsidiary of Endesa S.A. of Spain). The guarantee covers the risk of transfer restriction.

The loan is intended to increase CEPM's power-generating capacity in the Dominican Republic from 34 to 50 megawatts by expanding an existing diesel fuel power plant. CEPM generates, transmits, and distributes electricity in the Punta Cana-Macao tourist zone, which helps alleviate power shortages in this remote area. Since tourism is a major source of employment and foreign exchange revenues in the Dominican Republic, an investment in developing the tourist zone is

likely to generate additional jobs. Expanding its operations will enable CEPM to meet demand for electricity from new hotels (approximately 70 percent of new rooms under construction in the Dominican Republic are in the Punta Cana-Macao tourist zone and supply up to 20,000 residents outside the hotel premises).

DOMINICAN REPUBLIC

Coastal Power Dominicana Generation Ltd.

(Empresa Generadora de Electricidad Itabo, S.A.)

MIGA issued a guarantee for up to \$90 million to Coastal Power Dominicana Generation Ltd. (CPDG), of the Cayman Islands, for its equity investment in the privatization and development of Empresa Generadora de Electricidad Itabo, S.A. (Itabo), a 580 megawatt consortium of power stations in the Dominican Republic. The MIGA guarantee will cover the investor against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project is the acquisition and rehabilitation of several state-owned electricity generation assets by CPDG and Gener S.A. from the Government of the Dominican Republic. The privatized assets consist of five power stations with 580 megawatts in total nominal capacity near the cities of Santo Domingo, San Cristobal, and San Pedro de Macoris. The project will help produce a steady supply of electricity. In turn, greater reliability of the project, and others like it, may permit the government to reallocate its financial support to the sector.

CPDG is expected to provide and transfer both technical and managerial expertise to Itabo. Local staff will receive training on power plant planning, operations and maintenance. CPDG's expertise will play a significant role in Itabo as it will be operating in a newly deregulated generation market that will require new skill sets to tightly manage the marginal cost of generation, to negotiate contracts, and to participate in the spot market.

DOMINICAN REPUBLIC

Scotiabank (Cayman Islands) Limited (Acropolis/Citibank Tower)

MIGA issued a guarantee for \$33.8 million to Scotiabank (Cayman Islands) Limited for its loan to construct and develop the Acropolis/Citibank Tower, an office and retail complex in downtown Santo Domingo. The new guarantee increased MIGA's coverage to Scotiabank (Cayman Islands) Limited from \$24.4 million to \$33.8 million and the duration of the guarantee from 15 to 20 years. The guarantee covers the risks of transfer restriction, expropriation, and war and civil disturbance.

The tower consists of 15 stories of office space and four stories of retail and shopping stores. The shopping section will feature two or three anchor stores, 30 to 40 boutiques, two restaurants, an eight-screen multiplex theater, and an entertainment center. This office and retail space will encourage the development of private businesses in a growing city. The tower is expected to generate approximately 320 new jobs after construction.

GUATEMALA

ING Bank N.V.

(Orzunil I de Electricidad, Limitada)

MIGA issued a \$11.8 million guarantee covering ING Bank N.V. of the Netherlands for its nonshareholder loan investment in the construction and operation of a 24 megawatt geothermal power plant in



The first geothermal power plant in Guatemala, Orzunil I de Electricidad will increase the power generating capacity of the region, as well as supplement the thermal plants that depend on imported fuel sources.

Quetzaltenango, Guatemala. The project enterprise, Orzunil I de Electricidad, Limitada, is part of a cooperative joint venture that includes Ormat Holding Corporation, which received coverage from MIGA in fiscal 1997 for the same project. In addition, the IFC is providing debt financing to assist the project. MIGA insurance covers the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

Orzunil I de Electricidad, Limitada is the first geothermal power plant in Guatemala. The power output will be sold to the national electric company, which is responsible for the country's power transmission and generation. The new plant will increase the power-generating capacity of the region and supplement the current thermal plants that depend on imported fuel sources. The reliable power supply will

support higher living standards and new businesses in Guatemala.

NICARAGUA

Ormat Holding, Corp.

(Ormat Momotombo Power Company)

In its first project in Nicaragua, MIGA issued a guarantee totaling \$81.4 million



MIGA's guarantee facilitated the rehabilitation, expansions, operation and maintenance of this 70MW geothermal power plant and field located north of Managua, Nicaragua.

to Ormat Holding Corp. (Ormat) for its equity investment in Ormat Momotombo Power Company (OMPC). The proceeds of OMPC's investment will be dedicated to the rehabilitation and expansion of a 70 megawatt geothermal power generation plant and its associated facilities, located in Momotombo, Nicaragua. The MIGA guarantee will cover the investment against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract. It also allows Ormat to assign part of its coverage to future lenders under separate nonshareholder contract guarantees.

The project involves the rehabilitation, expansion, operation and maintenance of a 70 megawatt geothermal power plant and field located north of Managua, the capital of Nicaragua. The plant was originally designed to generate 70 mega-

watts, however, due to a lack of resources, it was limited to producing 10 megawatts. The investment will have a significant impact on the availability of energy, as the rehabilitation program will allow the plant to increase its generating capacity significantly above the 10 megawatt level. Ormat was awarded the exclusive rights to manage and operate the project for 15 years and, at the end of the concession, will hand the facilities back to ENEL, the state-owned utility.

During the life of the project, the plant will pay approximately \$11 million in taxes and procure 90 percent of its goods and services locally. Additionally, OMPC expects the price of its electricity to be among the lowest available and to help to lower the weighted average cost of electricity in Nicaragua. Furthermore, the introduction of the plant's state-of-the-art geothermal technology will bring the project into compliance with modern industry environmental standards.

PERU

Banco Santander Central Hispano (Banco Santander Perú)

MIGA issued a guarantee for \$50.9 million to Banco Santander Central Hispano of Spain to cover a shareholder loan to its subsidiary branch in Peru. The investment is intended to expand the financing capacity of the project enterprise, Banco Santander Perú, to provide both small-scale and long-term lending. The guarantee will cover the investment against the risks of transfer restriction and expropriation of funds. Zurich US provided reinsurance in support of the guarantee.

Approximately one-third of the investment will be used for mortgage financing to individuals. Another third will

be used to extend medium- to long-term financing, and the rest for lease financing to corporations at competitive rates, thus enabling those companies to modernize and expand their production facilities and business lines. Overall, increased competition should lower the cost of financing, benefiting individuals and corporations by improving their capacity to acquire equipment, machinery, and homes. The project will benefit the construction sector indirectly and help meet the demand for housing in Peru.

Banco Santander Perú is expected to procure all inputs from the local market. The project will conduct training programs covering each area of the bank's operations.

PERU

Hydro-Quebec International, Inc. (Consortio Transmantaro S.A.)

MIGA issued two guarantees totaling \$81 million to Hydro-Quebec International, Inc. (HQI) for its investment in Consortio Transmantaro S.A. (CTM) to construct and operate an electrical transmission line between two departments in Peru. MIGA insurance covers the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves designing, constructing, and operating a 220 kilovolt electrical transmission line that links Peru's central Mantaro region with the southern Socabaya region. The project will create a large interconnected Peruvian electricity grid that will enhance reliability, reduce end user tariffs, and meet peak power shortages experienced by industrial plants. The Mantaro-Arequipa transmission line will use proven alternating current technology, widely recognized as one of the most efficient ways to transmit energy.

The project will employ 30 permanent local staff who will receive training in Peru and at HQI's facilities in Canada. Throughout construction, the project will employ an estimated 300 local workers.

The Consorcio Transmantaro S.A. project will build a transmission line that links Peru's central Mantaro region with the southern Socabaya region.



Improvements to the area's infrastructure include constructing access roads that get workers and equipment to work sites.

PERU

Mitsubishi Corporation (Compañía Minera Antamina S.A.)

MIGA issued two guarantees totaling \$23.7 million in shareholder loans and \$16.2 million in equity coverage to Mitsubishi Corporation of Japan for its investment in the Antamina copper-zinc mine in the Cordillera Blanca range of the Andes (Compañía Minera Antamina S.A.)—one of the largest mining projects in Peru. MIGA guaranteed the project's other investors—Rio Algom Limited, Noranda Inc., Teck Corporation, and senior loans by Citibank NA—in fiscal 1999. The insurance covers the investment against the risks of transfer restriction and expropriation.

The development of the mine will significantly improve the infrastructure of the Andean region, as road construction related to the project will link Peru's highlands (home of the Antamina deposit) to a new port, which should foster local com-

merce and attract future investments. The project will benefit domestic companies through the purchase of local goods and services. The project is expected to employ 6,000 Peruvian nationals during construction and operation.

To help families and others in surrounding communities, Compañía Minera Antamina S.A. is expected to implement a community development plan

that includes support for educational, economic, and cultural activities.

URUGUAY

ING Bank N.V. (ING Bank (Uruguay) S.A.)

MIGA issued a guarantee for \$2.7 million to ING Bank N.V. of the Netherlands for its shareholder loan to its subsidiary in Uruguay. The investment will expand the financing capacity of the project enterprise, ING Bank (Uruguay) S.A., to be used in the newly liberalized mortgage lending sector. The guarantee will cover the investment against the risks of transfer restriction and expropriation.

The investment will be used to fund mortgage loans to individuals. Onward lending by the project enterprise will take the form of multiple subloans to home buyers, with maturities of up to 10 years. The project is expected to help develop the financial sector in Uruguay and improve the quality and diversity of financial products in the market. The financing will also support the construction sector through increased demand for housing.

MIDDLE EAST AND NORTH AFRICA

ALGERIA

NATEXIS BANQUE

(Natexis Al Amana Banque–Groupe Banques Populaires)

MIGA issued a guarantee for \$5.8 million to Natexis Banque of France for its equity investment in establishing a subsidiary branch in Algeria. This covers the project against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project enterprise, Natexis Al Amana Banque–Groupe Banques Populaires, will be one of the first commercial banks in Algeria to specialize in trade and corporate finance for small- and medium-sized companies. It will provide financial services in corporate banking, trade finance, retail banking, and mergers and acquisitions. It is expected to finance up to \$4 million in new exports each year.

The project will develop Algeria's banking sector and help expand the markets of small-scale exporters by providing affordable trade and finance instruments. New accounting, budgeting, and finance techniques will help raise business discipline and governance to international standards.

SUB-SAHARAN AFRICA

KENYA

Ormat Holding Corporation (OrPower 4, Inc.)

MIGA issued a guarantee totaling \$37.5 million in coverage to Ormat Holding Corporation (Ormat) of the Cayman Islands for its equity investment in OrPower 4, Inc., an 8 megawatt geothermal power plant in Kenya. The MIGA guarantee will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project is the design, construction, and operation of a power plant awarded to Ormat on a build-own-operate basis following a transparent international tender. The investment will be made in two phases. MIGA's coverage is limited to phase one, which includes the 8 megawatt plant and an appraisal of the field's geothermal capacity. Based on the appraisal, phase two may include an expansion in the capacity of the plant to between 28–100 megawatts and the construction of a high-voltage interconnection to the national grid.

The project enterprise will procure 85 percent of its goods and services locally, and create approximately 24 new jobs for operations and an additional 330 during construction and appraisal. Training programs will be offered to staff in operations, plant maintenance, geothermal techniques, security, and business administration. The project will lower the country's dependence on hydropower, as well as imported thermal energy, and have a positive impact on the balance of payments.



MIGA provided political risk insurance to the equity investor in OrPower 4, Inc., an 8MW geothermal power plant that is part of the Ormat Olkaria III geothermal power plant.

LESOTHO

Imperial Group (Proprietary) Limited (Imperial Fleet Services Lesotho (Proprietary) Limited)

In its first project in Lesotho, MIGA issued guarantees covering \$11 million in equity and \$12.75 million in a shareholder loan to Imperial Group (Proprietary) Limited of South Africa (IGSA) for its investment in the partial privatization (60 percent) of the government's Plant and Vehicle Pool Service Unit (PVPS). MIGA insurance covers the investment against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

GUARANTEES PROGRAM

Approximately 1,200 of PVPS's 2,000-vehicle fleet will be privatized under a sale-and-lease-back and maintenance

said it would not proceed with the acquisition of the PVPS fleet without MIGA's support.

In fiscal 2000, MIGA provided non-commercial guarantees for the privatization of a portion of the Government of Lesotho's Plant and Commercial Vehicle Pool Service Unit.



agreement between IGSA and the government. The project enterprise, Imperial Fleet Services Lesotho (Proprietary) Limited (IFL), will be used exclusively by the government for all of its vehicle fleet leasing, maintenance, acquisition, and short-term car rental requirements. IFL will operate out of seven locations across the country.

This privatization, one of the first in the country and with full IBRD support, should significantly reduce costs. It will improve service quality by implementing an extensive training program, both onsite and in South Africa, leading to the enhancement and transfer of skills in information systems, technical capabilities, and financial, administrative, and customer services. IFL is expected to procure \$6 million in local goods and services annually and pay approximately \$17 million in taxes during the first five years of the project. IGSA considered MIGA's involvement in the project critical; the investor

SOUTH AFRICA

ING Bank N.V.

(ING Bank N.V. South Africa Branch)

MIGA issued a guarantee for \$22.5 million to ING Bank N.V. of the Netherlands for a shareholder loan to its branch in South Africa. The guarantee covers the investment against the risks of transfer restriction and expropriation.

The loan will allow ING Bank N.V. to increase the availability of medium- to long-term finance to corporations at competitive prices. ING Bank N.V. South Africa Branch is expected to focus the project's lending activities on firms involved in export and project finance and infrastructure development in South Africa. The introduction of long-term finance will deepen South Africa's financial market and contribute to economic growth.

SWAZILAND/MOZAMBIQUE

Electricity Utility of the Republic of South Africa

(Motraco-Mozambique Transmission Company S.A.R.L.)

MIGA issued two guarantees totaling \$69.4 million to the Electricity Utility of the Republic of South Africa (Eskom) to cover loan guarantees to the European Investment Bank and the Japan Bank of International Cooperation for their investments in Motraco-

Mozambique Transmission Company S.A.R.L. (Motraco). The project involves the construction and operation of electricity transmission lines that will inter-

connect three countries, South Africa, Swaziland, and Mozambique in southern Africa. This will be MIGA's first project in Swaziland. The MIGA guarantee will cover the investment against the risks of expropriation and war and civil disturbance.

The project will be constructing and operating two 300 kilometer, 400 kilovolt overhead transmission lines and substations designed to provide a supply of electricity that will extend from South Africa across Swaziland to Maputo, Mozambique. Motraco, incorporated in Mozambique, will construct, own, and facilitate the project as a joint venture between the three national power companies: Eskom of South Africa, Electricidade de Mocambique (EdM), and the Swaziland Electricity Board (SEB).

The project will supply electricity to the Mozal aluminium smelter, an anchor project with significant demonstration effect on foreign investment in the Maputo Corridor area. In addition, the project will improve the availability and quality of electricity supply to Mozambique and Swaziland, and will provide the necessary electricity infrastructure to facilitate the development of other large industrial projects in the area. The project will also



The Motraco power project will provide power to Mozambique's Mozal aluminium smelter.

promote technology transfer through Eskom's commitment to train and then transfer responsibility to EdM and SEB personnel in the operation of high voltage transmission systems.

TANZANIA

Société Générale S.A.

(Kahama Mining Corporation Limited)

MIGA issued a guarantee totaling \$115.8 million to Société Générale S.A. as an agent for a syndicate of international banks for their nonshareholder loan investment to Kahama Mining Corporation Limited (KMCL), an indirect wholly-owned subsidiary of Barrick Gold Corporation. A

portion of MIGA's guarantee will be reinsured by private insurers. The MIGA guarantee will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves establishing and operating a mill complex under a mining and development license from the Government of Tanzania to mine underground gold, silver, and copper. KMCL is expected to operate at a rate of 2,500 tonnes per day, resulting in gold production of 400,000 ounces per year.

KMCL will hire approximately 1,500 people during construction and create more than 1,000 new jobs to operate the facilities. Under agreement with the government, the project enterprise is required to prepare and carry out an effective training and employment program for its Tanzanian employees in each phase and at all levels of operation. The project will pay approximately \$75 million in taxes, royalties and duties to the government during the initial 15 years and procure some \$10 million in local goods and services per year.

The investment will contribute to the development of the country's infrastructure, as the establishment and operation of the plant will require constructing roads, and power transmission and water pipeline facilities. Communities surrounding the plant will benefit indirectly through improved access to potable water drawn from the water pipeline, availability of electrical power to local households, and the development of roads.

ZAMBIA

Anglovaal Mining Limited (Chambishi Metals Plc)

MIGA issued a guarantee for \$30 million to Anglovaal Mining Limited (AVMIN) of South Africa for its equity investment in the privatization of 90 percent of the Government of Zambia's cobalt and copper manufacturing facility at Chambishi in the Zambian copper belt. This is the second time that MIGA has supported a developing country investor in Zambia. The MIGA guarantee will cover the investment against transfer restriction, expropriation, and war and civil disturbance.

In its agreement with the government, AVMIN committed to spending a minimum of \$70 million to rehabilitate the cobalt and acid plants (Chambishi Plant), construct a new smelter and related facilities adjacent to them, and exploit the slag dumps. The project enterprise—Chambishi Metals Plc (CM-PLC)—is expected to be commissioned in 2001. It is expected to produce 4,000 tons of cobalt and 7,000 tons of copper a year for at least 20 years.

CM-PLC will contribute to the development of the area by procuring 74 percent of the project's inputs locally and paying approximately \$62.4 million in taxes in the first five years of operation. In addition, AVMIN will provide extensive training both domestically and in South Africa to improve CM-PLC's information systems, technical capabilities, and financial, administrative, and customer services. CM-PLC also will establish a \$100,000 community investment fund to help finance local projects, such as recreational services.