ANNUAL REPORT 2013

INSURING INVESTMENTS ■ ENSURING OPPORTUNITIES

25 years

MIGA

MIGA's Mission

To promote foreign direct investment into developing countries to support economic growth, reduce poverty, and improve people's lives.

CONTENTS

ACRONYMS

CAO	Compliance Advisor/Ombudsman
CUP	Cooperative Underwriting Program
DEIS	Development Effectiveness Indicator System
DIFC	Dubai International Financial Centre
FDI	Foreign Direct Investment
FIAS	Facility for Investment Climate Advisory Services
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
MD&A	Management's Discussion and Analysis
MENA	Middle East and North Africa
OPIC	Overseas Private Investment Corporation
PRI	Political Risk Insurance
SIP	Small Investment Program
SSA	Sub-Saharan Africa
SOE	State-Owned Enterprise

Highlights

FISCAL YEAR 2013

In fiscal year 2013, we issued a total of $2.8 billion in guarantees for projects in MIGA's developing member countries. An additional $3.5 million was issued under MIGA-administered trust funds. This year marked the third consecutive year of record issuance by MIGA, with 82 percent of this new issuance falling into at least one of MIGA's strategic priority areas. At the end of the year, MIGA's gross exposure was $10.8 billion, continuing a six-year trend of growth.

Of particular note, this year MIGA-supported investments received an unprecedented number of industry awards for highly innovative and important transactions.

The Agency also received approval from our Board of Directors to extend our non-honoring of financial obligations coverage to include state-owned enterprises.

MIGA paid no claims this fiscal year.

Guarantees Issued	2009	2010	2011	2012	2013	FY90-13
Number of projects supported	26	19	38	50	30[1]	727
New projects[2]	20	16	35	38	26	-
Projects previously supported[3]	6	3	3	12	4	-
Number of guarantee contracts issued	30	28	50	66	47	1143
Amount of new issuance, total ($B)[4]	1.4	1.5	2.1	2.7	2.8	30.0
Gross exposure ($B)[4]	7.3	7.7	9.1	10.3	10.8	-
Net exposure (less reinsurance) ($B)[5]	4.0	4.3	5.2	6.3	6.4	-

1. *Two additional projects were supported under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund*
2. *Projects receiving MIGA support for the first time in FY13 (including expansions)*
3. *Projects supported by MIGA in FY13 as well as in previous years*
4. *Includes amounts leveraged through the Cooperative Underwriting Program (CUP)*
5. *Gross exposure is the maximum aggregate liability. Net exposure is the gross exposure less reinsurance*

Operational Highlights

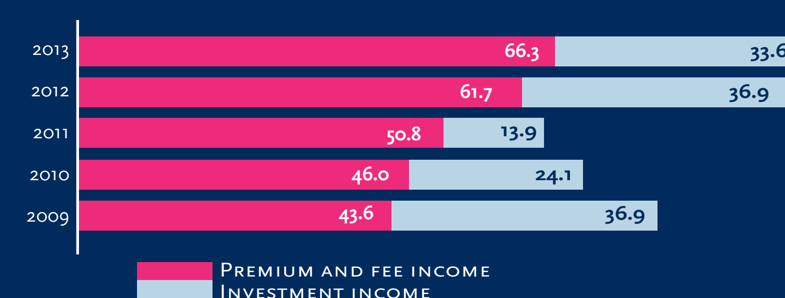
MIGA provided coverage for projects in the following areas in fiscal year 2013:

	Number of projects supported	Share of projects supported (%)	Amount of guarantees issued ($M)	Share of projects $ volume (%)
Priority area[1]				
IDA-eligible countries[2]	21	70	2047.3	74
"South-South" investments[3,4]	7	23	357.0	12
Conflict-affected countries	7	23	1150.3	41
Complex projects[5]	11	37	1924.4	69
Region				
Asia and the Pacific	4	13	492.3	18
Europe and Central Asia	6	20	537.1	19
Latin America and the Caribbean	3	10	67.1	3
Middle East and North Africa[6]	3	10	172.9	6
Sub-Saharan Africa	14	47	1,511.6	54
Sector				
Agribusiness, manufacturing, and services[6]	14	47	385.0	14
Financial	5	17	471.6	17
Infrastructure	9	30	1,272.3	46
Oil, gas, and mining	2	6	652.1	23
Total	**30**		**2,780.7**	

1. *Some projects address more than one priority area*
2. *The world's poorest countries*
3. *Investments made from one MIGA developing member (category two) country to another*
4. *These figures represent projects involving one or more South-based investor*
5. *Complex projects including in infrastructure, extractive industries, and financial structure*
6. *Two projects totalling $3.5 million were also supported under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund*

This year, MIGA's operating income was $19.1 million, compared with $17.8 million in fiscal year 2012 (see MD&A for details).

Earned Premium, Fees, and Investment Income ($M)



World Bank Group Fiscal Year 2013

Highlights

The World Bank Group is a major source of financial and technical assistance to developing countries around the world. Its member institutions work together and complement each other's activities to achieve their shared goals of ending extreme poverty and promoting shared prosperity. The Bank Group shares knowledge and supports projects in agriculture, trade, finance, health, poverty reduction, education, infrastructure, governance, climate change, and in other areas to benefit people in developing countries.

The World Bank Group committed $52.6 billion in fiscal year 2013.

The World Bank, comprising IDA and IBRD, committed $31.5 billion in loans and grants to its member countries. Of this, IDA commitments to the world's poorest countries were $16.3 billion.

IFC committed $18.3 billion and mobilized an additional $6.5 billion for private sector development in developing countries. Nearly half of the total went to IDA countries.

MIGA issued $2.8 billion in guarantees in support of investments in developing countries. Nearly three-quarters of the guarantees went to IDA countries. The Agency welcomed two new members, São Tomé and Principe and Comoros, during the fiscal year.

World Bank Group Cooperation

Joint projects and programs of the Bank Group's institutions focus on promoting sustainable development by expanding financial markets, issuing guarantees to investors and commercial lenders, and providing advisory services to create better investment conditions in developing countries. Working together, the World Bank, IFC, and MIGA catalyze projects that make resources available to clients through greater innovation and responsiveness. A number of these are highlighted in this report.

The World Bank Group comprises five closely associated institutions:

International Bank for Reconstruction and Development (IBRD), which lends to governments of middle-income and creditworthy low-income countries

International Development Association (IDA), which provides interest-free loans, or credits, and grants to governments of the poorest countries

International Finance Corporation (IFC), which provides loans, equity, and advisory services to stimulate private sector investment in developing countries

Multilateral Investment Guarantee Agency (MIGA), which provides political risk insurance or guarantees against losses caused by non-commercial risks to facilitate foreign direct investment (FDI) in developing countries

International Centre for Settlement of Investment Disputes (ICSID), which provides international facilities for conciliation and arbitration of investment disputes.

Leadership Perspectives

Message from Dr. Jim Yong Kim, World Bank Group President

We are at an auspicious moment in history. Thanks to the successes of the past few decades and a favorable economic outlook, developing countries now have an unprecedented opportunity: the chance to end extreme poverty within a generation. This opportunity must not be squandered.

Earlier this year, we in the World Bank Group set two specific and measurable goals for ourselves and our partners in the development community: effectively ending extreme poverty by shrinking the share of people living on less than $1.25 a day to 3 percent by 2030, and promoting shared prosperity by raising the incomes of the poorest 40 percent of the population in every developing country.

These are ambitious goals, and success is far from inevitable. Nearly five years after the global financial crisis began, in 2008, the world's economic recovery remains fragile. Developed countries struggle with high unemployment and weak economic growth. Developing countries are growing more slowly than before the crisis. Moreover, the fight against poverty will become increasingly difficult as we push toward our target, since those who remain poor will be the hardest to reach.

Other challenges could pose new threats to poverty reduction. Conflict and political instability present major risks, because they increase poverty and create long-term obstacles to development. Moreover, a warming planet could increase the prevalence and size of drought-affected areas, and make extreme weather events more frequent, with unpredictable costs in terms of lives and financial resources.

Yet, I remain optimistic that achieving the goals is within our reach. Doing so will require systemic and relentless collaboration from the World Bank Group, our 188 member countries, and other partners.

We have noted that, especially in the current environment, governments cannot depend only on development assistance to achieve their commitments to citizens. The private sector has an enormous role to play, whether on its own or in tandem with governments through public-private partnerships. Here, MIGA plays a significant role, by catalyzing foreign direct investment that supports economic growth, reduces poverty, and improves people's lives in places where it's needed most.

This year, MIGA issued a record $2.8 billion in political risk guarantees, underpinning investments across diversified sectors and regions. Seventy-four percent went to the poorest countries served by the International Development Association. Fifty-four percent supported private sector development in sub-Saharan Africa and 41 percent supported transformational projects in fragile or conflict-affected countries. This Annual Report demonstrates the considerable development impact of MIGA's support, and its ability to build effective partnerships, both externally and across the World Bank Group.

Several MIGA projects over the past year underscore the World Bank Group's strengthened collaboration to achieve our objectives. The outcomes of this collaboration demonstrate how, together, we can use our considerable expertise and resources to help countries and other partners find creative and integrated solutions to development challenges.

MIGA's support of transformational projects in Côte d'Ivoire is particularly noteworthy. This year, the Agency, along with IFC and IDA, supported the Azito thermal power plant that brings energy capacity to the country. Along with IDA, MIGA also supported the construction and operation of an offshore oil and gas facility that will reduce the country's energy costs and limit the use of foreign reserves for energy imports. These transformational projects complemented the Henri Konan Bedié toll bridge in Abidjan—the first public-private partnership since the end of the civil conflict in 2011—that MIGA supported last year. MIGA's support for these investments alone has catalyzed over $2 billion in foreign direct investment, a significant amount for this conflict-affected country.

MIGA's performance this year has made a strong contribution to helping us reach our goals of ending extreme poverty by 2030 and promoting shared prosperity. I particularly want to thank Izumi Kobayashi, whose tenure at the helm of MIGA recently came to an end. Her innovative and tireless leadership, coupled with the professionalism and commitment of MIGA's management and staff, allowed the Agency to achieve extraordinary results. I look forward to working with Keiko Honda, Izumi's successor, to continue MIGA's strong momentum in the years to come.

Jim Yong Kim
World Bank Group President
June 30, 2013

MIGA

BOARD

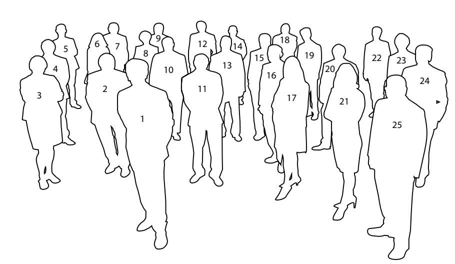
A Council of Governors and a Board of Directors, representing 179 member countries, guide the programs and activities of MIGA. Each country appoints one governor and one alternate. MIGA's corporate powers are vested in the Council of Governors, which delegates most of its powers to a Board of 25 directors.

Voting power is weighted according to the share of capital each director represents. The directors meet regularly at the World Bank Group headquarters in Washington, DC, where they review and decide on investment projects and oversee general management policies.

Directors also serve on one or more of several standing committees:

- Audit Committee
- Budget Committee
- Committee on Development Effectiveness
- Committee on Governance and Administrative Matters
- Human Resources Committee

These committees help the Board discharge its oversight responsibilities through in-depth examinations of policies and procedures.



MIGA's Board of Executive Directors, as of June 30, 2013

1: Merza Hasan; 2: Agapito Mendes Dias; 3: Satu Santala; 4: Roberto B. Tan; 5: John Whitehead; 6: Marie-Lucie Morin; 7: Shaolin Yang; 8: Gwen Hines; 9: Vadim Grishin; 10: Mukesh N. Prasad; 11: Mansur Muhtar; 12: Piero Cipollone; 13: Omar Bougara; 14: Ibrahim M. Alturki (alternate); 15: Gino Alzetta; 16: Hideaki Suzuki; 17: Ingrid-Gabriela Hoven; 18: Denny H. Kalyalya; 19: César Guido Forcieri; 20: Juan José Bravo; 21: Sara Aviel (alternate); 22: Hervé de Villeroché; 23: Frank Heemskerk; 24: Jörg Frieden; 25: Sundaran Annamalai

Message from Izumi Kobayashi, MIGA Executive Vice President, 2008-2013

There are signs the global economy is at a turning point—the real risks we saw in recent years have receded and the situation is less volatile. While high-income countries still face modest economic growth of about 1.2 percent in 2013, developing countries are projected to grow 5.1 percent.

This relative growth in developing countries continues to make them increasingly attractive to foreign investors. This is one of the reasons why we have seen growing demand for our risk-mitigation products, as investors seek returns in more challenging environments. Against this backdrop, MIGA celebrated its 25th anniversary this year with another excellent performance, issuing $2.8 billion in new guarantees.

MIGA's mandate to catalyze foreign direct investment into developing countries has increased in relevance as part of the World Bank Group's overall mission to end extreme poverty and promote shared prosperity. We recognize the private sector has an important role to play in assisting development. Our challenge is to ensure we facilitate the right investments that create value for the private sector, and are sustainable in order to yield lasting development benefits for host countries. This report highlights our positive results this year—both in new business and in development impact from existing projects that have improved people's lives across the globe.

I note our continued efforts to ramp up business development, including strengthened outreach to sub-Saharan Africa and the Middle East and North Africa, as countries seek more ways to attract private financing and investment. Our expanded operations in Asia and our presence in Europe helped contribute to another year of positive business results. We remained focused on our strategic priority areas: support for investment in the world's poorest countries served by the World Bank's International Development Association (IDA), in fragile and conflict-affected environments, in complex projects, and South-South investments. Over three-quarters of the projects MIGA backed address at least one strategic priority area, accounting for 82 percent of new business volume.

Our business diversification remained strong this past year. Regionally, MIGA's projects in sub-Saharan Africa accounted for the largest portion of new business volume at 54 percent, over twice last year's level of 24 percent, and over four times the fiscal year 2011 level of 12 percent.

The Agency's sector diversification shows strong gains with complex projects in infrastructure and extractive industries rising to 69 percent of new volume compared to 60 percent in fiscal year 2012. Underlying these strong business results is the transformational nature of many of these projects, which help bring power, transportation, and more efficient technologies into our developing member countries, and are particularly important for fragile and conflict-affected economies that have the greatest need for investment.

The impact of the projects we support again demonstrates the powerful role the private sector can play in alleviating poverty by mobilizing private capital into sectors with broad developmental impact, such as infrastructure, agribusiness, and manufacturing. With the private sector stepping in to provide these much-needed investments, host-government efforts are complemented in building the foundation for more productive economic activity that creates jobs and growth. Additionally, these investments are playing an important role in contributing to economic and social sustainability in surrounding communities.

We also reached out to existing and new external partners to share knowledge on industry practices and development solutions. This outreach included activities such as conferences on managing global political risk, senior executive outreach, and visits to projects that we have supported—including a trip I made to Iraq and the Palestinian Territories, both areas hit by conflict and fragility. We also participated in the World Bank Group's groundbreaking mission to Myanmar and together we hope to help reduce poverty and boost growth through energy infrastructure development and other reforms.

This past fiscal year we further strengthened our partnerships across the World Bank Group, working on ways to enhance collaboration in our strategic priority areas. In particular, the IFC/MIGA Business Development Partnership has matured into a strong business model that has helped stimulate joint business development and knowledge-sharing while providing optimal solutions to our clients.

Internally, we remained focused on strengthening our information technology systems to serve anticipated needs and streamlining processes to enable more flexibility and responsiveness to our clients. We continued to place an emphasis on building a diverse and talented staff of professionals. This past year we welcomed four new staff members under our successful MIGA Professionals Program.

I have come to the end of my tenure at MIGA. I want to thank the Board of Directors and other partners, as well as our clients, for their guidance and support in advancing the work of this important institution. As I leave, I feel confident that MIGA is well-positioned to fulfill our mandate of facilitating investment that furthers growth and improves people's lives. I want to thank President Jim Yong Kim for his leadership. Most of all, I want to express my sincere gratitude to MIGA's management and staff for their professionalism and commitment throughout my term to deliver MIGA's mission in the countries we serve. It has been my privilege to work with you.

Izumi Kobayashi

Izumi Kobayashi
June 30, 2013

Message from Keiko Honda, MIGA Executive Vice President

I am pleased to transmit MIGA's 2013 Annual Report, which highlights the Agency's strong performance over the past year.

This is a very exciting time to be joining the World Bank Group and sharing in the noble purpose of ending extreme poverty and promoting shared prosperity.

We are committed to working with our clients and development partners to deliver the solutions that will help us achieve these goals. MIGA's risk-mitigation instruments can play an essential role in mobilizing the financing necessary to deliver transformational infrastructure projects, build job-generating enterprises, and provide access to finance.

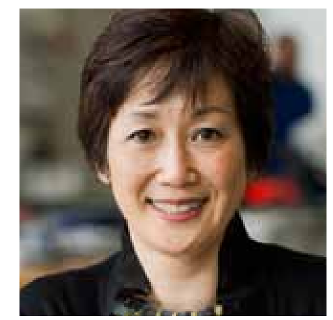
I look forward to working with our Board, our partners, and staff to meet these goals. I am honored to contribute to this important work.

Keiko Honda
July 15, 2013

MIGA

MANAGEMENT TEAM

Izumi Kobayashi
Executive Vice President



Michel Wormser
Vice President and Chief Operating Officer

Ana-Mita Betancourt
Director and General Counsel, Legal Affairs and Claims

Kevin W. Lu
Regional Director, Asia Pacific

Edith P. Quintrell
Director, Operations

Lakshmi Shyam-Sunder
Director and Chief Financial Officer, Finance and Risk Management

Ravi Vish
Chief Economist and Director, Economics and Sustainability

Marcus S. D. Williams
Chief, Strategy, Communications and Partnerships

Development Impact

There are signs that global economic activity is slowly picking up. These signs are supported by low interest rates, increased global liquidity, improved global financial conditions, the accelerating growth of global trade, and stronger domestic demand.

The World Bank's outlook for the global economic environment is predicting global growth to come in at a relatively weak 2.2 percent in 2013. It will gradually strengthen to 3.0 percent and 3.3 percent in 2014 and 2015. Importantly, according to the World Bank, the global economy is transitioning into what is likely to be a smoother and less volatile period.

Although acute risks in high-income countries are down, more modest downside risks linger as these economies continue to adjust. A slow acceleration in growth is expected in the next several years. In the meantime, as the developed world progresses toward recovery, developing economies remain the primary drivers of global growth—though we note that they are expanding more slowly than last year.

Foreign Direct Investment Trends

In this still somewhat fragile global environment, foreign direct investment (FDI) inflows to developing countries declined by an estimated 4.5 percent in 2012 to reach $670 billion. A rebound is anticipated for 2013, when FDI inflows into developing countries are forecast to bounce back to $719 billion. Flows to developing countries continue to account for a substantial share of global FDI: they reached 45 percent of inflows in 2012.

Of particular interest, FDI outflows from developing countries reached a new record in 2012—an estimated $238 billion—continuing the upward trend of recent years. They are forecast to be $275 billion in 2013. About a quarter of the outward FDI stock of developing countries goes into other developing countries ("South-South" investment). These South-South flows are outpacing traditional investment as a source of new FDI, as investors in Europe and the United States have felt the brunt of the recent economic slowdown and the crisis in the euro zone.

With respect to investor sentiment, the relative growth in developing countries continues to make these economies increasingly attractive to foreign investors. According to a 2012 Economist Intelligence Unit survey commissioned by MIGA for our annual *World Investment and Political Risk* report, investors remain optimistic about their prospects in developing countries. In fact, more than half of the survey's respondents expected to increase their investments there in the short term.

MIGA's Role

MIGA's insurance against noncommercial risks in developing countries is a powerful tool for many investors and lenders as they enter these markets. In many cases, MIGA guarantees help them address hesitations that may affect the decision to move forward with an investment, particularly in countries perceived as high-risk. Indeed, the presence of MIGA guarantees can often make the difference between a go and a no-go decision for some investments. Increasingly, MIGA guarantees are also being used as a credit-enhancement tool that helps clients secure financing with better terms and longer tenors.

MIGA promotes the flow of FDI into developing countries in service of our mission: supporting economic growth, reducing poverty, and improving people's lives. With our World Bank Group colleagues, we work with investors to structure projects in ways that benefit all parties and foster positive relationships with local communities. MIGA's collaboration with the World Bank and the International Finance Corporation (IFC) has borne fruit in several highly developmental projects including the Bujagali hydropower dam in Uganda commissioned this year and the Azito thermal power plant expansion in Côte d'Ivoire (see box 1). At a broader level, MIGA's collaboration across the World Bank Group ensures that the Agency's support to any investment is consistent with the Group's strategy for the host country. Our ability to leverage the Group's expertise on environmental and social standards is often a significant value to our clients and to the development impact of the investments we insure.

This year, MIGA is pleased to celebrate our 25th anniversary (see box 3). This milestone is a good occasion to reflect on our achievements up until now and opportunities for the next 25 years. Since our inception we have issued $30 billion in guarantees for projects in a wide variety of sectors, covering all regions of the world. Going forward, we will continue to focus on insuring projects where we have the most impact, especially those that are in line with our strategic priorities detailed next.

Strategic Focus

Four strategic priorities guide MIGA's work. These priorities have been shaped by the World Bank Group's mission to end extreme poverty and promote shared prosperity, the development needs of MIGA's member countries, and the need for the Agency to focus on its comparative advantage and complement other insurers.

MIGA's first priority is encouraging FDI into the world's poorest countries. In fiscal year 2013, 74 percent of our guarantee volume fell into this category. Examples that address this priority include MIGA's support to power generation in Uganda and Bangladesh, a commercial bamboo plantation in Nicaragua (see box 2), customs inspection services in Madagascar and Niger, and several agribusiness investments in Zambia.

Our strategic focus on conflict-affected and fragile economies underlines MIGA's key role in these countries' rebuilding efforts, particularly during the crucial period of transition as they seek to establish stability after years of turmoil. This focus also points to MIGA's ability to guarantee projects where other insurers may be off-cover. Three transformational projects in Côte d'Ivoire—detailed later in this report—show how MIGA is prepared to act as a catalyst for private sector investment very soon after conflict wanes. Also this year, our support to manufacturing projects in the West Bank and Gaza demonstrates the Agency's commitment to this priority area. Projects in conflict-affected and fragile countries and territories represented 41 percent of MIGA's new volume this year.

MIGA received approval from our Board of Directors this fiscal year to create a Conflict-Affected and Fragile Economies Facility to even further deepen the Agency's support to this priority area. In addition to MIGA guarantees, the facility will use donor contributions and guarantees to provide an initial loss layer to insure investment projects in difficult contexts. The facility was launched in June, together with the governments of Canada and Sweden, which committed funding in support of this initiative. Discussions are advanced with other potential donors to support the facility.

Another priority area where we have a distinct competitive advantage is complex projects. This year, in addition to issuing guarantees for oil and gas as well as power generation investments in Côte d'Ivoire, MIGA supported power generation in Angola. These complex projects are often transformational for countries and may increasingly include the participation of several parts of the World Bank Group. In these cases, MIGA guarantees can complement IFC financing and the World Bank's lending and guarantee instruments to bring the full suite of products to bear so that these projects can be realized. MIGA's support to complex projects accounted for 69 percent of 2013's volume.

As South-South investments become an increasingly important source of FDI, MIGA continues to support them as another strategic priority. This year, 13 percent of our business involved FDI from one developing country to another. Examples of MIGA-insured South-South investments include a manufacturing plant in Libya and a power project in Kenya.

Put together, projects in MIGA's priority areas accounted for 82 percent of new business volume for 2013.

From a regional perspective, MIGA focused on sub-Saharan Africa as well as the Middle East and North Africa this year.

BOX 1
Mobilizing Investment in Côte d'Ivoire

The West African nation of Côte d'Ivoire is eager to rebuild its infrastructure and reclaim its reputation as a regional economic power. MIGA is playing a significant role in mobilizing the massive amount of private sector investment that is needed to help Côte d'Ivoire meet its ambitious goals. Together, MIGA's guarantees in support of three large transformational infrastructure projects are mobilizing more than $2 billion in foreign direct investment.

In fiscal year 2012, MIGA provided investment guarantees for the construction of the Henri Konan Bedié toll bridge. This was an important breakthrough for Côte d'Ivoire as this public-private partnership had to be put on hold for more than 15 years as a result of the civil conflict the country experienced. Construction of the bridge is now well under way and the opening is planned for December 2014. Every element of the bridge, including the 100-ton concrete columns, is being built in Côte d'Ivoire—the construction site also functions as a factory where 800 workers will be employed at its peak.

In fiscal year 2013, MIGA issued guarantees for two investments that will help Côte d'Ivoire meet its growing demand for energy. The government is aiming to boost electricity output by around 80 percent over the next six years. Even considering the recent conflict, Côte d'Ivoire's power sector has a solid track record by regional standards and already exports electricity to several neighboring countries. The Azito thermal power plant was commissioned in 2000 and provides the state power utility with more than a third of its electricity. This independent power producer continued to deliver electricity throughout the crisis, and at times, employees guarded the plant around the clock.

With financing from the International Finance Corporation and a MIGA guarantee of $116 million covering equity sponsor Globeleq, the company has broken ground on a project to convert its existing simple-cycle plant to combined-cycle, increasing total capacity from 290 to approximately 430 megawatts. This means that the company will be able to increase its output substantially without using any additional gas.

Moving up the electricity supply chain, MIGA is also backing the offshore gas facility that delivers dry natural gas directly to Côte d'Ivoire's power plants, including Azito. Foxtrot International's oil and gas production platform in the Gulf of Guinea has a daily production capacity of between 110 and 120 million cubic feet of natural gas, more than half the national output. Foxtrot currently operates six gas wells, and the new investments backed by MIGA will allow drilling of seven new wells by the end of 2014. The company will also construct a new platform in its Marlin gas field, which is expected to go online in 2015. This project is further supported by an IDA partial risk guarantee of $60 million, backstopping payments under a Gas Supply and Purchase Agreement between the government and the investors.

Taken together, these newly mobilized investments of more than $2 billion will keep the lights on, get people to work and school faster, generate employment, and potentially bring countless benefits through community development programs.

Sub-Saharan Africa is a top priority for the World Bank Group and MIGA guarantees play a significant role in mobilizing developmentally beneficial FDI to the region. The Agency has a strong focus on closing the energy and infrastructure gaps that are exacerbated by limited public funding sources. The World Bank estimates that Africa needs to spend $38 billion a year to address its infrastructure deficit. By facilitating access to private capital and using innovative structures like public-private partnerships, MIGA has helped direct investment toward projects that affect large parts of the continent's population. Fifty-four percent of MIGA's volume was for projects in the region this year.

This fiscal year we also continued our focus on the Middle East and North Africa (MENA). The region's recent uncertainties are compounded by the fact that many countries have traditionally relied on investment from Europe, which has been grappling with its own financial challenges. As a result, the need for capital that creates jobs and opportunity is greater than ever. For MIGA, this has been an important moment for the Agency to fill in gaps that the private sector cannot address. At the end of fiscal year 2011 we made a commitment to mobilize $1 billion in insurance capacity to retain and encourage FDI into the region. With $605.8 million of guarantees in MENA issued since then, MIGA is making strong progress toward that goal. This year, MIGA supported five projects in the region, including two manufacturing projects through the West Bank and Gaza Investment Guarantee Trust Fund. These projects will bring jobs and business activity to this difficult context.

Lowering Carbon Footprints

Countries are making significant investments and developing expertise in renewable energy and efficiency as well as low-carbon urban transport. The private sector is essential to delivering solutions to support these countries' efforts. Yet, high up-front costs and perceived political risks often affect investors' decisions to move forward in many markets.

From geothermal energy in Kenya, waste-to-energy in China, and hydropower in Albania, Angola, and Pakistan—MIGA is supporting energy transformation by insuring sustainable power investments in all regions of the world. MIGA has also recently supported mass transit projects in Panama and Turkey.

This fiscal year the Agency signed guarantees for a wind energy project in Nicaragua in addition to projects in Côte d'Ivoire and Bangladesh that involve the conversion of power plants from simple-cycle to combined-cycle. The latter projects produce more electricity for those countries without additional use of gas, resulting in significant carbon dioxide emissions avoidance per year.

Environmental and Social Standards

Sound environmental performance, sustainability with respect to natural resource management, and social responsibility are critical to an investment's success and its contribution to the host country's development. MIGA applies a comprehensive set of performance standards for all guaranteed investments and the Agency's environmental and social specialists evaluate the potential impacts of MIGA-supported projects, advising clients as to how to minimize and mitigate them. In an effort to achieve harmonization across the private-sector arms of the World Bank Group, MIGA is updating its policy and performance standards following a similar review undertaken by the IFC.

The MIGA-administered Environmental and Social Challenges Fund for Africa financed by the Japanese government continues to serve as a mechanism to provide technical advice to cross-border investors in the region. The fund is open on a case-by-case basis to investors already receiving MIGA guarantees or being considered for support. Through it, investors can receive expert advice from MIGA and external consultants with the aim to ensure that projects improve their environmental and social performance. This fiscal year, the Environmental and Social Challenges Fund for Africa supported two MIGA projects in Ethiopia: africaJUICE developed a fair trade farmers union and National Cement created a robust environmental and social management system.

Development Effectiveness

By having a better understanding of the development outcomes of the investments that MIGA insures, the Agency is able to focus our efforts more sharply and achieve a higher level of impact. As a result, we continue to strengthen and measure our development effectiveness, as well as learn valuable lessons from previous projects that can be applied to our current work.

This fiscal year is the third anniversary of the launch of MIGA's Development Effectiveness Indicator System (DEIS) devised to measure and track the development impact of projects that the Agency insures. Through this, MIGA measures a common set of indicators across all projects: investment supported, direct employment, training expenditures, locally procured goods, and community investments. We also measure sector-specific indicators. Results show that MIGA mobilized $5.4 billion in investment in fiscal year 2013, representing nearly double the value of guarantees issued.

The DEIS also puts into place a process to measure projects' actual development outcomes three years from the time of contract signing. Starting in fiscal year 2014, we will begin reporting this data for the cohort of active guarantees that MIGA signed in fiscal year 2011.

BOX 2

When Business is Good for the Environment: Ecoplanet Bamboo in Nicaragua

More than 17 percent of carbon dioxide emissions result from forest deforestation, making it the third largest source of greenhouse gas emissions. Substituting hardwoods for a sustainable alternative would be an easy way to reduce emissions.

MIGA-supported EcoPlanet Bamboo has plans to create a steady and significant supply of raw material to industries that use traditional wood. Its investment in Nicaragua, backed by MIGA guarantees of $27 million, is financing the purchase and conversion of degraded land into commercial bamboo plantations for the sale and export of bamboo fiber. The company plans to establish a pre-processing facility for the production and sale of its Forest Stewardship Council-certified bamboo fiber. The fiber will be targeted for U.S. and multinational timber manufacturers for use in industries such as laminates and composites for construction and furniture, pulp and paper production, and the generation of renewable energy.

MIGA's insurance was critical to this client: "Put simply, MIGA's backing gave us the ability to double our investment in Nicaragua," said EcoPlanet Bamboo CEO Troy Wiseman.

The development profile of this investment is very strong: it is bringing jobs to one of the poorest regions of the country, the remote Southern Atlantic Autonomous Region. The relatively new project's impact on the local economy—including employment generation, land improvement, and workers' skills upgrading—is already evident. The company's initial investment into Nicaragua has generated over 300 jobs in a region with high unemployment and has restored 4,800 acres of degraded land into bamboo plantations—improving biodiversity and reducing pressure on surrounding forests. EcoPlanet Bamboo is diligent about sourcing from local suppliers and creating indirect employment. The company's philosophy ensures that women are an important part of its workforce and that contributions to the local communities foster good relations, support education, and improve livelihoods.

In a major milestone for both the forestry and climate change arenas, last November EcoPlanet Bamboo became the first company to receive carbon validation through the Verified Carbon Standard for its bamboo plantations in Nicaragua. In a country and category that have traditionally not benefitted from significant carbon finance, this achievement solidifies the social and environmental impacts that the company is making locally, regionally, and internationally.

MIGA continues to improve its measurement of development effectiveness. The Agency is also collaborating with other development finance institutions in an effort to standardize indicators.

Another useful tool in enhancing MIGA's understanding of development effectiveness is the Agency's self-evaluation program. These evaluations include in-depth monitoring of project results looking at the following criteria: business performance, economic sustainability, private sector development impact, development outcomes, and environmental and social outcomes. These are undertaken in addition to evaluations conducted by the World Bank's Independent Evaluation Group (IEG)—discussed later in this report—and ongoing monitoring of projects by MIGA staff. This year, the Agency conducted self-evaluations of six projects.

This past year, IEG conducted an evaluation on *World Bank Group Support for Innovation and Entrepreneurship* in developing countries. The report underscored that innovation is not only critical for economic growth, but is also becoming increasingly important for addressing major development challenges, such as those related to inclusion and sustainability. IEG found many cases where MIGA's support for firm-level technology upgrading (through technology transfer, technology diffusion, and acquisition of new technology) helped promote innovation, skills development, and growth of the private sector. The report also highlighted how MIGA's guarantees helped jump start FDI in post-conflict situations, and supported South-South technology transfer and knowledge flows.

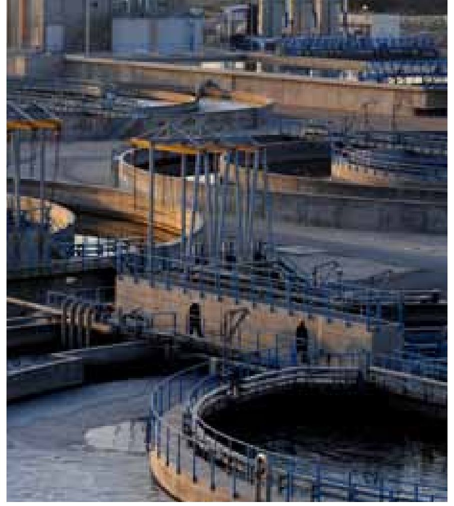
MIGA and Corporate Integrity

According to one recent estimate, $20-$40 billion is siphoned from developing countries each year as a result of corruption. Corruption also adds to the cost of doing business in many countries, undermines their investment climate, and weakens their rule of law. This recognition of the impact of corruption has inspired the conventions, laws, and policies that now govern business activities around the world, MIGA's clients, as well as host and originating countries.

Applying high standards of corporate integrity is an important way MIGA supports positive sustainable FDI. MIGA developed an integrity strategy in 2011 to help safeguard the development impact of investments we insure. In 2012, MIGA formalized a framework as part of our underwriting process to identify potential risks associated with unethical or illegal activities such as bribery, corruption, fraud, collusion, and money laundering. MIGA's integrity due diligence requires consideration of the specifics of the transaction, but always includes an analysis of the project structure, its licensing or tendering process, and potential integrity or reputational risks presented by the project enterprise and the project's participants.

MIGA's integrity due diligence procedures help reduce the possibility of corruption in projects we support. In addition, the Agency's anti-corruption provisions are integrated into our contract of guarantee. MIGA expects our clients and partners to abide by national laws, comply with relevant trade and procurement rules, and also adhere to World Bank Group anti-corruption standards.

In 2012, information about projects supported by MIGA was included in a newly developed mobile application that enables users to confidentially report concerns of fraud and corruption in its projects to the World Bank Group's Integrity Vice Presidency. The mobile application also enables users to identify projects based on country, type of activity, or keyword and send images. In addition, the mobile application provides access to the World Bank Group's list of debarred firms and individuals.



25 years

Box 3
MIGA History

The idea for a multilateral political risk insurance provider was floated long before MIGA's establishment—as far back as 1948. But it was not until September 1985 that this idea started to become a reality. At that time the World Bank's Board of Governors began the process of creating a new investment insurance affiliate by endorsing the MIGA convention that defined its core mission: "to enhance the flow to developing countries of capital and technology for productive purposes under conditions consistent with their developmental needs, policies and objectives, on the basis of fair and stable standards to the treatment of foreign investment."

On April 12, 1988 an international convention established MIGA as the newest member of the World Bank Group. The Agency opened for business as a legally separate and financially independent entity. Membership was open to all IBRD members, and the Agency began with capital stock of $1 billion.

MIGA's original 29 members were: Bahrain, Bangladesh, Barbados, Canada, Chile, Cyprus, Denmark, Ecuador, Egypt, Germany, Grenada, Indonesia, Jamaica, Japan, Jordan, Korea, Kuwait, Lesotho, Malawi, Netherlands, Nigeria, Pakistan, Samoa, Saudi Arabia, Senegal, Sweden, Switzerland, United Kingdom, and United States.

MIGA was created to complement public and private sources of investment insurance against non-commercial risks in developing countries. MIGA's multilateral character and joint sponsorship by developed and developing countries were seen as significantly enhancing confidence among cross-border investors.

Today, MIGA's mission remains straightforward: to promote foreign direct investment into developing countries to support economic growth, reduce poverty, and improve people's lives.

Business

Operational Overview

In fiscal year 2013, MIGA issued $2.8 billion in new guarantees. Of this, $1.3 billion was ceded to MIGA's reinsurance partners. An additional $3.5 million in coverage was issued through the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund. Total portfolio runoff (contract cancellations, expiries, reductions, and translation adjustment) for the fiscal year was $2.4 billion.

An increased volume of cancellations this year was largely the result of loan repayments for shareholder loans insured during the peak of the financial crisis.

At the close of the fiscal year, the Agency's gross exposure was $10.8 billion, another all-time high continuing a three-year trend (see figure 1).

MIGA's Operating Environment

The global financial crisis shaped much of MIGA's business over the past several years. The Agency provided much-needed support to the financial sector in 2009 and 2010, particularly in Europe and Central Asia, a region severely impacted by the crisis that began in 2008. From 2010, as the global economy gradually showed signs of recovery, MIGA saw renewed interest from investors in other sectors, particularly infrastructure, manufacturing, and extractive industries.

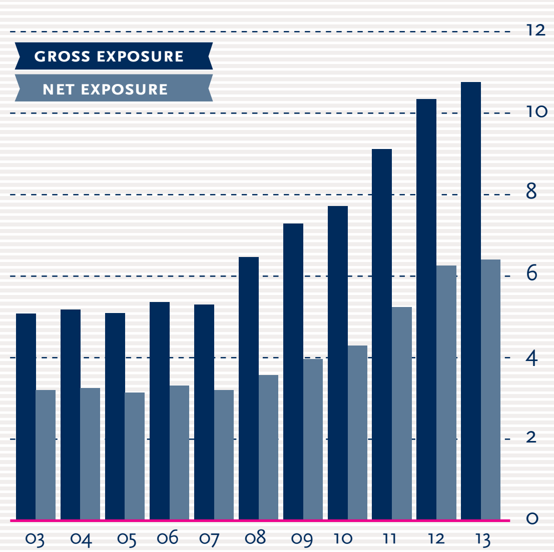
In 2011, overall foreign direct investment (FDI) flows to emerging markets declined because of the sovereign debt crisis in Europe, ongoing political turmoil in the Middle East, and volatility in certain parts of Africa. Yet even as global perceptions of risks worsened, investors searched for opportunities in frontier markets, attracted by the prospect of higher returns. This trend, coupled with recent amendments to MIGA's Convention that expanded the scope of investments the Agency could support, has resulted in a doubling of MIGA's business volume in the last four years.

This year MIGA's Board of Executive Directors further broadened the scope of MIGA's product offerings by authorizing the Agency to extend our non-honoring of financial obligations cover for lending to credit-worthy state-owned enterprises (SOEs). This occurred in response to demand from commercial and investment banks seeking to fund projects carried out by financially sound SOEs without a government guarantee. MIGA continues to see high demand for the non-honoring product introduced in 2009, which allows governments, and now SOEs, to access long-term commercial debt for critical infrastructure projects (see box 2). Availability of commercial debt is particularly important for IDA-eligible countries in light of decreased aid budgets.

MIGA is also beginning to see new structures combining the non-honoring product with capital market transactions underpinned by an eligible infrastructure investment. This approach widens MIGA's business from the traditional application of guarantees that directly support infrastructure investments.

Against this backdrop, the political risk insurance industry continues to enjoy robust growth and overall capacity is ample. Investment insurance provided by Berne Union members has increased by 40 percent since 2008. However, private insurers remain closed for business or work under very narrow terms with limited tenors in many countries, especially those experiencing instability. MIGA is often able to fill this gap in the market because of its development mandate (see box 1).

Figure 1 – Guarantees Portfolio, Gross and Net Outstanding Exposure ($M)



MIGA's Portfolio

In addition to shifting global demand and new product offerings, the transformation of MIGA's portfolio has been shaped by stepped-up business development efforts focusing on the Agency's strategic priority areas. Twenty-seven out of 32 projects supported by MIGA (including the West Bank and Gaza Trust Fund) this year fell into one or more of these priorities: investments

Figure 2 – Guarantees Issued in FY 13, by sector (by $ volume)

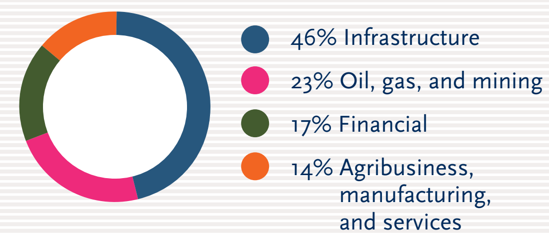
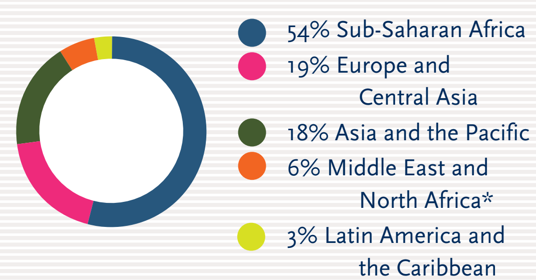
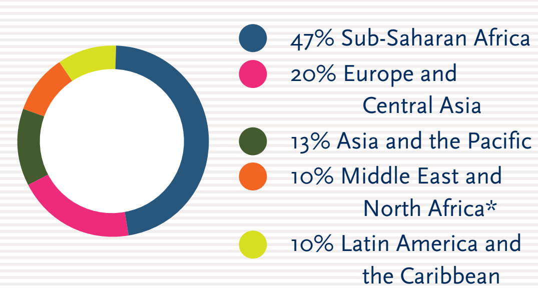


Figure 3 – Guarantees Issued in FY 13, by region (by $ volume)



** Excludes two projects supported under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund*

Figure 4 – Guarantees Issued in FY 13, by region (by number of projects)



** Excludes two projects supported under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund*

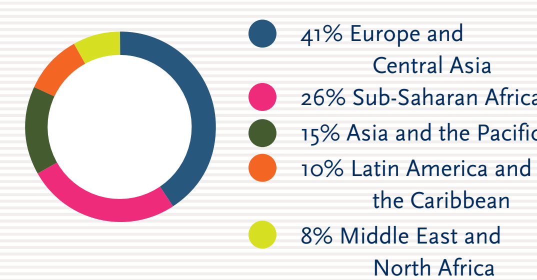
in countries eligible for concessional lending from the International Development Association (IDA), investments in fragile and conflict-affected economies, investments in complex projects, and South-South investments.

In terms of regional diversification, MIGA's projects in sub-Saharan Africa again accounted for the largest portion of new business volume in fiscal year 2013 at 54 percent, more than double the fiscal year 2012 volume of 24 percent (see figure 3).

New business by sector has shifted dramatically from the financial sector (at 17 percent of new volume this year compared to 89 percent in 2009) to infrastructure (at 46 percent of new volume this year) and oil and gas (23 percent). See figure 2 for this breakdown.

Underlying these results is the transformational nature of many of these projects that help bring power, transportation, and more efficient technologies into countries that have the greatest need for investment. Governments also have demonstrated increased interest and need to engage with the private sector in public-private partnerships in order to achieve their development goals.

Figure 5 – Outstanding Portfolio Distribution by Host Region Percent of Gross Exposure



MIGA-Supported Investments Receive Industry Awards

This year MIGA-supported investments received an unprecedented number of industry awards for pioneering and innovative transactions. *Project Finance International* and *Infrastructure Journal* both recognized the Azito Thermal Power Plant and Expansion in Côte d'Ivoire. The transaction, involving the expansion of the plant from single to combined cycle, was named African Power Deal of the Year 2012 and Power Deal of the Year 2012, respectively. Another transformational project in Côte d'Ivoire, the Henri Konan Bedié Bridge was named African Transport Deal of the Year 2012 by *Project Finance* magazine. This transaction is the first public-private partnership in Africa to use a minimum revenue guarantee.

Trade Finance magazine acknowledged two MIGA-supported investments. The magazine awarded the Asia Pacific Deal of the Year to the Ashuganj Power Station Company Ltd. in Bangladesh. The project was recognized as pioneering in many respects, particularly for the broad participation of commercial lenders, export credit agencies, and MIGA (see box 2). The Panama Metro Line One was named Americas Deal of the Year in 2012, with the innovative use of a MIGA guarantee by the project's commercial lenders deemed particularly noteworthy.

This is Africa magazine recently launched its "Beyond Business Awards," recognizing the companies that are developing the sustainable business practices, including attention to corporate and social responsibility. MIGA client Chayton Africa was recognized for work in Zambia where they are introducing modern and sustainable farming practices and improving adoption of these practices by small-scale farmers.

Strengthening Partnerships, Expanding Global Presence

MIGA has undertaken several initiatives to expand our client base and increase our impact in the countries with the greatest need. These include growing the Agency's presence outside our Washington headquarters to be closer to both investors and host countries. We have also strengthened our collaboration with World Bank Group counterparts and other development partners.

MIGA's Asia hub, based in Singapore, continues to broaden its reach with the appointment of a representative in Seoul where the World Bank Group has opened a new office focused on strengthening its efforts to work in tandem with the government of Korea to find sustainable development solutions for emerging countries. MIGA also has staff in Beijing; Hong Kong SAR, China; and Tokyo. The Asia hub contributes to guarantee operations in terms of both underwriting and business development, and supports the Agency's knowledge agenda in the region, working closely with colleagues from the World Bank and IFC.

The hub carries out systematic discussions with host-country governments as well as World Bank Group country offices to identify priority needs. Hub staff also work to identify projects where private sector financing may be needed and where MIGA could add value by addressing the perception of country risks. In addition to its partnerships with the governments of the Philippines and Indonesia, MIGA has entered into high-level talks with

BOX 1
Filling the Private Market Gap in Egypt

Egypt had long been perceived by investors as a relatively stable place to do business. This all changed with the onset of the civil uprising in 2011. That year brought a net divestment in Egypt of $483 million. Apache Corporation, an oil and gas exploration and production company based in the United States, had an existing investment in the country that was covered by the Overseas Private Investment Corporation (OPIC) of the United States. When the company wanted continued coverage for its existing investment as well as future exploration, development, and production of crude oil, natural gas, and condensate, OPIC approached MIGA for long-term reinsurance because the private insurance market had partially withdrawn from Egypt as a result of political unrest.

MIGA is now providing $150 million in reinsurance for this project for a period of up to 13 years against the risks of expropriation and breach of contract. Although the coverage was for an existing investment, the investor had demonstrated a long-term commitment to the country and the investment had a high development impact. These characteristics made the investment eligible under MIGA's Convention, which was amended in 2010 to broaden the pool of eligible investments.

government officials of Mongolia, Myanmar, Vietnam, and other countries in the region.

The hub also focuses on building long-term client relationships based on frequent interactions with investors and banks aimed at developing business with potential South-South investors, such as those from China and India, as well as new investor bases such as Korea. MIGA has already seen an increase in inquiries from Korean investors for projects around the world, including in Africa, the Middle East, and South Asia. Korean outbound investment accounted for $20 billion in 2011—the fifth largest source of outbound FDI from Asia.

MIGA established our Europe, Middle East, and Africa hub in Paris in fiscal year 2012. The hub is located with the World Bank and IFC offices, and MIGA works closely with our World Bank Group partners to effectively leverage our shared presence in the region. MIGA's presence in Europe allows the Agency to more effectively serve and develop our client base. Many of these European project sponsors are focused on countries that are within MIGA's strategic priority areas, especially in sub-Saharan Africa.

The IFC/MIGA Business Development Partnership launched in fiscal year 2012 has matured into a strong business model for World Bank Group collaboration that has helped stimulate joint business development and knowledge-sharing while providing exceptional solutions to our clients.

Following a strong fiscal year 2012, the volume of joint IFC and MIGA projects has continued its upward trend to reach $584.7 million in 2013. The partnership will continue to focus its efforts in strategic priority areas including IDA-eligible countries, fragile and conflict-affected economies, and South-South investment, with an emphasis on agribusiness, financial, and infrastructure sectors.

There is also increasing collaboration across the World Bank Group institutions. Together, we offer financial instruments and technical assistance that countries need to achieve their development goals. Many of the projects supported by MIGA this year involved extensive World Bank Group cooperation during the underwriting process or the use of MIGA guarantees alongside IFC loans or World Bank guarantee instruments. These include transformative projects such as the Azito thermal power plant and the Foxtrot and Marlin oil and gas production platforms in Côte d'Ivoire. MIGA, IFC, and the World Bank also undertook a joint country visit to Myanmar in order to understand the country's needs and present the World Bank Group's capabilities to assist the government as it continues its integration with the global economy.

Reinsurance Partners

MIGA uses reinsurance to increase the amount of coverage we can provide, to manage the risk profile of our 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.

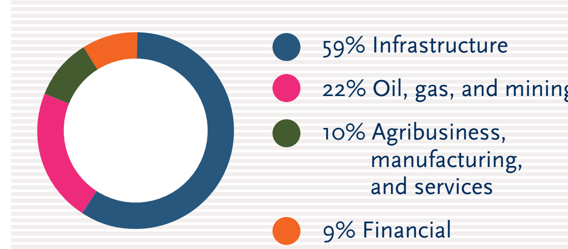
Reinsurance arrangements increase our capacity to support large projects. As a result of our risk-mitigation effect, MIGA's involvement encourages other insurers to participate in projects in frontier markets. It also enables other insurers to underwrite transactions with longer tenors than they would 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, 2013, $4.3 billion of MIGA's total gross exposure was reinsured.

MIGA is an active member of the Berne Union, the leading international association for the export credit and investment insurance industry. In fiscal year 2013, MIGA participated in the Berne Union's annual meetings as well as in a number of technical panel discussions for the Investment Insurance Committee. During the fiscal year, MIGA continued to work with its treaty reinsurance partners, ACE Bermuda Insurance Co. Ltd., XL Re Ltd, Hannover Re, and ONDD—the Belgian export credit agency.

MIGA's 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 6 for consumption of economic capital by sector). The guarantee portfolio as a whole consumed 44 percent of MIGA's available capital as of June 30, 2013.

Figure 6 – Consumption of MIGA's Economic Capital by Sector in FY13



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 2013, 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 100 disputes of this type. Our work on these matters has helped the parties to mitigate concerns that 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 economies throughout the world.

While we encourage investors to seek a resolution of a dispute when possible, if a claim is made, MIGA's procedures ensure 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.

An expropriation claim that had been pending at the beginning of the year was withdrawn after the parties finalized a settlement that was reached with MIGA's active assistance.

There were no claims payments during fiscal year 2013.

box 2
Bringing Power to Countries that Need it Most

Angola has vast indigenous energy resources, but the country's energy infrastructure is underdeveloped, and only 30 percent of the country's population has access to electric power. MIGA is providing coverage against non-honoring of sovereign financial obligations to the commercial lenders financing the expansion of the Cambambe hydroelectric power plant.

HSBC Bank plc, Société Générale, and BHF-Bank Aktiengesellschaft have arranged €391.7 million in debt financing to the government of Angola for the Cambambe plant, one of two hydroelectric power stations operating on the Kwanza River. The expansion involves the construction of a second powerhouse with four additional turbine generators with a total additional capacity of 700 megawatts.

This expansion will bring a clean source of energy to a country that is still rebuilding after conflict and contribute to Angola's effort to diversify its economy.

In Bangladesh, MIGA is backing a financing package arranged by HSBC of the United Kingdom to Ashuganj Power Station Company Limited (APSCL), a state-owned utility. The financing is for the construction of the 450-megawatt combined-cycle gas-fired Ashuganj South power plant, which is expected to provide nearly 12,000 households with electricity.

MIGA's guarantees of $251.4 million are providing coverage against the risk of non-honoring of sovereign financial obligations for a period of up to 13 and a half years. The Ministry of Finance of Bangladesh has provided an unconditional sovereign guarantee covering payment obligations of APSCL under its debt financing and swap arrangement with HSBC. This transaction represented the country's first power sector credit facility agreement.

The project will contribute enormously to the country's power sector objectives, adding clean generation capacity through an indigenous fuel source. MIGA's involvement was crucial for this important project to move forward, as insurance in the private market was limited due to the lengthy tenor of the loan.

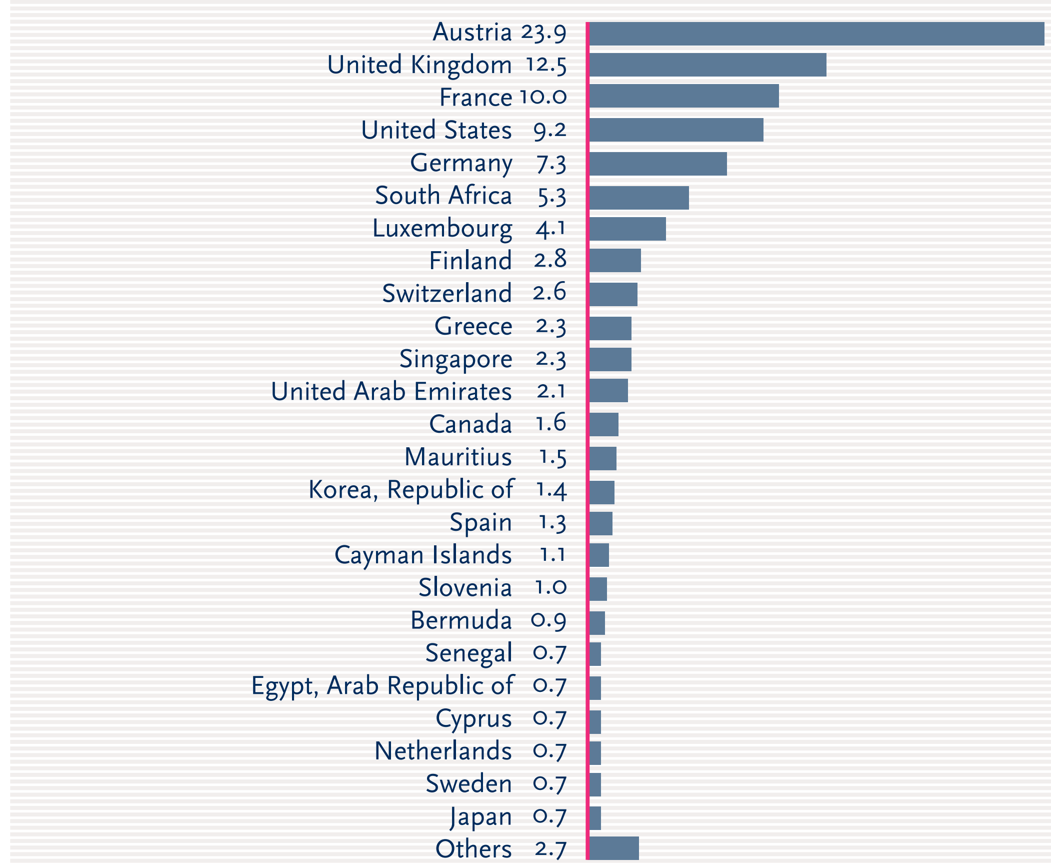
Table 1 — Outstanding Portfolio Distribution by Sector (percent of Gross Exposure)

	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Infrastructure	41	41	35	30	33	38	44
Financial	29	37	47	52	49	41	32
Oil, gas, and mining	13	9	7	7	5	6	11
Agribusiness, manufacturing, and services	17	13	11	11	13	15	13
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 2 — Ten Largest Outstanding Country Exposures in MIGA Portfolio

Host Country	Gross Exposure ($M)	% of Gross	Net Exposure ($M)	% of Net
Croatia	934.4	8.7	400.6	6.3
Côte d'Ivoire	751.4	7.0	271.7	4.2
Ukraine	743.5	6.9	366.0	5.7
Russian Federation	677.2	6.3	343.8	5.4
Serbia	558.4	5.2	409.3	6.4
Angola	524.7	4.9	77.5	1.2
Indonesia	524.3	4.9	278.0	4.3
Turkey	453.7	4.2	252.2	3.9
Ghana	341.7	3.2	309.4	4.8
Bangladesh	329.6	3.1	150.3	2.3

Figure 7 — Outstanding Portfolio Distribution, by Investor Country (Percent of Gross Exposure)*



Others: *Nigeria, Poland, China, Thailand, Norway, Ecuador, Tanzania, Turkey, Romania, Kenya, Ireland, Belgium, Mali, India, Lebanon, Tunisia, Italy, St. Kitts and Nevis, Denmark, Panama, Virgin Islands (British), Colombia*

** Numbers may not add to 100 percent due to guarantee holders domiciled in two 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
Côte d'Ivoire	751.4	7.0	271.7	4.2
Angola	524.7	4.9	77.5	1.2
Ghana	341.7	3.2	309.4	4.8
Bangladesh	329.6	3.1	150.3	2.3
Pakistan*	305.2	2.8	215.0	3.4
Kenya	251.9	2.3	217.1	3.4
Vietnam*	181.9	1.7	124.3	1.9
Djibouti	177.3	1.6	70.1	1.1
Uganda	161.1	1.5	82.6	1.3
Afghanistan	151.9	1.4	103.3	1.6
Senegal	148.3	1.4	123.3	1.9
Rwanda	119.6	1.1	104.3	1.6
Uzbekistan*	119.5	1.1	80.0	1.2
Mozambique	118.0	1.1	92.0	1.4
Bosnia and Herzegovina*	96.8	0.9	96.8	1.5
Zambia	85.8	0.8	85.8	1.3
Lao People's Democratic Republic	65.6	0.6	32.8	0.5
Nicaragua	61.9	0.6	59.1	0.9
Guinea	51.9	0.5	46.7	0.7
Kosovo	49.7	0.5	49.7	0.8
Central African Republic	31.4	0.3	31.4	0.5
Congo, Democratic Republic of	30.1	0.3	30.1	0.5
Georgia*	24.3	0.2	24.3	0.4
Mali	16.2	0.2	14.6	0.2
Ethiopia	16.1	0.1	16.1	0.3
Moldova	16.0	0.1	16.0	0.3
Nigeria	15.7	0.1	13.9	0.2
Madagascar	15.7	0.1	15.7	0.2
Nepal	11.9	0.1	3.0	0.0
Guinea-Bissau	11.3	0.1	10.2	0.2
Bolivia	10.8	0.1	10.8	0.2
Sierra Leone	9.9	0.1	9.9	0.2
Benin	8.7	0.1	8.6	0.1
Cameroon	6.7	0.1	6.7	0.1
Honduras	6.2	0.1	6.2	0.1
Niger	6.1	0.1	6.1	0.1
Kyrgyz Republic	5.8	0.1	5.8	0.1
Mauritania	5.4	0.1	4.9	0.1
Congo, Republic of	5.0	0.0	5.0	0.1
Togo	4.2	0.0	4.2	0.1
Armenia*	3.7	0.0	3.7	0.1
Burundi	0.7	0.0	0.7	0.0
Burkina Faso	0.7	0.0	0.6	0.0
Grand Total	**4,356.3**	**40.5**	**2,639.9**	**41.2**

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

Table 4 — Projects Supported in Fiscal Year 2013

Host Country	Guarantee Holder	Investor Country	Sector	Amount $M (Gross Exposure)	Priority Area[1]
Asia and the Pacific					
Afghanistan	Traitex International SA	Belgium	Agribusiness	1.2	CA, IDA
Bangladesh	HSBC Bank plc	United Kingdom, China	Power	251.4	IDA, COM, S-S
Pakistan	Stora Enso South Asia Holdings AB	Sweden	Manufacturing	72.0	IDA (blend)[2]
Vietnam	JPMorgan Chase Bank NA	United States	Manufacturing	167.7	IDA (blend)[2]
Total				**492.3**	
Europe and Central Asia					
Georgia	Principals of a micro-finance organization operating in Georgia	United States	Banking	1.8	IDA (blend)[2]
Moldova	Raiffeisen Bank SA*	Romania	Leasing	6.0	IDA, S-S
Serbia	Erste Group Bank AG	Austria	Banking	73.9	
Serbia	Eurobank Ergasias S.A.	Greece	Banking	247.4	
Turkey	ING Bank, a Branch of ING-DiBa AG	Germany	Transportation	65.5	COM
Ukraine	Raiffeisen Bank International AG	Austria	Banking	142.5	
Total				**537.1**	
Latin America and the Caribbean					
El Salvador	Cotecna SA	Switzerland	Services	23.8	
Nicaragua	Globeleq Mesoamérica Energy (Wind) Limited	Bermuda	Power	16.3	IDA, COM
Nicaragua	EcoPlanet Bamboo Group LLC	United States	Agribusiness	27.0	IDA
Total				**67.1**	

Table 4 — Projects Supported in Fiscal Year 2013 (cont'd)

Host Country	Guarantee Holder	Investor Country	Sector	Amount $M (Gross Exposure)	Priority Area[1]
Middle East and North Africa					
Egypt	Overseas Private Investment Corporation	United States	Oil and Gas	150.0	COM
Jordan	Suez Environnement, SA; Infilco Degremont, Inc.; Morganti Group, Inc.	United States, France	Water and Wastewater	13.1	COM
Libya	Inter MIMS Investment Limited	Mauritius	Manufacturing	9.8	CA, S-S
West Bank and Gaza[3]	Veldkamp Technische Ondersteuning B.V.; Al-Jebrini Dairy and Food Industry Co.	Netherlands, West Bank and Gaza	Manufacturing	1.8	CA, IDA, S-S
West Bank and Gaza[3]	Ms. Hovestadt Pieternella (Meaf Machines B.V.); Al Haram Plastic Company; Mr. Mohammad Kamel I. M. Hassouneh; Mr. Hatem A.A. Abudayya	Netherlands, West Bank and Gaza	Manufacturing	2.7	CA, IDA, S-S
Total				**176.4**	

Table 4 — Projects Supported in Fiscal Year 2013 (cont'd)

Host Country	Guarantee Holder	Investor Country	Sector	Amount $M (Gross Exposure)	Priority Area[1]
Sub-Saharan Africa					
Angola	HSBC Bank PLC	United Kingdom	Power	511.8	CA, IDA, COM
Côte d'Ivoire	Azalaï Hotels SA	Mali	Tourism	7.4	CA, IDA, S-S
Côte d'Ivoire	SCDM Energie; HSBC Bank plc	France, United Kingdom	Oil and Gas	502.1	CA, IDA, COM
Côte d'Ivoire	Globeleq Holdings (Azito) Limited	Bermuda	Power	116.1	CA, IDA, COM
Gabon	Cotecna Inspection SA	Switzerland	Services	7.5	
Ghana	Daye Water Investment (Ghana), BV; Abengoa Water Investments Ghana, BV; Standard Bank of South Africa Ltd.	Netherlands, South Africa	Water Supply	179.2	IDA, COM, S-S
Kenya	The Standard Bank of South Africa Limited; CFC Stanbic Bank Limited; Industrial and Commercial Bank of China	South Africa, Kenya, China	Power	113.6	IDA, COM, S-S
Madagascar	SGS Société Générale de Surveillance*	Switzerland	Services	2.9	IDA
Niger	Cotecna Inspection Services S.A.	Switzerland	Services	6.2	IDA
Sierra Leone	Groupe Europe Handling S.A.S.	France	Services	1.9	CA, IDA
Uganda	World Power Holdings Luxembourg S.à.r.l.*	Luxembourg	Power	5.3	IDA, COM
Zambia	Chayton Africa	Mauritius	Agribusiness	45.9	IDA, S-S
Zambia	Liongate Venture Fund I SPC	Cayman Islands	Agribusiness	2.9	IDA
Zambia	Silverlands Ireland Holdings Ltd.	Ireland	Agribusiness	8.8	IDA
Total				**1,511.6**	

** 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 FY13*

1. Projects in priority areas, as follows: CA: conflict-affected country; IDA: IDA-eligible country; COM: complex project in infrastructure or extractive industries; S-S: 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

3. Underwritten through the MIGA-Administered West Bank and Gaza Investment Guarantee Trust Fund

Research and Knowledge

As part of our research and knowledge agenda, this fiscal year we published MIGA's fourth annual *World Investment and Political Risk* report on political risk perceptions and management. The report looked at sovereign default and expropriation, both risks with high demand for investor protection. Specifically, the report examined the empirical relationship between sovereign credit risk—typically caused by adverse economic shocks—and expropriation over time and highlighted some regularities between the two types of risk.

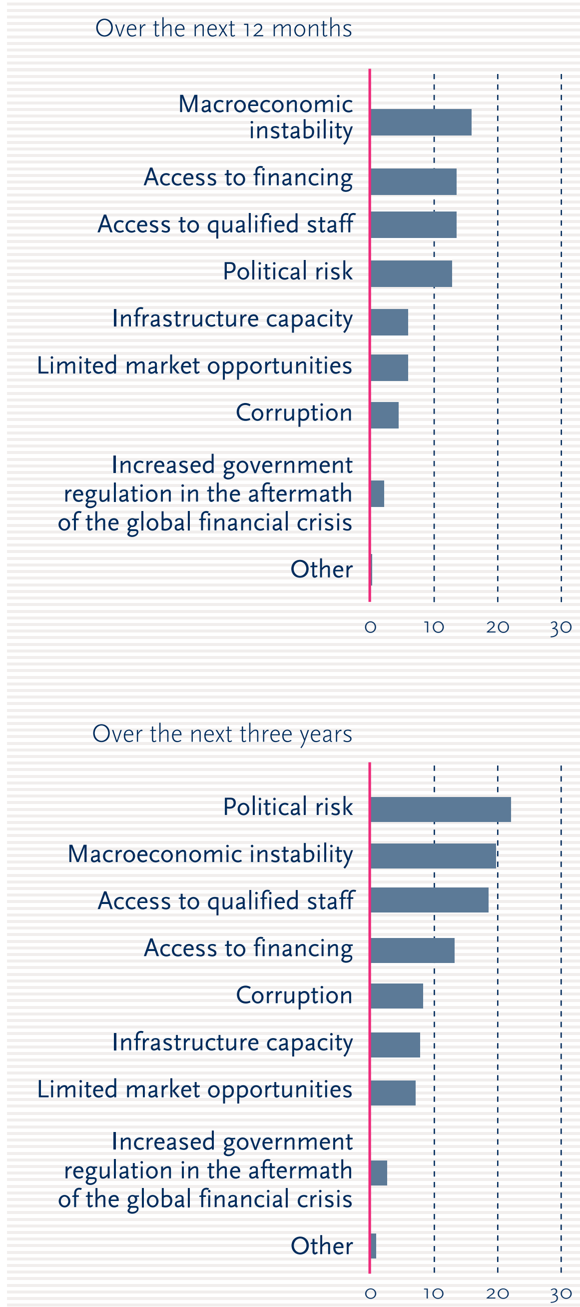
A principal finding of the report was that, at a country level, the two types of events happen in waves. The report highlighted that the recent global economic crisis in high-income economies has increased political risk perceptions for emerging economies. Meanwhile, since emerging economies now tend to rely more on foreign direct investment (FDI) and less on sovereign bond issuance as a source of foreign capital, the risk of expropriation is higher relative to sovereign default in these economies.

World Investment and Political Risk also addressed general trends in the global economy and FDI, as well as trends in the political risk insurance industry. In addition, it reported on corporate perceptions of political risk and risk-mitigation strategies that resulted from our annual MIGA-EIU foreign investor survey. The findings of the survey emphasized the ongoing weakness and instability in the global economy as a top constraint for foreign investors' plans to expand in developing countries in the short term (see figure 8), and affirmed that political risk, over the medium term, was the most significant constraint to investing in developing countries (see figure 9).

The survey paid special attention again this year to the reaction of multinational enterprises to the political turmoil and events in the Middle East and North Africa. Findings showed that political and economic stability would induce a return of corporate investors and that the presence of investment opportunities is important for investor re-engagement.

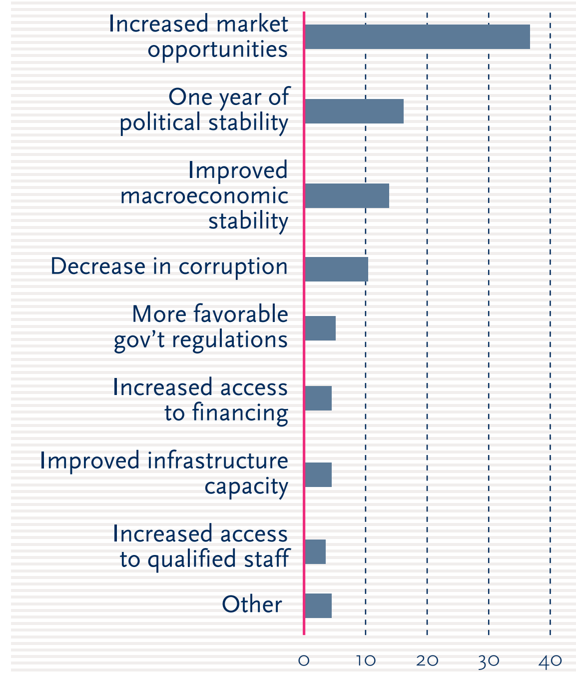
MIGA continues to explore partnerships within the World Bank Group and with external institutions to address political economy issues associated with the triggers of political risks, as well as operational aspects directly related to political risk insurance coverage.

Figure 8 — Ranking of the Most Important Constraints for FDI in Developing Countries (Percent of Respondents)



Source: MIGA-EIU Political Risk Survey 2012

Figure 9 — Primary Reasons for Investing More, or Reinvesting, in the Middle East and North Africa (Percent of Respondents)



Source: MIGA-EIU Political Risk Survey 2012

GUARANTEES

Asia and the Pacific and South Asia

Economies in the East Asia and Pacific region have done well given the current global economic environment. GDP growth in East Asia and the Pacific has remained strong, though it slowed to 7.5 percent in 2012 and is estimated to remain at a similar level of 7.3 percent in 2013. For China, the biggest economy in the region, growth slowed to 7.8 percent in 2012, the weakest rate since 1999. It is estimated to be 7.7 percent in 2013. Excluding China, the region's economies have been resilient to global economic developments, with GDP growth accelerating to 6.2 percent in 2012 and estimated to reach 5.7 percent in 2013. Following an increase in 2012, net FDI inflows into East Asia and the Pacific are forecast to decline marginally in 2013 to $303 billion. In 2012, China became the largest FDI recipient in the world.

South Asia witnessed a slowdown in 2012, with GDP growth declining to 4.8 percent from 7.3 percent in 2011 as a result of the euro-zone debt crisis and weakening global growth. Growth in the region is estimated to increase marginally to 5.2 percent in 2013. India, which accounts for 80 percent of the region's GDP, is estimated to grow by 5.7 percent in 2013. Net FDI inflows into South Asia declined to an estimated $28 billion in 2012, but are projected to rebound to $37 billion in 2013.

Both regions continue to be attractive destinations for FDI, with investors drawn mostly to the fast-growing economies of China, India, Indonesia, and Malaysia.

During fiscal year 2013 MIGA provided guarantees for four projects in Asia. At year-end MIGA's gross guarantee exposure for the region stood at $1.6 billion, equivalent to 15 percent of the Agency's outstanding portfolio.

Afghanistan

Project name: Traitex Afghanistan

Guarantee holder: Traitex International PLC

On June 28, 2013, MIGA issued a guarantee of $1.2 million covering an investment by Traitex International PLC of Belgium in Traitex Afghanistan. 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 consists of the set up and operation of a cashmere-scouring and disinfection facility in the Fibers and Textiles Industrial Park in Herat to process the fiber for export. Until now Afghanistan has exported almost all of its cashmere in its raw form, as no significant processing has taken place within the country.

The cashmere sector is currently underdeveloped in Afghanistan. This is due in part to the fact that the high percentage of waste material in raw cashmere increases its weight and therefore transport costs. Competition from other countries where the sector is more developed has meant that Afghan producers and traders have had to keep their prices low.

The establishment of Traitex Afghanistan's scouring and disinfection line in Herat will allow traders to command a higher net price for Afghan cashmere, which could stimulate greater harvesting of cashmere goats and increase income for local herders. The project will also create 35 permanent, local jobs in an area with limited employment opportunities and will provide training to Afghan staff.

The project is consistent with MIGA's strategic priorities of supporting investment into conflict-affected countries and in countries eligible for concessional lending from the International Development Association.

MIGA's support for this investment is aligned with the World Bank Group's strategy for Afghanistan, particularly with regard to providing domestic sources of growth and jobs.

The project is underwritten through MIGA's Small Investment Program.

Bangladesh

Project name: Ashuganj Power Station Company Ltd. (APSCL)

Guarantee holder: HSBC Bank plc

On December 28, 2012, MIGA issued a guarantee of $221.4 million to Hong Kong Shanghai Banking Corporation (HSBC) of the United Kingdom to cover its non-shareholder loan to Ashuganj Power Station Company Ltd. (APSCL) in Bangladesh. HSBC coordinated and arranged a $406-million financing package to APSCL for the project. On March 8, 2013, MIGA issued additional coverage of $30 million covering a swap arrangement to hedge against long-term interest rate risk. MIGA's guarantees are for a period of up to 13.5 years against the risk of non-honoring of sovereign financial obligations. The Ministry of Finance of Bangladesh has provided an unconditional sovereign guarantee covering payment obligations of APSCL under the debt financing and the swap.

The project consists of the construction of a 450-megawatt combined cycle gas-fired plant on the basis of a contract awarded by APSCL to a consortium of TSK Electronica y Electricidad S.A. (Spain) and Inelectra International AB (Sweden). This project will replace certain existing units in the Ashuganj facility that will be decommissioned once the new plant is completed.

Bangladesh currently faces an acute shortage of power generation capacity. This impairs the country's economic and social development and constrains growth. The government of Bangladesh has made energy a high priority and recently adopted an updated Power Sector Master Plan, which includes this project. This project will help meet the country's growing demand for power, using a domestic gas resource and efficient technology.

MIGA's participation in this transaction is critical to mobilizing the debt financing for this project. Support to the power plant is consistent with MIGA's strategic priorities of supporting investment into IDA countries and complex projects.

Pakistan

Project name: Bulleh Shah Packaging (Private) Limited

Guarantee holder: Stora Enso South Asia Holdings AB

On May 31, 2013, MIGA issued a guarantee of $72 million covering an investment by Stora Enso South Asia Holdings AB of Sweden in Bulleh Shah Packaging (Private) Limited in Pakistan. The coverage is for a period of up to 15 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project entails the investment in a newly formed joint venture limited liability company, Bulleh Shah Packaging (Private) Limited. The investment will be made by Stora Enso Oyj, Finland, via its wholly owned subsidiary, Stora Enso South Asia Holdings AB, Sweden and Packages Limited of Pakistan. The joint venture will own and operate Packages Limited's paper, paperboard, and corrugated carton mills in Kasur and Karachi.

The joint venture sponsors intend to undertake an investment program to rebuild and increase the capacity of the existing facilities and set up a bio-energy plant to create a sustainable source of energy for their operations.

The project will ensure the continued sustainability of assets that currently provide direct employment to nearly one thousand people. The sponsors' investments will expand capacity, introduce greater efficiencies, widen product application, and enhance product quality. This will create the potential for the project to grow its customer base.

The planned investment program is expected to create 840 jobs for local hires during the construction period in addition to the staff currently employed by the mills. Most of these jobs are expected to be created around the Kasur region, which is relatively underdeveloped. The project will train key local personnel to ensure transfer of technical skills.

Benefits that accrue along the supply chain will include locally-sourced wastepaper and biofuels (wheat straw)—both of which provide additional income sources to the local farming community and people involved in the collection, distribution, and supply of wastepaper.

Packages Limited has undertaken various community development projects including supporting local schools by renovating buildings and providing safe drinking water and sanitary facilities. The company also arranges medical services for employees and the surrounding community, grants educational scholarships, and organizes professional training, sports events, and festivals. The project puts a process and organization in place to map the supply chains, identify social issues, and develop further actions to strengthen the communities that are impacted by the project.

MIGA's support for this investment is aligned with the World Bank Group's country partnership strategy for Pakistan, particularly with regard to providing employment opportunities.

MIGA's participation in the project is also aligned with a key agency priority, encouraging investment in countries eligible for concessional lending from the International Development Association.

Vietnam

Project name: Ma San Group Consumer Products Expansion Project

Guarantee holder: JPMorgan Chase Bank N.A. (Hong Kong SAR, China branch)

On June 28, 2013, MIGA issued a guarantee of $167.7 million covering a non-shareholder loan by the Hong Kong SAR, China branch of JPMorgan Chase Bank N.A. (JPM) of the United States and other financial institutions yet to be identified. JPM will act as the political risk insurance facility agent for a loan to support the expansion and improvement of Ma San Group's consumer products business in Vietnam. The coverage is for a three-year period, against the risks of transfer restriction, expropriation, and war and civil disturbance. The guarantee covers a $150-million loan to refinance existing debt and general corporate purposes (including investments in fixed assets) in addition to an estimated $26.5 million for associated interest.

The project will help Ma San Group Corporation underpin its current consumer products operations in Vietnam, diversify its products portfolio, and increase its production capacity in the food and beverage retail sectors.

The International Finance Corporation (IFC) is also considering an investment of up to $150 million for the Ma San expansion program.

The project's expected development impacts include increased food security and safety, job creation, significant tax revenues, and improved environmental and social standards.

The project will also benefit small and medium enterprises (SMEs), as the company currently purchases raw fish sauce from 40 traders who in turn source from over 100 producers. Its products are sold by 130,000 SME retailers through 100 independent SME distributors operating in all 64 cities and provinces of Vietnam.

The project is in line with the World Bank Group's strategy to support private sector growth through IFC lending and MIGA guarantees.

GUARANTEES

Europe and Central Asia

Growth in Europe and Central Asia in 2012 declined to 2.7 percent, mostly on account of the ongoing challenges in the euro zone, which continues to be in a recession. Growth in the region is estimated to be 2.8 percent in 2013. Robust domestic demand, which had fostered growth earlier, was held back on account of fiscal tightening and high unemployment. A slowly recovering global economy positively affected export demand for commodities in countries that are rich in resources.

Net FDI inflows in Europe and Central Asia decreased by an estimated 8 percent in 2012 to $109 billion, but they are projected to increase to $133 billion in 2013. The 2012 decline in FDI was primarily driven by the euro-zone recession.

During the fiscal year, MIGA provided guarantees for six projects in Europe and Central Asia. MIGA's gross guarantee exposure in this region this fiscal year stood at $4.4 billion, or 41 percent of the Agency's total outstanding portfolio.

Georgia

Project name: GeoCapital, Georgia

Guarantee holder: Principals of a microfinance organization operating in Georgia

On May 29, 2013, MIGA issued guarantees totaling $1.8 million covering equity investments and shareholder loans by two individual American investors in GeoCapital, Georgia. The coverage is for a period of up to three years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves investment in the creation and subsequent expansion of operations of GeoCapital Microfinance Organization LLC (GC), a fast-growing microfinance institution in Kutaisi (Imereti region), Georgia. GC offers small loans primarily to individuals but also to micro and small businesses. The purpose of the loans is to provide working capital for small businesses, house remodeling/repairs, education and medical expenses, and other general purposes. These loans are extended to the large population of households and businesses that have had no or limited access to credit.

In Georgia, access to finance is one of the main constraints for both companies and individuals. GC is helping a part of the "unbankable" population gain access to credit and loans for purposes ranging from home equity loans to medical, educational, and income-generation loans. As a large portion of these loans are extended to individuals, they enhance Georgians' capacity to pay for social services.

GC's loans carry a lower interest rate than other microfinance institutions operating in the country. This competition has resulted in other institutions' reductions in their rates by an annual average of 20 percent—to the benefit of low-income consumers.

Since its establishment in 2011, GC has opened three branches and employs 30 people. The company has plans to open 17 new branches within the next three years.

The World Bank Group Country Partnership Strategy for Georgia recognizes that credit constraints are severe in the country, and the project addresses this concern. MIGA's support for this investment is also aligned with the Agency's strategy of supporting investments into countries eligible for concessional lending from the International Development Association.

The project is underwritten through MIGA's Small Investment Program.

Moldova

Project name: I.C.S. Raiffeisen Leasing S.R.L.

Guarantee holder: Raiffeisen Bank S.A.

On November 9, 2012, MIGA issued a guarantee totaling €4.75 million ($6.0 million) covering a shareholder loan by Raiffeisen Bank S.A. of Romania to I.C.S. Raiffeisen Leasing S.R.L in Moldova (RLMD). The coverage is for a period of up to five years against the risks of war and civil disturbance, transfer restriction, and expropriation.

Raiffeisen Bank S.A.'s shareholder loan of €5.0 million is aimed at enhancing the capacity of I.C.S. Raiffeisen Leasing S.R.L. to provide operating leases for motor vehicles, machinery, and equipment in the Moldovan market. MIGA has provided earlier support for RLMD's start up and expansion.

This project is expected to contribute to further development of the financial sector in Moldova by widening financing sources, particularly to segments of the economy that are currently underserved. Moldova's credit penetration is low compared to other countries in the region. It is also aligned with the World Bank Group's Country Partnership Strategy for Moldova that emphasizes the need to enhance competitiveness of the country's enterprise sector, encourage more investment activity, and promote the expansion of small and medium enterprises.

The project underscores MIGA's strategy of promoting investments into countries eligible for concessional lending from the International Development Association and South-South investments.

The project is underwritten through MIGA's Small Investment Program.

Serbia

Project name: Erste Bank a.d. Novi Sad

Guarantee holder: Erste Group Bank AG

On May 24, 2013, MIGA issued guarantees totaling $73.9 million covering loan guarantees by Erste Group Bank AG of Austria (Erste) issued in support of funding raised by its Serbian subsidiary Erste Bank a.d. Novi Sad (Erste Serbia). The coverage is for a period of up to 15 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves the expansion of lending by Erste Serbia, targeting primarily micro, small, and medium enterprises (MSMEs) and other priority segments in the Serbian market. The project is financed by a €60 million funding package, consisting of two loans: €50 million from the European Investment Bank and €10 million from KfW. These loans are supported by two loan guarantees from Erste, which will be covered by MIGA.

The package is expected to improve access to finance at favorable conditions for projects undertaken by MSMEs and for projects in several priority areas in the Serbian economy, contributing to economic growth and job creation.

Erste Serbia will earmark a minimum of €40 million for projects promoted by MSMEs as well as mid-cap enterprises. In addition, up to €20 million will be slated for investments in areas that are key for the country's economic and social development and fundamental to strengthening its competitiveness as Serbia prepares for European Union accession. These areas are knowledge economy/innovation capacity; environmental protection and sustainability; energy efficiency and renewable energy; health; and education.

The financial conditions applied to most on-lending will reflect the financial advantage of this funding package, making the loans more affordable. Supporting productive businesses through the extension of affordable credit will stimulate growth, generate employment, and reduce poverty in the country. In addition, the project demonstrates Erste Serbia's ability to find alternate sources of funding in a credit-constrained environment.

MIGA's coverage to Erste is consistent with the goals of the second Joint IFI Action Plan for Europe and Central Asia, through which MIGA seeks to support banks active in the region. The project also contributes to the World Bank Group's strategy of encouraging private sector development in the country.

Serbia

Project name: Eurobank AD Beograd – Central Bank Mandatory Reserves Coverage

Guarantee holder: Eurobank Ergasias S.A.

On March 1, 2013, MIGA issued a guarantee totaling €190.0 million ($247.4 million) covering an investment by Eurobank Ergasias S.A. (Eurobank) of Greece in its Serbian subsidiary, Eurobank AD Beograd. The coverage is for a period of three years against the risk of expropriation of funds for mandatory reserves held by the subsidiary in the central bank of its jurisdiction.

Eurobank is a universal banking group with a significant network of retail banks across Central, Eastern, and Southeastern Europe. The group's subsidiary banks are required to maintain mandatory reserves at the central banks of their respective jurisdictions, generally based on the volume of customer deposits that these subsidiaries hold. The banks are thereby exposed to the risk of expropriation of funds by the respective central bank. This exposure leads to higher risk weights on these assets at the consolidated level, resulting in increased capital allocation for country risk exposure. At the consolidated group level, the risk weighting determines the amount of equity required to maintain a specified capital adequacy ratio (CAR) in accordance with Greek banking law.

MIGA's guarantee will help Eurobank 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. This will free up equity tied up for country risk purposes, which can be deployed to support its subsidiary's franchise in Serbia. Eurobank Beograd's role in supporting productive businesses, including small and medium enterprises, through credit extension helps stimulate growth, employment generation, and—ultimately—poverty reduction in Serbia.

As a participant of the European Bank Coordination Initiative (also known as the Vienna initiative), Eurobank pledged to support its Serbian subsidiary, keeping it well capitalized. Eurobank's continuing support for its systemically important subsidiary contributed to supporting the Serbian economy in the aftermath of the financial crisis. Capital adequacy well in excess of the regulatory requirement provides Eurobank Beograd in Serbia with a cushion to withstand potential shocks and helps position the bank for future growth.

MIGA's coverage to Eurobank is consistent with the goals of the crisis response initiative for the ECA region launched by the World Bank Group in January 2012. As part of the initiative, MIGA seeks to support capital-constrained banks active in the region. The project is also aligned with the World Bank Group's strategy for Serbia as it seeks to address the spillover from the financial crisis.

Turkey

Project name: Izmir Marine Transportation Project

Guarantee holder: ING Bank, a Branch of ING-DiBa AG

On June 27, 2013, MIGA issued guarantees of $65.5 million covering non-shareholder loans by ING Bank, a branch of ING-DiBa AG (ING) of Germany, to the Metropolitan Municipality of Izmir (MMI) for the Izmir Marine Transportation Project in Turkey. The coverage is for a period of up to 10 years against the risk of non-honoring of sovereign financial obligations. The ING loan will finance up to six ferries in support of the project.

This project is part of a larger effort to acquire ferries and renovate wharves in the Metropolitan Municipality of Izmir (MMI). The World Bank's International Finance Corporation (IFC) acted as the loan arranger for this project. Other lenders include the European Bank of Reconstruction and Development (EBRD) and Agence Française de Développement (AFD).

The current ferries in service in Izmir have reached the end of their operating lives and therefore have high maintenance costs and outdated technology. The new ferries will be significantly faster, more fuel efficient, environmentally friendlier, and safer. As a result, ferry boat service will increase the share of sea transportation in Izmir's integrated public transportation system, easing road traffic congestion and pollution, as well as enhancing public safety and security.

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.

MIGA's support for this investment is also aligned with the Agency's strategy of supporting complex projects.

Ukraine

Project name: Raiffeisen Bank AVAL

Guarantee holder: Raiffeisen Bank International AG

On June 24, 2013, MIGA issued a guarantee of $142.5 million covering a loan guarantee by Raiffeisen Bank International AG (RBI) of Austria in support of funds raised by its Ukrainian subsidiary Raiffeisen Bank AVAL (RBAV). The coverage is for a period of up to seven years against the risks of transfer restriction and expropriation of funds.

The state of Ukraine's economy continues to remain delicate in the aftermath of the 2008 financial crisis as a result of spillover effects from its euro-zone neighbors.

The project will continue to bolster the capital base of a systemically important bank, strengthening the banking sector in Ukraine in a difficult macroeconomic environment.

RBAV provides new credit to the economy—in particular to corporates, farms, and small and medium enterprises that create jobs and foster economic activity and growth.

MIGA's guarantee to the project is fully consistent with the World Bank Group's Country Partnership Strategy for Ukraine that calls for job creation and the attraction of foreign direct investment to improve productivity and international competitiveness. It is also consistent with the goals of the Vienna 2 Initiative for countries of Central, Eastern and Southeastern Europe—through which MIGA seeks to support Western banks active in the region.

guarantees

Latin America and the Caribbean

Economic growth in Latin America and the Caribbean decreased in 2012 to 3 percent due to a still weak external environment and a contraction in domestic demand. GDP growth is estimated to increase marginally to 3.3 percent in 2013. In Brazil, the region's biggest economy, GDP growth is estimated to accelerate to 2.9 percent in 2013, from 0.9 percent in 2012, in response to countercyclical monetary and fiscal policies.

Net FDI inflows to the region increased to $176 billion in 2012 and are projected to increase again to $192 billion in 2013. Brazil remains a favorite investment destination, second to China among developing countries.

During this fiscal year, MIGA provided guarantees for three projects in Latin America and the Caribbean. At year-end, MIGA's gross guarantee exposure in the region stood at $1.1 billion, equivalent to 10 percent of the Agency's outstanding portfolio.

El Salvador

Project name: Cotecna de El Salvador S.A. de C.V.

Guarantee holder: Cotecna S.A.

On June 27, 2013, MIGA issued a guarantee of $23.8 million covering a shareholder loan from Cotecna S.A. of Switzerland (COSA) to Cotecna de El Salvador S.A. de C.V. The coverage is for a period of up to 12 years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

A consortium established by COSA has been contracted to provide import verification services to the government of El Salvador under a 10-year build, operate, and transfer contract. The contract involves the financing, procurement, installation, and operation of import inspection equipment, including nine high-energy x-ray scanners, six pallet scanners for air freight, seven trace detectors, four truck weighbridges, and one data control center that will coordinate and centralize all scanning operation centers in real time.

The project will introduce scanning technology that will reduce the clearance time for imported goods, thereby helping to reduce the cost of doing business for importers and their clients and contributing to international trade. The technology will also help prevent duty evasion and result in a more accurate assessment of the value of imported goods.

The project is fully in line with the priorities of the government's 2012 Reform Act aimed at simplifying customs processes. At the end of the 10-year service contract, best-practice import verification equipment and technology will be transferred to the government. Cotecna El Salvador will provide training to the Customs Administration to prepare capacity for their eventual future takeover of operations. Cotecna El Salvador plans to employ about 135 local staff.

Nicaragua

Project name: EcoPlanet Bamboo

Guarantee holder: EcoPlanet Bamboo Group, LLC

On December 21, 2012, MIGA issued guarantees of $27 million to EcoPlanet Bamboo Group (EPB Group), LLC of the United States for its investment in Nicaragua. The coverage is for a period of up to 15 years against the risks of expropriation and war and civil disturbance.

The project consists of the purchase and conversion of degraded land in the El Rama area into comercial bamboo plantations for the sale and export of sustainably grown and harvested bamboo fiber. EPB Group plans to establish a pre-processing facility for the production and sale of its Forest Stewardship Council-certified bamboo fiber to U.S. and multinational timber manfacturers for use in industries such as laminates and composites for construction and furniture, pulp and paper production, and the generation of renewable energy. Waste and lower value culms will be used for biomass energy to fuel the company's needs, with excess being sold to the local grid.

EPB's initial investment into Nicaragua has generated over 500 jobs in a region with high unemployment and restored 3,750 acres of degraded land into bamboo plantations, improving biodiversity and reducing pressure on surrounding forests.

EPB Group is also committed to investing in training programs and supporting local community development initiatives.

The project is aligned with the World Bank Group's Country Assistance Strategy for Nicaragua, which aims to accelerate private sector development—including through assistance to exporters and hard currency earners such as agribusiness projects.

MIGA's participation in the project is also aligned with the Agency's commitment to support investment into countries eligible for concessional lending from the International Development Association.

Nicaragua

Project name: Eolo Wind Farm

Guarantee holder: Globeleq Mesoamérica Energy (Wind) Limited

On August 10, 2012, MIGA issued guarantees of $16.3 million to Globeleq Mesoamérica Energy (Wind) Limited of Bermuda to cover its equity investment in Eolo Wind Farm in Nicaragua. The coverage is for a period of up to 20 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The Eolo project involves the construction of a 44 megawatt wind farm in Rivas Province on the shores of Lake Nicaragua. Eolo consists of 22 Gamesa G90 2 megawatt wind turbine generators, as well as the facilities and equipment required to connect the generators to a high-voltage substation. It is estimated that Eolo will be able to generate approximately 169.6 gigawatt hours of electricity per year, without requiring any fossil fuel supply. The wind farm is expected to start operations by December of 2012 and the electricity will be purchased by local distribution companies Distribuidora de Electricidad del Norte, S.A. (Disnorte) and Distribuidora de Electricidad del Sur, S.A. (Dissur).

Nicaragua's electrification rate is among the lowest in Central America. Additionally, reliance on thermal (oil-fired) generating plants has made the long-term marginal costs the highest in the region. This project aims to provide additional generation capacity that is not only renewable and clean, but also helps reduce the average marginal cost of generation, resulting in an overall reduced cost of electricity to users.

MIGA's participation in the project is aligned with the Agency's commitment to support investment in complex infrastructure and into countries eligible for concessional lending from the International Development Association.

GUARANTEES

Middle East and North Africa

Political turmoil, transitions, and conflict in the Middle East and North Africa continue to disrupt economic activity in select countries—affecting growth, trade, tourism, and FDI. Nevertheless, the Middle East and North Africa's GDP growth in 2012 increased to 3.5 percent, but is estimated to decelerate to 2.5 percent in 2013. Oil-importing transition countries, especially those where political uncertainty remains, face significant challenges from the slowdown in economic activity, growing fiscal imbalances, depleting foreign exchange reserves, and high unemployment rates. A strong dependency on Europe for trade, where growth is also subdued, is contributing to these challenges.

Net FDI inflows in the Middle East and North Africa increased in 2012 to $19 billion, but are projected to fall back to $15 billion for 2013. As the political turmoil subsides, stronger FDI flows are expected to resume. However, a return to FDI growth for countries directly affected by the political turmoil will depend on a return to stability, rebuilding of confidence, and ensuring that the business environment remains open to investment.

During this fiscal year, MIGA stepped up its efforts in the region to prevent flight of established investors and to encourage new investments. The Agency provided guarantees for three projects, including one that represents the first use of a World Bank Group lending or guarantee instrument in Libya. An additional two projects were underwritten through the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund.

At fiscal year-end, MIGA's gross guarantee exposure in the region stood at $883 million, equivalent to 8 percent of the Agency's outstanding portfolio.

Egypt

Project name: Apache Egypt

Guarantee holder: Overseas Private Investment Corporation

On October 2, 2012, MIGA issued a guarantee of $150 million providing reinsurance for the Overseas Private Investment Corporation's (OPIC) coverage to Apache Corporation of the United States. The coverage is for Apache's investments into its subsidiaries in Egypt. MIGA's reinsurance coverage is for a period of up to 13 years against the risks of expropriation and breach of contract. The project covered by OPIC involves existing and future exploration and development and production of crude oil, natural gas, and condensate for which multiple concession agreements have been granted by the government of Egypt.

MIGA's support to OPIC is in accordance with the Agency's mandate to cooperate with national entities of its member countries, as stated in MIGA's Convention. By providing facultative reinsurance, MIGA is enabling OPIC to provide the amount of coverage Apache requested and was not available from private-market insurers.

This project entails the reinsurance of a pool of new and existing investments by Apache, an oil and gas exploration and production company. Apache, through its existing and planned additional investments, has signaled its intention to stay in Egypt and to expand operations. Apache also provides technical training in new technologies to Egyptian nationals working in the joint ventures, contributes to the modernization and efficiency of the oil and gas production sector, and is playing a critical role in helping Egypt's supply of energy products keep up with domestic demand. By supporting these investments, MIGA is underscoring its support for companies investing in Egypt during a time of transition.

The project is also consistent with MIGA's efforts to mobilize $1 billion in insurance capacity to support foreign direct investment into the Middle East and North Africa.

Jordan

Project name: AS Samra Wastewater Treatment Project

Guarantee holders: Suez Environnement, SA; Infilco Degremont, Inc.; Morganti Group, Inc.

On June 27, 2013, MIGA issued guarantees of $13.1 million covering equity investments (including future retained earnings and performance bond) by Suez Environnement, SA (Suez), Infilco Degremont, Inc. (IDI), and Morganti Group Inc. (Morganti) in the AS Samra Wastewater Treatment Project in Jordan. The coverage is for a period of up to 20 years against the risk of breach of contract.

The project involves the expansion of the existing wastewater treatment plant at AS-Samra, northeast of Amman, by Samra Wastewater Treatment Plant Company, Ltd. on an extended 25-year build-operate-transfer (BOT) basis. The total investment for the expansion is estimated at $205.3 million. The project will increase the wastewater treatment capacity by some 37 percent, from the current 267,000 m^3 per day to 365,000 m^3 per day, to meet the needs of the population from 2015 to 2025. The expansion will include the addition of two more treatment lines to the existing four treatment lines. The sludge treatment capacity will also be increased by approximately 80 percent. Construction of the expansion is scheduled for completion by the end of June 2015.

Jordan is one of the water-poorest countries in the world. The best use of its very limited water resources, including renewable water resources, is a top priority for the government. Wastewater used for irrigation or discharged into rivers and other water bodies has caused major environmental and health concerns. The existing AS Samra Wastewater Treatment Project built in 2008 has played a critical role in wastewater treatment. However, given its limited capacity, the plant can only meet the demand of the population through 2015.

The project will have a strong development impact by increasing wastewater treatment capacity and sludge treatment capacity; introducing additional investment; improving the local environment; promoting re-use of treated wastewater to meet increasing water demand; generating employment; transferring skills and technology; contributing to government revenues; and increasing demand for local goods and services.

The project is aligned with the World Bank Group's Country Partnership Strategy for Jordan, which calls for promotion of private sector development. This project is also aligned with MIGA's strategic priority of supporting investments in complex infrastructure projects and with the Agency's efforts to mobilize $1 billion in insurance capacity to support foreign direct investment into the Middle East and North Africa.

Libya

Project name: Jafara Co. for Food Production

Guarantee holder: Inter MIMS Investment Limited

On September 28, 2012, MIGA issued a guarantee of $9.8 million to Inter MIMS Investment Limited of Mauritius for its shareholder loan to Jafara Group Limited in Libya. The coverage is for a period of up to 10 years against the risks of transfer restriction, expropriation, and war and civil disturbance.

Jafara is a company involved in the production, bottling, and distribution of drinking water and juice products in Libya. The company is now the fourth largest manufacturer of juices in the Libyan market and has established two Tetra Pak juice lines, a polyethylene terephthalate (PET) mineral water production line, and canned fruit juices/sodas. Inter MIMS is a wholly-owned subsidiary of the MIMS group of Bosnia and Herzegovina. The company's shareholder loan will support the expansion of Jafara's production capacity. Planned improvements include the construction of an additional warehouse, the purchase of equipment for glass bottling, and a new air conditioning system for the factory.

The project's key development impacts include the addition of new permanent jobs (158 staff employed by the project in total), taxes paid to the government after the expiration of the tax holiday, and significant local sourcing. Inputs sourced in the local market include sugar, pre-forms, caps, cartons, stretch folio, pallets, and glue. The company estimates that it spends €6.5 million yearly on the purchase of local goods and services. In addition, Jafara provides free water and juice to local hospitals and schools.

This project will also have an important catalyzing effect for foreign direct investment into Libya. Investment into the country dropped dramatically as the 2011 civil war unfolded and is only now at the very early stages of recovery. MIGA's guarantee will help signal that Libya is a viable investment destination, despite the ongoing challenges the country is facing.

In this regard, the project is consistent with MIGA's strategic priorities of supporting investment into conflict-affected countries and South-South investments, as well as the Agency's commitment to the Middle East and North Africa given recent events in the region.

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

West Bank and Gaza

Project name: Al Haram Modern Plastic Products Industry Company

Guarantee holders: Ms. Hovestadt Pieternella (Meaf Machines B.V.); Al Haram Plastic Company; Mr. Mohammad Kamel I. M. Hassouneh; Mr. Hatem A.A. Abudayya

The MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund has issued a guarantee of €1.35 million (approximately $1.7 million) covering an equity investment by Ms. Hovestadt Pieternella (Meaf Machines B.V.) of the Netherlands and Al Haram Plastic Company, Mr. Mohammad Kamel I. M. Hassouneh, and Mr. Hatem A.A. Abudayya of the West Bank and Gaza in Al Haram Modern Plastic Products Industry Company. The coverage is for a period of up to three years against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves the establishment of a greenfield company in the Tarqumiya Industrial Zone that will produce and supply plastic cups and containers in various sizes for local dairy products. The company will use a new technology, "extrusion and thermoforming," to produce high-quality plastic dairy packaging.

There is a flourishing dairy industry in the West Bank, but Palestinian dairy companies have to import plastic packaging materials from Turkey, Israel, and Europe as there are currently no local companies able to produce high-quality plastic cups for dairy products. A study conducted by one of the investors estimates that the annual volume of imports is over 53 million plastic cups with a value of about $2.7 million. This adds significantly to the dairy industry's production costs.

This project is supported by the PSI Plus program of the Netherlands Ministry of Foreign Affairs with a grant to cover up to 60 percent of the project cost and an additional amount to cover the MIGA political risk insurance premium for the first three years.

The project will create approximately 30 local jobs and transfer skills and modern technologies for plastic production. It will also strengthen the dairy industry by reducing the need for costly imported packaging materials.

This project is aligned with MIGA's objective of facilitating investments in conflict-affected environments as well as entities eligible for assistance from the International Development Association.

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

West Bank and Gaza

Project name: Al Jebrini Cheese Industry

Guarantee holders: Veldkamp Technische Ondersteuning B.V.; Al-Jebrini Dairy and Food Industry Co.

The MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund has issued two guarantees totalling €1.35 million (approximately $1.7 million) covering an investment by Veldkamp Technische Ondersteuning B.V. of the Netherlands and Al-Jebrini Dairy and Food Industries of the West Bank and Gaza in Al Jebrini Cheese Industry in the West Bank. 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 the establishment of a greenfield company, Al Jebrini Cheese Industry, in the West Bank by Veldkamp Technische Ondersteuning B.V. of the Netherlands and Al Jebrini Dairy and Food Industries, a local investor in the West Bank. The company will produce and supply high-quality dairy products, including cheese and cream cheese.

This project is supported by the PSI Plus program of the Netherlands Ministry of Foreign Affairs with a grant to cover up to 60 percent of the project cost and an additional amount to cover the MIGA political risk insurance premium for the first three years.

The project is expected to have a positive impact on the local economy by expanding the dairy sector and creating approximately 50 local jobs. It will also bring technical know-how to the local food-processing industry. There are currently no companies in the West Bank that can produce processed cheese products due to lack of technological knowledge, lack of required quality and hygiene standards, and high investment costs. The project will produce healthy processed cheese products by using state-of-the-art technologies and ensuring high quality and hygiene standards, and sell these products on the domestic market at lower prices than imported processed cheese products.

This project is aligned with MIGA's objective of facilitating investments in conflict-affected environments as well as entities eligible for assistance from the International Development Association.

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

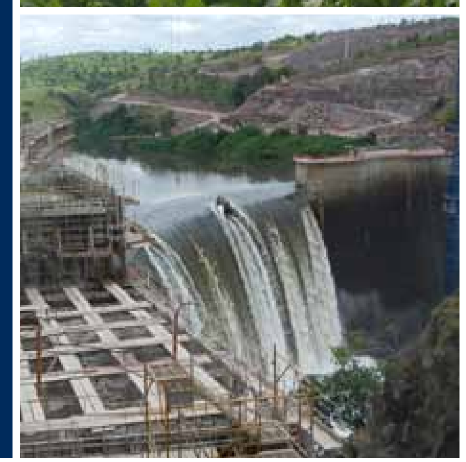
GUARANTEES

Sub-Saharan Africa

Despite the weak global recovery, economic growth in sub-Saharan Africa has remained strong. GDP growth estimates indicate an expansion of 4.9 percent in 2013, following another expansion of 4.4 percent in 2012. The region's growth is projected to accelerate over the next couple of years to over 5 percent. Excluding South Africa, the largest economy in sub-Saharan Africa, growth was at the robust rate of 5.4 percent in 2012 and this is projected to be 6.2 percent in 2013. Strong domestic demand, high commodity prices, and increased export volume have been important drivers of growth.

Net FDI inflows into sub-Saharan Africa declined in 2012 to $32 billion, but are projected to rise in 2013 to 40 billion. High commodity prices have contributed to the growth of FDI in the natural resource sector.

During this fiscal year MIGA provided guarantees for 14 projects in the region. At year end, MIGA's gross exposure in sub-Saharan Africa stood at $2.8 billion, equivalent to 26 percent of the Agency's outstanding portfolio.



Angola

Project name: Cambambe Hydroelectric Project-Phase II

Guarantee holder: HSBC Bank Plc.

On June 28, 2013, MIGA issued a guarantee of €391.7 million ($511.8 million equivalent) to lead arranger HSBC Bank Plc. covering a non-shareholder loan and interest to the Ministry of Finance of Angola for the expansion of the Cambambe hydroelectric power station. The coverage is for a period of 13 years against the risk of non-honoring of sovereign financial obligations.

The project involves the construction of a second powerhouse with four additional turbine generators with a total additional capacity of 700 megawatts on the basis of an engineering, procurement, and construction contract awarded to Odebrecht SA of Brazil. The Cambambe plant is one of two hydroelectric power stations currently in operation on the Kwanza River. The project is part of a larger rehabilitation and expansion program being undertaken by the government of Angola, under which the country's generation capacity is set to increase from around 1,500 megawatts to over 5,000 megawatts.

After decades of underinvestment in the power sector, Angola suffers from chronic electricity shortages that are hampering the country's economic development. A recent government policy document, Policy and National Energy Security Strategy, estimated that only 30 percent of the population has access to the power distribution network. This project will offer an economic and efficient means of increasing the electricity supply.

Rebuilding and improving critical infrastructure is a pillar of the World Bank's strategy for Angola's development. The project is also aligned with MIGA's strategic priorities of supporting investments in complex infrastructure projects as well as in countries affected by conflict.

Côte d'Ivoire

Project name: Azalaï Abidjan Hotel

Guarantee holder: Azalaï Hotels S.A. of Mali

On June 28, 2013, MIGA issued a guarantee of €5.7 million ($7.4 million equivalent) covering an investment by Azalaï Hotels S.A. of Mali in Azalaï Abidjan Hotel in Côte d'Ivoire. MIGA's coverage is for a period of up to 10 years against the risks of expropriation and war and civil disturbance.

The project consists of the development of a 180-room, four-star business hotel in Abidjan. It will be developed under the recently created Compagnie Hôteliére de la Lagune S.A (CHL), a joint-venture that is 60 percent owned by Azalaï Hotels S.A. of Mali and 40 percent owned by SIFCOM, a part of the Sifca group in Côte d'Ivoire. The hotel will be located in a commercial district between the airport and downtown Abidjan. Construction is expected to be completed in 2015.

The total cost of the project is approximately €26.3 million, which will be financed with sponsor equity, local bank loans, and two development finance institutions: the International Finance Corporation and Banque Ouest Africaine de Développement (BOAD).

The project will provide modern hotel facilities to meet the increasing volume of business travelers in the country. It will create employment for about 160 staff and contribute tax revenues and foreign exchange earnings.

The project is aligned with MIGA's strategic priorities of supporting investments into fragile and conflict-affected countries and countries eligible for concessional lending from the International Development Association. It is also aligned with MIGA's strategic priority of supporting South-South investments.

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

Côte d'Ivoire

Project name: Azito Thermal Power Plant and Expansion

Guarantee holder: Globeleq Holdings (Azito) Limited

In December 2012, MIGA issued guarantees totaling $116.1 million covering an investment by Globeleq Holdings (Azito) Limited of Bermuda in the Azito Thermal Power Plant in Côte d'Ivoire. The coverage is for a period of up to 20 years against the risk of breach of contract.

The project involves the conversion of the existing Azito Thermal Power Plant from simple-cycle to combined-cycle. This will include the addition of a steam turbine generator and heat recovery systems as well as the facilities and equipment required to connect the generator to the plant's 225 kV substation. The project will add approximately 140 megawatts of installed capacity to the grid, without requiring any additional gas supply, for a total plant installed capacity of approximately 430 megawatts. Since the expansion from a simple-cycle to a combined-cycle plant was foreseen when the first phase of the project was completed in 1999, the related facilities and transmission line were designed to accommodate the full plant expansion and output.

Côte d'Ivoire's energy infrastructure suffers from lack of maintenance, system overload, and financial difficulties. Due to limited access, over three-quarters of households are dependent on cheap wood charcoal, though this has environmental and health costs in the long term. The project is aligned with the World Bank Group's Country Assistance Strategy for Côte d'Ivoire, which stresses the critical importance of building energy capacity to sustain economic progress.

MIGA's support for this investment is also aligned with the Agency's strategy of supporting investments into countries eligible for concessional lending from the International Development Association, countries affected by conflict, and complex infrastructure projects.

Côte d'Ivoire

Project name: Block CI 27 Expansion Program

Guarantee holders: SCDM Energie; HSBC

In December 2012, MIGA issued guarantees of up to $437 million covering an equity investment by SCDM Energie SAS of France and a non-shareholder loan from HSBC of the United Kingdom and a syndicate of commercial banks for the CI 27 gas field in Côte d'Ivoire. In April 2013, MIGA increased the equity investment cover by $8.1 million, and in June 2013 issued an additional guarantee of $57 million covering SCDM's shareholder loan to the project enterprise. The coverage is for a period of up to seven years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project consists of the construction and operation of Block CI 27 on/offshore oil and gas facilities including an existing production platform (Foxtrot), gas transportation and onshore facilities, and a greenfield platform (Marlin).

The Block CI 27 expansion project aims to meet the country's growing energy demand. Côte d'Ivoire's energy sector has suffered from a lack of investment during the last 10 years, as the country struggled with civil conflict. Now that the country's situation is improving, a significant increase in energy investment is necessary to meet the population's needs and support further development. Tapping Côte d'Ivoire's gas resources will reduce the country's energy costs and limit the use of foreign reserves for energy imports.

The project is aligned with the World Bank Group's Country Assistance Strategy for Côte d'Ivoire, which stresses the critical importance of building energy capacity to sustain economic progress.

MIGA's support for this investment is also aligned with the Agency's strategy of supporting investments in countries eligible for concessional financing by the International Development Association, countries affected by conflict, and complex infrastructure projects.

Gabon

Project name: Société de Scanning du Gabon S.A.

Guarantee holder: Cotecna Inspection S.A.

On June 27, 2013, MIGA issued guarantees of €5.8 million ($7.5 million equivalent) covering Cotecna Inspections S.A. of Switzerland (COINS)' equity investment in, and shareholder loan to, Société de Scanning du Gabon S.A, a joint venture between COINS and the government of Gabon. 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.

COINS has been contracted to provide inspection services to the government of Gabon under a six-year build, operate, and transfer contract. This contract involves the financing, procurement, installation, and operation of import inspection equipment, including two high-energy mobile x-ray scanners at the Ports of Libreville-Owendo and Gentil; maintenance and technical assistance to the operation; and training and transfer to the government at the end of the six-year contract.

The project is expected to contribute to trade facilitation through a more efficient and rapid verification of imported goods, which replaces in most cases the traditional physical inspection. It also will protect government revenues through the reduction of opportunities for fraud and fiscal evasion; strengthen security at the ports by ensuring that containerized goods are not illegal; create some 50 local jobs, and transfer technology at the end of the project.

The project is aligned with the World Bank Group's Country Partnership Strategy for Gabon, which calls for improved governance and public sector capacity and increasing the country's competitiveness and creating employment.

Ghana

Project name: Seawater Desalination Project

Guarantee holders: Abengoa Water Investments Ghana, BV; Daye Water Investment (Ghana), BV; Standard Bank of South Africa Ltd.

On October 25, 2012, MIGA issued guarantees totaling $179.2 million covering an equity investment and a shareholder loan by Abengoa Water Investments Ghana, BV of the Netherlands; an equity investment and a shareholder loan by Daye Water Investment (Ghana), BV of the Netherlands; and a non-shareholder loan and an interest rate swap agreement by Standard Bank of South Africa for the Seawater Desalination Project in Ghana.

The coverage is against the risks of transfer restriction, expropriation, breach of contract, and war and civil disturbance. The tenors are 20 years for the equity investments, 14 years for the shareholder loans, and 12 years for the non-shareholder loans (including interest and swap).

The project involves the construction and operation of a seawater desalination plant in Accra by Befesa Desalination Developments Ghana Ltd, a joint venture company of Abengoa Water Investments Ghana, BV; Daye Water Investment (Ghana), BV; and their local partner Hydrocol Ltd. The plant will be built on a 25-year build-own-operate-transfer (BOOT) basis and is expected to supply 60,000 cubic meters of potable water per day to the residents and businesses in the project area.

Accra is one of the major cities in Ghana that is experiencing rapid urbanization and population growth. Many residents in the city lack access to piped or safe water, and many old settlement areas and urban suburbs are facing water shortages. The project will provide potable water to up to 500,000 residents in the Teshie-Nungua catchment of Accra and help meet some of the immense need resulting from rapid urbanization. It will also improve the security and quality of the water supply. The project will generate other development impacts, such as the introduction of seawater treatment technology and increased employment and government revenues.

The project supports MIGA's strategy of promoting South-South investments, investment in complex infrastructure projects, and investments in countries eligible for assistance from the International Development Association.

Kenya

Project name: Triumph Power Generating Company Limited

Guarantee holders: Industrial and Commercial Bank of China, Standard Bank of South Africa, CfC Stanbic Bank

On June 27, 2013, MIGA issued guarantees of $102.5 million to Industrial and Commercial Bank of China and Standard Bank of South Africa covering their-non shareholder loans to Triumph Power Generating Company Limited in Kenya. MIGA also issued a guarantee of $11.1 million to CfC Stanbic Bank, a subsidiary of Standard Bank of South Africa, covering its swap arrangement with Triumph to hedge against long-term interest rate risk. The coverage to all guarantee holders is for a period of up to 12 years against the risk of breach of contract.

The project consists of the construction of an 83 megawatt heavy fuel oil plant on a build, own, and operate basis. The plant will be located at Kitengela, near the Athi River, approximately 25 kilometers from Nairobi. Triumph will enter into a 20-year power purchase agreement with Kenya Power and Lighting Company.

The World Bank's Africa Infrastructure Country Diagnostic found that the lack of adequate, reliable electricity supply is Kenya's largest infrastructure challenge and a key constraint to economic growth (contributing to economic losses of an estimated 2 percent of GDP). The project will help Kenya achieve a more diversified energy mix and stability to its power generation. The country remains heavily dependent on hydropower, which is frequently negatively impacted by drought. Installed thermal capacity provides a less expensive alternative to investments in emergency diesel-fired plants.

The project is further supported by a partial risk guarantee from the World Bank's International Development Association that backstops a letter of credit from JP Morgan Bank of London.

MIGA's guarantees are aligned with the Agency's strategy of supporting investments in countries eligible for lending from the International Development Association, investments in complex projects, and South-South investments.

Madagascar

Project name: Malagasy Community Network Services S.A. – GasyNet

Guarantee holder: SGS S.A.

On April 26, 2013, MIGA issued a guarantee of $2.9 million to SGS S.A. of Switzerland covering its loan guarantee to BNI-Madagascar for its loan to Malagasy Community Network Services S.A. – Gasynet in Madagascar. The coverage is for a period of up to 12 months against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project involves the provision of import and export good verification and the deployment of TradeNet software application to the government of Madagascar. The MIGA coverage is for an existing project approved by MIGA's Board of Directors in October 2007.

MIGA's continued support for the project will help to improve port governance and transparency of the country's trade transactions. The project is also consistent with MIGA's strategic priority of supporting investments into countries eligible for concessional financing from the International Development Association.

Niger

Project name: Cotecna Inspection S.A., Niamey Liaison Office

Guarantee holder: Cotecna Inspection Services S.A.

On December 19, 2012 MIGA issued a guarantee of $6.2 million covering an investment by Cotecna Inspection Services S.A. (COINS) of Switzerland in Cotecna Inspection S.A., Niamey Liaison Office in Niger. The coverage is for a period of up to six years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

COINS will provide services to the government of Niger on a build-operate-transfer basis in return for a monthly operating and management service fee. These services include pre-shipment inspection and document verification at origin; the provision, installation, operation, and maintenance of three high-energy scanners at three sites (Niamey Route, Niamey Rive Droite, and Maradi); goods verification, inspection, and valuation; training and logistic assistance to the government for the modernization of national customs with the objective of enhancing budgetary revenues and security; and the eventual transfer of the scanners to the government.

The project will introduce greater transparency and efficiency into Niger's import verification processes. 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 points of entry will also be enhanced by ensuring that containerized goods are not illegal. In addition, the proposed project will facilitate trade through more efficient and rapid verification of imported goods.

COINS will provide training and build capacity for the government's future takeover of operations and improve public resource management. The operations will sustain 136 local jobs.

The World Bank Group's areas of focus in Niger include increasing transparency and governance as well as improving cross-border trade. This project supports both these objectives. It is also aligned with MIGA's strategic priority of supporting investments into countries eligible for concessional lending from the International Development Association. This is the first guarantee MIGA has issued for an investment in Niger since the country became a MIGA member in 2012.

Sierra Leone

Project name: Sky Handling Partner Sierra Leone Limited

Guarantee holder: Groupe Europe Handling S.A.S.

On December 6, 2012, MIGA issued a guarantee of €1.43 million ($1.9 million) covering a shareholder loan from Groupe Europe Handling S.A.S. of France to Sky Handling Partner Sierra Leone Limited. 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 modernization and expansion of the current cargo-handling services in the Freetown-Lungi International Airport (FNA) by Sky Handling Partner Sierra Leone Limited. The new cargo terminal is being built to international standards and will accommodate a maximum capacity of 7,000 tons of cargo per year. The terminal will have a separate import and export area, where cold temperature rooms, dangerous goods storage, and security rooms will be installed.

The project is expected to have a positive catalytic effect on local businesses by providing the country's first airport cargo handling and storage facilities and services meeting international standards.

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 countries and countries eligible for concessional lending from the International Development Association. The project was underwritten through MIGA's Small Investment Program.

Uganda

Project name: Bujagali Energy Ltd.

Guarantee holder: World Power Holdings Luxembourg S.à.r.l.

On July 27, 2012, MIGA amended an existing guarantee by $5.3 million for World Power Holdings Luxembourg S.à.r.l. (WPH), an affiliate of Sithe Global (USA), covering their additional equity investment in the Bujagali hydropower project. In 2007, MIGA issued a guarantee of $115 million covering WPH's initial investment in the plant. The investor has increased its equity investment due to additional costs associated with the project. The coverage is for a period of up to 20 years against the risk of breach of contract. This additional coverage brings MIGA's gross exposure under the project to $120.3 million.

The project consists of the construction and operation of a 250 megawatt, run-of-the-river hydropower plant on the Victoria Nile by Bujagali Energy Ltd. (BEL), of which WPH is a partner. It was developed on a build-own-operate-transfer basis and reuses water flowing from two existing upstream facilities to generate electricity. The first generating unit was commissioned in February 2012 and the project reached full capacity in June 2012. The project also includes an associated Interconnection Project, which consists of a series of transmission lines to be owned and operated by the Uganda Electricity Transmission Company.

Reliable and accessible electricity is critical for Uganda's social and economic development. Daily power shortages have stunted economic growth by an estimated one percent of the country's gross domestic product. The Bujagali project has increased supply to the national power grid and reduced the need for more costly thermal power.

In addition to MIGA's guarantee, the World Bank Group is supporting the project with $130 million in loans from the IFC and a partial risk guarantee of up to $115 million from the International Development Association. MIGA's guarantee was essential to securing Sithe Global's investment.

Zambia

Project name: Chobe Agrivision Company Ltd.

Guarantee holder: Chayton Africa

On June 27, 2013, MIGA issued a guarantee of $45.9 million to Chayton Africa of Mauritius covering its investment in Chobe Agrivision Company Ltd. in Zambia. MIGA's coverage is for a period of up to 15 years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project involves an investment by Chayton Africa (CA) to acquire and improve Somawhe Estates, an existing 12,822 hectare commercial farm in the Mpongwe Farm Block in the Copperbelt Province of Zambia. Approximately 2,874 hectares of land are cleared with 2,611 hectares under pivot irrigation. CA intends to bring an additional 1,800 hectares under irrigation. The farm cultivates soya, maize, wheat, and barley for consumption in Zambia.

CA plans to implement efficient agricultural practices such as crop rotation and zero tillage, soil and water management, and additional improvements to increase productivity and sustainable crop yields. As well as improving productivity of the land, the introduction of new technologies and methods offers the chance for substantial demonstration effects. The agricultural sector has been identified by both the Zambian government (in its national development plan) and in the World Bank's Country Partnership Strategy as a key area where there is potential to contribute to development and economic growth. Although 58 percent of the land in Zambia (75 million hectares) is classified as having medium to high potential for agriculture, only about 14 percent of arable land is cultivated. The project will also contribute to increased food security in the region. According to the World Bank, food production in Africa needs to double by 2050 to avoid widespread starvation.

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

Zambia

Project name: Silverlands Ranching Limited

Guarantee holder: Silverlands Ireland Holdings (Z2) Limited

On May 22, 2013, MIGA issued a guarantee of $8.8 million covering an equity investment by Silverlands Ireland Holdings (Z2) Limited of Ireland in Silverlands Ranching Limited in Zambia. 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 the acquisition of the assets of Foresythe Estates Limited, an existing 19,090 hectare cattle farm, located in Zimba, in the southern province of Zambia. The farm has been in operation for over 100 years and exclusively breeds, rears, and sells live cattle. The new owners intend to improve and expand the farm's operations, including enlarging the current cattle herd and adding irrigation and feedlots.

Promoting agricultural growth and diversification has been identified as a key development challenge in the World Bank Group's Country Partnership Strategy for Zambia. The vast majority of the very poor derive their livelihoods from subsistence smallholder agriculture, and overall agricultural productivity remains low. The Zambian government's Sixth National Development Plan specifically identifies agriculture and livestock as potential growth areas that could unlock Zambia's natural resource endowments to provide a basis for development.

In addition to contributing to Zambia's overall agricultural development strategy, Silverlands Ranching Limited will offer assistance to smallholder farmers regarding immunization strategies for cattle belonging to local villagers, where mortality rates are much higher and calving rates are lower than commercial farms. This assistance to small-scale farmers in the area will help improve the quality of traditional cattle and will have a significant impact on Zambia's overall production.

The new owners will also make significant investments to improve the farm's infrastructure, including improving staff housing and sanitation and enhanced environmental management measures. The farm is expected to employ 125 local staff.

The project was underwritten through MIGA's Small Investment Program and is aligned with MIGA's strategic priority of supporting investments into countries eligible for assistance from the International Development Association.

Zambia

Project name: Yalelo Limited

Guarantee holder: Liongate Venture Fund I SPC

On March 12, 2013, MIGA issued a guarantee of $2.9 million covering an equity investment by Liongate Venture Fund I SPC of the Cayman Islands in Yalelo Limited in Zambia. 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 the establishment of an aquaculture facility on the Zambian side of Lake Kariba in Siovonga province. The project will harvest the local species of tilapia for sale in Lusaka. The project is expected to produce 2,500 tons of tilapia in the first year, increasing to 7,600 tons by year three.

Fish production in Zambia is not meeting local demand and the country imports over 40,000 tons of frozen fish per year. Yalelo will contribute to Zambian food security by providing a local source of tilapia on a commercial scale. The project is also expected to generate 100 local jobs.

The project was underwritten through MIGA's Small Investment Program and is aligned with MIGA's strategic priorities of supporting investments into countries eligible for concessional lending from the International Development Association.

Technical Assistance

MIGA's technical assistance mandate is implemented under the umbrella of FIAS, the World Bank Group's multi-donor Facility for Investment Climate Advisory Services.

Through its financial support to this partnership and funding vehicle, MIGA contributed to advisory services that help developing countries level the playing field for businesses, make markets more competitive, deliver reforms in strategic sectors, and facilitate international trade and investment.

In calendar year 2012, FIAS projects contributed to 76 significant investment climate improvements in 41 countries. Of these improvements, 72 percent were in IDA countries and 34 percent in conflict-affected states—both MIGA priority areas. FIAS' strategy over the next four years emphasizes sector-specific investment climate reform and is designed to unlock investment opportunities in MIGA and World Bank Group priority sectors and industries, especially in fragile and conflict-affected countries where MIGA's guarantee services are of particular relevance to investors.

For example, with FIAS support the fragile state of Comoros deepened reform efforts and became a member of MIGA this fiscal year. The FIAS-supported team directly advised the government on the ratification of the MIGA Convention, which had been signed two years before. Together with MIGA, the team provided technical information and facilitation during several stages of the membership process.

Another example is Rwanda, an IDA-eligible country, where the FIAS team is helping the government attract investments in horticulture and tea to boost employment opportunities and exports in these key sectors. It helped develop crucial reform proposals on a green leaf pricing mechanism expected to strengthen sustainability of the tea sector and help pave the way for a $200-million expansion plan that could result in doubling the area under production and export volume. The reform is also expected to significantly improve the income of 65,000 farmers and their families active in the sector.

Independent Evaluation Group

The Independent Evaluation Group (IEG) assesses MIGA's strategies, policies, and projects to improve the Agency's development results. IEG is independent of MIGA management and reports its findings to MIGA's Board of Directors and the Committee on Development Effectiveness.

In fiscal year 2013 IEG included evaluation of MIGA's work in its country program evaluations for Afghanistan. MIGA's work was also assessed in IEG's evaluations of World Bank Group support to forestry, infrastructure, and innovation. IEG's *Biennial Report on Operations Evaluation* focusing on the private sector noted that MIGA has upgraded its development performance assessment system, while also emphasizing the need to find a cost-effective way of measuring the development effectiveness of MIGA projects consistent with MIGA's business model as a political risk insurer.

IEG's most recent review of the World Bank Group's results and performance concluded that 69 percent of a sample of 26 evaluated MIGA projects had achieved satisfactory development outcomes or better—that is, they met or exceeded MIGA's financial, economic, environmental, and social benchmarks. Successful projects provided services and products unavailable in local markets and showed high levels of productivity.

IEG continues to validate MIGA's self-evaluations of its guarantee projects using a methodology that was jointly developed by IEG and MIGA. IEG also conducts independent evaluations of MIGA as part of its micro-evaluation work. During this fiscal year, IEG reviewed six MIGA self-evaluations and completed two direct evaluations of MIGA-supported projects.

IEG and MIGA continue to collaborate on a joint working group to strengthen MIGA's self-evaluation system. IEG conducted several events for MIGA staff on topics covering findings and lessons from its evaluation work. IEG and MIGA continued work on refining practice standards for MIGA evaluations, using the Good Practice Standards developed by the Evaluation Cooperation Group.

IEG also started conducting cluster evaluations of projects underwritten though MIGA's Small Investment Program.

IEG's reports and recommendations are publicly disclosed on its website at http://ieg.worldbankgroup.org.

Compliance Advisor/Ombudsman

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for MIGA and IFC and reports directly to the President of the World Bank Group.

The CAO responds to complaints from people affected by MIGA and IFC-supported business activities, with the goal of enhancing social and environmental outcomes on the ground and fostering greater public accountability of both agencies.

The CAO has three roles. The CAO's dispute resolution arm works to identify the causes of conflict and helps stakeholders resolve concerns using a flexible, problem-solving approach. The CAO's compliance arm oversees investigations of MIGA's and IFC's social and environmental performance to ensure compliance with applicable policies, guidelines, procedures, and systems. In its advisory role, the CAO provides independent advice to the World Bank Group President as well as MIGA and IFC management on systemic environmental and social issues.

The CAO released a compliance audit in April 2013 related to a 2010 complaint regarding the Mozal Aluminum Smelter in Mozambique, which MIGA guaranteed in 1998. The complaint raised concerns about the impacts of increased emissions during a period when the smelter's fume treatment centers were shut down for maintenance. Agreement was not reached through a CAO mediation process and the case was transferred to the CAO's compliance function in December 2011. The compliance audit found that more proactive supervision of risks related to the failure of Mozal's fume treatment centers would have been appropriate. MIGA's involvement in this project came to an end during the audit process. In its response IFC, which provided financing, acknowledged that the issues identified by the audit are important ones and warrant further consideration. The CAO is monitoring actions in response to the audit findings.

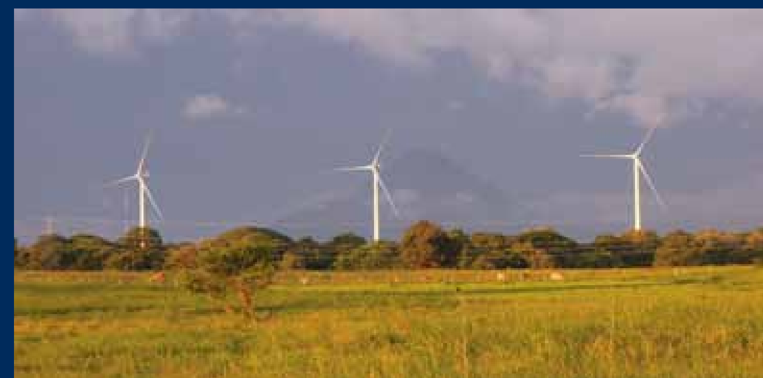
In 2011, the CAO received two complaints regarding the Bujagali power plant in Uganda, supported by IFC and by MIGA in 2007 and by MIGA in 2013. The first complaint was filed by former employees involved in the construction of the project regarding injuries sustained in the course of their work; the second was filed by local community members concerned about project impacts during construction. The company and complainants agreed to undertake a collaborative process to address the concerns, and the CAO continues to work with the parties to help them resolve the remaining issues raised in the complaints. In April of this fiscal year, the CAO received a third complaint about the project from former construction workers raising concerns about unpaid wages and benefits. This complaint is in assessment.

In October 2012 and February 2013, the CAO received two complaints from local communities regarding the Oyu Tolgoi mining project in Mongolia, for which MIGA and IFC have disclosed plans to support. During the CAO's assessment, the parties expressed an interest in participating in a dispute resolution process facilitated by the CAO to help address their concerns. The CAO is currently working with the parties to finalize the way forward in this regard.

Visit www.cao-ombudsman.org for more information about these cases and the CAO's activities.

Management's Discussion and Analysis (FY13)

Financial Statements



Management's Discussion and Analysis (FY13)

Financial Statements

Overview

Established in 1988, the Multilateral Investment Guarantee Agency (MIGA or "the Agency") is a member of the World Bank Group. The World Bank Group also includes the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the International Centre for Settlement of Investment Disputes (ICSID). MIGA is a legal entity separate and distinct from IBRD, IDA, IFC, and ICSID, with its own charter (the "Convention"), share capital, financial structure, management, and staff. Membership in the Agency, which currently stands at 179 countries, is open to all members of IBRD.

MIGA's mission is to promote foreign direct investment (FDI) into developing countries to support economic growth, reduce poverty, and improve people's lives. To this end, the Agency acts as a risk mitigator, providing investors and lenders in the international investment community with the level of comfort necessary to invest in developing countries. MIGA's core business is the provision of political risk insurance (PRI). In addition, as part of its mandate, the Agency carries out complementary activities such as providing technical assistance, research and knowledge services, and dispute resolution to support FDI.

MIGA is committed to promoting projects that are economically, environmentally, and socially sustainable, and that promise a strong development impact. By providing PRI for FDI in developing countries, MIGA is able to play a critical role in supporting the World Bank Group's broad strategic priorities of ending extreme poverty and promoting shared prosperity.

Since its inception, MIGA has issued $30 billion of guarantees (including amounts issued under the Cooperative Underwriting Program), in support of 729 projects in 108 member countries. The Agency has also supported numerous technical assistance activities, as well as multiple programs at regional and global levels in member countries.

MIGA is financially self-sustaining, and its activities are supported by a strong capital base and a comprehensive risk management framework. The Agency prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as well as International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Development Activities

Summary of Business Segments

MIGA seeks to fulfill its mission in developing member countries by offering: PRI, technical assistance, research and knowledge services, and investment dispute resolution.

Political Risk Insurance

MIGA provides investment guarantees against certain non-commercial and sovereign risks to eligible foreign investors for qualified investments in developing member countries and offers coverage against the risks of: 1) transfer restriction and inconvertibility, 2) expropriation, 3) breach of contract, 4) war and civil disturbance, 5) the non-honoring of a sovereign financial obligation, and 6) the non-honoring of financial obligation by a state-owned enterprise. Investors may choose any combination of these covers[1] (see **Box 1**). MIGA insures new and existing cross-border investments originating in any MIGA member country, destined for any developing member country. Types of investments that can be covered include equity, shareholder and non-shareholder loans, and loan guarantees (provided the loans have a minimum maturity of more than one year). Other forms of investments—such as technical assistance and management contracts, or franchising and licensing agreements—may also be eligible. **Table 1** contains a summary of cumulative guarantees issued in member countries.

[1] *Smaller guarantees may be underwritten through the MIGA's Small Investment Program (SIP), but SIP coverage is limited to the risks of transfer restriction, expropriation, and war and civil disturbance.*

Box 1 – Risks Covered by MIGA Guarantees

MIGA provides PRI to eligible investors and lenders against the following non-commercial risks:

- **Transfer restriction and inconvertibility –** the risk of inconvertibility of local currency into foreign exchange for transfer outside the host country. Currency depreciation is not covered.
- **Expropriation –** the risk of partial or total loss of the insured investment as a result of acts by the host government that may reduce or eliminate ownership of, control over, or rights to the insured investment.
- **War and civil disturbance –** the risk of damage to, or the destruction or disappearance of, tangible covered assets caused by politically motivated acts of war or civil disturbance in the host country, including revolution, insurrection, coups d'état, sabotage and terrorism.
- **Breach of contract –** the risk of being unable to obtain or enforce an arbitral or judicial decision recognizing the breach of an obligation by the host government.
- **Non-honoring of a sovereign financial obligation –** the risk that a sovereign fails to honor an unconditional financial payment obligation or guarantee, where the underlying project meets all of MIGA's eligibility requirements. Unlike MIGA's breach of contract coverage, this coverage does not require a final arbitral award or court decision as a condition of payment of a claim.
- **Non-honoring of financial obligation by a state-owned enterprise –** the risk that a state-owned enterprise fails to honor an unconditional financial payment obligation or guarantee, where the underlying project meets all of MIGA's eligibility requirements. This coverage does not require a final arbitral award or court decision as a condition of payment of a claim.

Table 1 – Cumulative Guarantees Issued in Member Countries

	FY13	FY12	FY11	FY10	FY09
Cumulative Guarantees Issued ($B)*	30.0	27.2	24.5	22.4	20.9
Host Countries	108	105	104	100	99

* *Includes amounts from Cooperative Underwriting Program.*

The total gross and net exposures at June 30, 2013 amounted to $10.8 billion and $6.4 billion compared to $10.3 billion and $6.3 billion, respectively, at June 30, 2012. During FY13, MIGA supported 30 projects[2] of which 25 projects were in one or more priority areas identified in the Agency's business strategy. This includes guarantees issued for $2,047.3 million in support of 21 projects in IDA-eligible countries, $1,924.3 million in support of 11 complex projects, $1,150.3 million in support of seven projects in conflict affected countries and $357 million in support of seven projects with South-South investments.

Table 2 details the regional distribution of MIGA's gross and net guarantee exposures at the end of each of the past three fiscal years. The percentage of net exposure in the Africa and Asia regions increased by 5.3 percent, and 1.2 percent, respectively, from the previous fiscal year, while the net exposure in the Europe and Central Asia region decreased by 7.9 percent in FY13. The increase in the Africa and Asia's percentage of net exposure can be attributed to several projects supporting Oil & Gas, Infrastructure, Services and Manufacturing sectors in these regions. Conversely, the decrease in the exposure in Europe and Central Asia is attributable mainly to the maturing contracts relating to MIGA's FY08-09 Financial Sector Initiative.

Table 2 – Regional Distribution of Gross and Net Exposure ($M)

	Gross			Net			% of Total Net Exposure		
	FY13	FY12	FY11	FY13	FY12	FY11	FY13	FY12	FY11
Africa	**2,777**	1,574	1,102	**1,628**	1,258	886	**25.4**	20.1	16.9
Asia	**1,621**	1,392	1,296	**954**	861	759	**14.9**	13.7	14.5
Europe and Central Asia	**4,408**	5,543	5,432	**2,583**	3,018	2,844	**40.3**	48.2	54.3
Latin America and the Caribbean	**1,069**	1,069	1,006	**673**	642	569	**10.5**	10.3	10.8
Middle East and North Africa	**883**	768	416	**572**	483	246	**8.9**	7.7	4.7
Adjustment for Dual Country and Master Agreements*	**-**	-	-130	**-**	-	-65		-	-1.2
Total	**10,758**	10,346	9,122	**6,410**	6,262	5,239	**100.0**	100.0	100.0

Note: numbers may not add up due to rounding.
* *Master Agreements are guarantee contracts that cover projects in more than two host countries, up to a single maximum exposure amount. The adjustment compensates for counting the same exposure more than once.*

[2] *In addition, MIGA is supporting two projects executed through the West Bank and Gaza Trust Fund during FY13.*

Table 3 shows the sector distribution of MIGA's gross and net guarantee exposures at the end of each of the past three fiscal years. The percentage of net exposure in the Oil & Gas, Infrastructure and Manufacturing sectors increased by 2.4 percent, 4.1 percent, and 2.7 percent respectively from the previous fiscal year. In contrast, the net exposure in the Financial and Tourism, Construction and Services sectors decreased by 5.3 percent and 4.0 percent, respectively, in FY13. The decrease in net exposure to the Financial sector is attributable mainly to the maturing contracts that supported the Agency's FY08-09 Financial Sector Initiative, particularly in Europe and Central Asia, as noted previously.

Table 3 – Sector Distribution of Gross and Net Exposure ($M)

	Gross			Net			% of Total Net Exposure		
	FY13	FY12	FY11	FY13	FY12	FY11	FY13	FY12	FY11
Agribusiness	**212**	224	246	**208**	197	187	**3.2**	3.1	3.6
Financial	**3,430**	4,297	4,456	**1,988**	2,270	2,341	**31.0**	36.3	44.7
Infrastructure	**4,719**	3,920	2,961	**2,757**	2,436	1,694	**43.0**	38.9	32.3
Manufacturing	**999**	774	790	**641**	457	472	**10.0**	7.3	9.0
Mining	**239**	241	243	**170**	171	172	**2.7**	2.7	3.3
Oil & Gas	**931**	336	234	**420**	261	195	**6.6**	4.2	3.7
Tourism, Const and Services	**228**	554	193	**226**	469	177	**3.5**	7.5	3.4
Total	**10,758**	10,346	9,122	**6,410**	6,262	5,239	**100.0**	100.0	100.0

Note: numbers may not add up due to rounding.

MIGA is able to provide investors with a higher level of investment insurance coverage through the use of reinsurance arrangements with public and private insurers. On a programmatic basis, MIGA cedes exposure to its reinsurance partners, thereby enhancing its capacity and allowing it to better manage its risk profile, project and country exposure levels. Whereas MIGA assumes the credit risk for its reinsurance partners under facultative reinsurance arrangements, this risk is borne by the investor under the Cooperative Underwriting Program (CUP). MIGA may also act as a reinsurer, assuming investment portfolio exposure from both public (e.g. export credit agencies) and private insurers – thereby freeing up their capacity and allowing them to offer additional support to their policyholders. An example of this was MIGA's support of $150 million reinsurance to OPIC for the Apache Corporation project in Egypt.

Technical Assistance (TA)

MIGA supports the multi-donor Investment Climate Advisory Services of the World Bank Group, which helps governments design and implement reforms to improve their business environment and attract domestic and foreign investment. Investment Climate Advisory Services remains focused on IDA and conflict-affected countries.

MIGA's financial contribution has supported projects that reduce policy impediments and provide support to governments in attracting new investors as well as retaining and expanding existing investments.

Research and Knowledge Services

MIGA carries out research and disseminates information to promote investment in its developing member countries. This year's annual *World Investment and Political Risk Report* by MIGA looked at the risk of sovereign defaults, typically caused by adverse economic shocks, and how it relates to expropriation. Both the risks of sovereign default and expropriation remain significant issues for foreign investors amid the global economic slowdown and continued political instability. The report also addressed FDI in the Middle East and North Africa in light of the Arab Spring, as well as the reaction of multinational enterprises to those developments.

Investment Dispute Resolution

Consistent with Article 23 of the MIGA Convention, the Agency seeks both to remove impediments to the flow of investment to developing member countries and to encourage the settlement of disputes between investors and host governments. MIGA actively pursues the resolution of disputes affecting MIGA-supported projects. In many cases, these efforts focus on situations in which either a claim has been or is expected to be filed, but MIGA will also assist in resolving problems that are not related to its cover. During FY13, MIGA engaged with investors or governments in relation to projects located in Argentina, Central African Republic, China, Ethiopia, Guinea, Mali, Rwanda, Sierra Leone, Syria, and Uganda.

In appropriate circumstances, the Agency will mediate disputes between states and investors not guaranteed by MIGA if such disputes inhibit the flow of additional investment to the country. In such circumstances, MIGA may seek compensation for these services and reimbursement for its costs in conducting the mediation.

Outlook and Challenges

Market Trends

In recent years, FDI to emerging markets has been impacted by the sovereign debt crisis in Europe, ongoing political turmoil in the Middle East, and volatility in certain parts of Africa. These events, along with the search for new opportunities as reflected in increased South-South investments, have resulted in stable demand for MIGA's guarantees consonant with MIGA's operational priorities.

Operational Priorities

In FY11, MIGA's Board of Directors approved the Operational Directions paper, FY12-14 Strategy: Achieving Value-Driven Volume, which reaffirmed MIGA's operational priorities namely:

- *Investments in IDA countries*, a key area of comparative advantage for MIGA.
- *Investments in conflict-affected countries*, an area of increased engagement for the Agency over the past few years and where MIGA remains strongly relevant.

- *Investments in complex projects,* mostly in infrastructure and the extractive industries, often involving government intervention and resulting in a delicate balance of risk-sharing by stakeholders.
- *Support for investments between MIGA Category Two countries[3] (e.g. South-South investments)*, given the growing proportion of FDI coming from developing countries and the need to provide underserved corporations with PRI.

These priority areas, or strategic pillars, were shaped by the needs of MIGA's member countries, the demands of a changing FDI environment and PRI market, and the need for the Agency to focus on its comparative advantage and complement other insurers and institutions that provide similar services.

Funding Sources

Subscribed Capital

MIGA derives its financial strength primarily from the capital it receives from its shareholders and its retained earnings.

MIGA's Convention initially established its authorized capital stock (membership shares) at 100,000 shares—equivalent to $1,082 million—with a provision that the authorized capital stock shall automatically increase upon the admission of a new member to the extent that the total number of authorized shares are sufficient to allow subscription by the new member. During FY13, the total authorized shares increased to 186,359 as of June 30, 2013, equivalent to $2,016.4 million. Comoros and Sao Tome and Principe completed their membership requirements during FY13, bringing the total number of member countries to 179 as of June 30, 2013.

As of June 30, 2013, the initial subscribed shares totaled 107,800, equivalent to $1,166.4 million. Of the initial membership shares subscribed, 20 percent or $233.3 million had been paid-in and the remaining 80 percent or $933.1 million was subject to call when needed by MIGA to meet its obligations. As of June 30, 2013, $112.4 million of paid-in capital is in the form of nonnegotiable, non-interest bearing demand obligations (promissory notes). The notes are denominated in freely convertible currencies and are due on demand to meet MIGA's obligations. Since inception, MIGA has not encashed any of the promissory notes.

As of June 30, 2013, cumulative subscriptions to the General Capital Increase (GCI) totaled 69,303 shares, equivalent to $749.9 million, and GCI shares reserved through instruments of contribution totaled 6,959 shares, equivalent to $75.3 million. Of the GCI shares subscribed, $132.3 million has been paid-in and $617.5 million is callable.

As of June 30, 2013, MIGA's total subscribed capital amounted to $1,916.3 million, of which $365.6 million was paid-in and $1,550.6 million was callable. Since its inception, no call has been made on MIGA's callable capital. Any calls on unpaid subscriptions are uniform on all shares. If the amount received by MIGA on a call is insufficient to meet the obligations which necessitated the call, MIGA may make further calls until the amounts received are sufficient to meet such obligations. The liability of a member on a call or calls is limited to the unpaid balance of its capital subscription.

Equity

Total shareholders' equity as reported in MIGA's balance sheet as of June 30, 2013 was $910.7 million compared with $905.2 million as of June 30, 2012. This amount consists of paid-in capital and retained earnings, net of accumulated other comprehensive loss. The increase of $5.4 million in FY13 primarily reflects the decrease in accumulated other comprehensive loss of $9.5 million and an increase in subscribed capital of $0.2 million, partially offset by the decrease in retained earnings of $4.3 million, representing the net loss for the year.

Capital Management

Underwriting Capacity

MIGA's equity base ensures the financial sustainability of the Agency over both the short-term and long-term. The subscribed capital and retained earnings determine the Agency's statutory underwriting capacity. The Council of Governors and the Board of Directors have set the maximum amount of contingent liability that may be assumed by MIGA as 350 percent of the sum of its unimpaired subscribed capital and reserves and retained earnings, and 100 percent of the ceded exposure. In other words, the maximum amount of net guarantee exposure is determined by the amount of available capital, and the statutory underwriting capacity is expressed on a gross exposure basis by adding the current amount of portfolio reinsurance. As of June 30, 2013, MIGA's underwriting capacity was $13,897 million, as follows:

Table 4 – Current Underwriting Capacity ($M) – June 30, 2013

Subscribed Capital	1,916
Retained Earnings	568
Accumulated Other Comprehensive Income (loss)	(23)
Insurance Portfolio Reserve (net)	267
Total	**2,728**
350% of Subscribed Capital, Retained Earnings, Other Comprehensive Income and Reserve	9,548
100% of Exposure Ceded	4,349
Statutory Underwriting Capacity - June 30, 2013	**13,897**

As of June 30, 2013, MIGA's gross exposure was $10,758 million and represented 77 percent of MIGA's statutory underwriting capacity.

[3] *MIGA's categorization for developing countries; see MIGA Member Countries list in the Appendices section of the Annual Report.*

Capital Adequacy

Following the adoption of the Economic Capital-based capital adequacy framework in FY07, MIGA's measures of capital adequacy and risk-bearing capacity include economic capital consumed by the guarantee portfolio. It provides an analytically rigorous measure for assessing the consumption of risk capital by the core guarantee business, and incorporates the effects from portfolio diversification and concentration. In addition, MIGA estimates the minimum amount of capital that should be held against operational risk in the Agency.

Total economic capital defined as capital consumption from both the guarantee portfolio and operational risk[4] represents a broader measure of MIGA's capital adequacy. As of June 30, 2013, the economic capital consumed by the guarantee portfolio amounted to $519 million and the total economic capital for the Agency amounted to $550 million, compared to $459 million and $487 million, respectively, as of June 30, 2012. The increase reflects the changes to the composition of MIGA's guarantee portfolio, which increasingly represents transactions in strategic priority areas.

Through an annual exercise of gauging the capital adequacy position, the current amount of economic capital consumed by MIGA's activities is calculated to measure how much of available operating capital is currently utilized. In addition, as part of the capital adequacy framework, MIGA assesses how much economic capital is projected to be potentially utilized in the future under various scenarios of growth and development of the guarantee portfolio. These are stress-test scenarios, estimating the economic capital consumed under assumptions of continued growth to MIGA's portfolio over five years, in combination with increased concentration of exposures, country rating downgrades, and regional and global contagion effects.

Throughout the year, MIGA's management monitors the level and utilization of available operating capital. This includes paid-in-capital, retained earnings, and the insurance portfolio reserve, net of the corresponding reinsurance recoverable. MIGA management's objective is to have sufficient operating capital to sustain losses associated with claims and to support the ongoing business without facing a significant risk of having to avail itself of the callable capital. As measures of the current utilization of this capital, by the guarantee portfolio and by the Agency as a whole, **Table 5** shows the ratios of guarantee portfolio and total economic capital to operating capital over the past three years. These ratios have increased to 44.0 percent and 46.7 percent, respectively, in FY13 compared with 40.8 percent and 43.3 percent as of June 30, 2012. **Table 5** also shows the ratio of guarantee portfolio economic capital to portfolio net exposure, to gauge year-on-year changes to the relative risk-level of the guarantee portfolio. As of June 30, 2013, this ratio stood at 8.1 percent compared to 7.3 percent at end-FY12. The ratios indicate a strong and stable capital position for the Agency at the end of FY13.

Table 5 – Capital Adequacy Summary (FY11-13, $M)

	FY13	FY12	FY11
Guarantee Portfolio Economic Capital	**519**	**459**	**374**
Total Economic Capital	**550**	**487**	**399**
Insurance Portfolio Reserve (net)	267	220	175
Retained Earnings and Accumulated Other Comp. Income	545	540	559
Paid-in Capital	366	365	365
Operating Capital	**1,178**	**1,125**	**1,099**
Net Exposure	**6,410**	**6,262**	**5,239**
Guarantee Portfolio Economic Capital/Operating Capital	**44.0%**	**40.8%**	**34.0%**
Total Economic Capital/Operating Capital	**46.7%**	**43.3%**	**36.3%**
Guarantee Portfolio Economic Capital/Net Exposure	**8.1%**	**7.3%**	**7.1%**

Note: numbers may not add up due to rounding

Investment Management

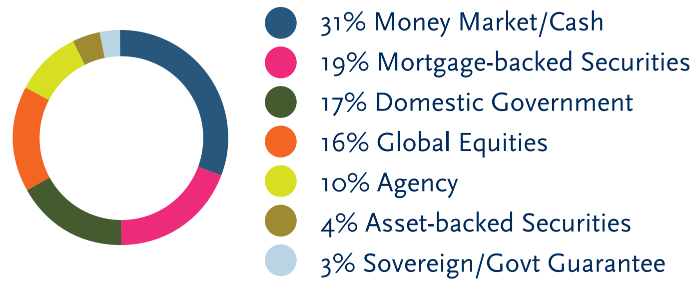
MIGA's investment policy sets the objectives and constraints for managing MIGA's investment account assets. As claims arise, MIGA's invested assets will be liquidated to pay claims on a pre-recovery basis.

The portfolio consists of two tranches. Tranche 1 is managed with target duration between one to two years to support potential claims, and consists of investments in cash, treasury securities, agency securities, mortgage-backed securities (MBS), asset-backed securities (ABS) and sovereign securities. Tranche 2 supports long-term capital growth, by investing in assets such as global equities. Portfolio management activities for MIGA's fixed income assets, as well as trading, risk analytics and reporting, are provided by IBRD's Treasury Investment Management Department.

As of June 30, 2013, the investment portfolio consisted of cash, treasury securities, agency securities, MBS, ABS, sovereign and government guaranteed securities, global equities, and derivatives (see Figure 1). Although primarily USD-denominated, the portfolio also held cash and government securities denominated in currencies other than USD. The annual portfolio yield was 3.1 percent in FY13 versus 3.6 percent in FY12. The market value of MIGA's portfolio was $1,157 million as of June 30, 2013, with the non-US dollar denominated component accounting for $73 million.

[4] *Operational risk capital is now based on the Basel II methodology for calculating operational risk capital as a percentage of gross revenues and amounted to $31 million as of June 30, 2013. Previously, operational risk capital was calculated as a percentage of gross exposure under Basel I and would have been $108 million as of June 30, 2013.*

Figure 1: Portfolio Composition of MIGA's Total Holdings (as of June 30, 2013)



Critical Accounting Policies

The footnotes to MIGA's financial statements contain a detailed summary of MIGA's accounting policies. Described below are those accounting policies which involve significant management judgment and estimates when preparing the Agency's financial statements and accompanying notes to conform to both U.S. GAAP and IFRS. Accounting estimates generally involve the establishment of parameters by management based on judgments about the probable outcome of future conditions, transactions, or events. Because these are projections, actual results may differ from those estimates in a variety of areas. The area which management deems most critical with respect to the application of estimates and assumptions is the establishment of MIGA's loss reserves.

Reserve for Claims

MIGA's provisioning methodology builds on portfolio risk quantification models that use both individually assessed loss probabilities for projects at risk and rating-based loss probabilities that are applied to the entire guarantee portfolio. Under this methodology, for the purpose of presentation in the financial statements, MIGA's reserve consists of two primary components, the Specific Reserve and the Insurance Portfolio Reserve.[5]

Reserves are presented on a gross basis on the liability side of the balance sheet, and the associated reinsurance assets on the asset side, since reinsurance does not relieve MIGA of its primary liability to the insured. A detailed summary of MIGA's provisioning policy can be found in the Notes to Financial Statements – Note A, Summary of Significant Accounting and Related Policies.

Pension and Other Postretirement Benefits

Along with IBRD and IFC, MIGA participates in a number of pension and post-retirement benefit plans that cover almost all of their staff members. All costs, assets, and liabilities associated with these plans are allocated among IBRD, IFC, and MIGA based upon their employees' respective participation in the plans. The underlying actuarial assumptions, fair value of plan assets, and funded status associated with these plans are based on financial market interest rates, past experience, and management's best estimate of future benefit changes and economic conditions. For further details, please refer to the Notes to Financial Statements – Note F, Pension and Other Post Retirement Benefits.

Results of Operations

Operating Income and Net Income

FY13 operating income was $19.2 million, an increase of $1.4 million compared to FY12, primarily due to higher net premium income of $4.6 million, partially offset by higher expense from pension and other postretirement benefit plans of $3.1 million. FY13 net loss of $4.3 million represented a decrease of $10.2 million compared to net income of $5.9 million in FY12, mainly due to higher provisioning pertaining to FY13 issued guarantees. **Table 6** shows the breakdown of MIGA's operating income and net income over the past three years.

[5] *The Insurance Portfolio Reserve is calculated as the 95th percentile loss less the mean loss from the Economic Capital Model*

Table 6 – Analysis of Operating Income and Net Income (Loss) ($M)

	FY13	FY12	FY11
Total Guarantees Issued[1]	2,781	2,657	2,099
Gross Exposure	10,758	10,346	9,122
Net Exposure	6,410	6,262	5,239
Premium Income	97.2	89.2	75.2
Premium Ceded	(37.7)	(33.7)	(30.6)
Fees and Commissions	6.8	6.2	6.3
Net Premium Income	**66.3**	**61.7**	**50.8**
Administrative and Other Expenses	(41.2)	(41.1)	(37.5)
Pension Accounting Expense	(5.9)	(2.8)	(3.6)
Operating Income[2]	19.2	17.8	9.7
Income from Investmentst	33.6	36.9	13.9
Release of (Provision for) Claims[3]	(56.7)	(37.3)	1.7
Net (Loss) Income	**(4.3)**	**5.9**	**43.1**
Operating Capital	**1,178**	**1,125**	**1,099**
Guarantee Portfolio Economic Capital (EC)	519	459	374
ROOC[4] (before provisions)	**4.5%**	**3.8%**	**3.8%**
ROOC (after provisions)	**(0.4%)**	**0.5%**	**3.9%**
ROCU[5]	**3.7%**	**3.9%**	**2.6%**

Note: numbers may not add up due to rounding

[1] *Including Cooperative Underwriting Program contracts*

[2] *Operating Income = Net Premium Income less Administrative and Other Expenses; Prior FY calculations were adjusted to reflect this definition, and now exclude Investment Income*

[3] *Provisions are net of currency translation effect*

[4] *Return on Operating Capital = Net Income/Operating Capital*

[5] *Return on Capital Utilized = (Net Premium Income-Administrative and Other Expenses)/Economic Capital Utilized by the Guarantee Portfolio*

FY13 versus FY12

The factors contributing to the higher operating income and a net loss in FY13 are discussed further below.

Net Premium Income

MIGA issued $2.8 billion in guarantees during FY13 compared to $2.7 billion in FY12, with the net guarantee exposure increasing slightly to $6.4 billion as of June 30, 2013, after considering the significant net portfolio exposure run-off during FY13 totaling $1.4 billion. In FY13, gross exposure and gross premium income increased by $412 million and $8 million, respectively. Premium amounts ceded to reinsurers increased by $4.1 million. The gross premium income growth reflects a higher portfolio premium rate, consistent with the shift in the risk composition of the portfolio associated with the pursuit of MIGA's strategic priorities, and higher average gross exposure.

Income from Investments

MIGA's investment portfolio generated $33.6 million of investment income in FY13, compared with $36.9 million in FY12. The yield was 3.1 percent in FY13 compared with 3.6 percent in FY12, with the returns from global equities significantly contributing to the FY13 investment income.

Expense from pension and other postretirement benefit plans

Of the $3.1 million increase in FY13 to $5.9 million compared to $2.8 million in FY12, $1.8 million relates to the higher amortization of unrecognized net actuarial losses on benefit plans.

Provision for Claims

MIGA recorded an increase in net reserves for claims of $56.7 million in FY13 compared to $37.3 million in FY12. The higher charge in FY13 primarily reflects the effect of new issuance and the related shift in the portfolio risk composition.

Corporate Governance

General Governance

Board Membership

MIGA's Board of Directors consists of 25 members. In accordance with the Convention establishing MIGA, all members of the Board are elected every two years by their member governments. Directors are neither officers, nor staff of MIGA. The President serves as the presiding officer, is the only management member of the Board of Directors, and ordinarily has no vote except a deciding vote in the case of an equal division. The Board has established five standing committees which are each chaired by a Director: (i) Committee on Development Effectiveness or CODE, (ii) Audit Committee, (iii) Budget Committee, (iv) Human Resources Committee or HRC, and (v) Committee on Governance and Administrative Matters or COGAM. The Directors maintain an Ethics Committee to consider matters relating to the interpretation or application of the Code of Conduct for Board Officials which took effect in November 1, 2007.

The Directors and their committees operate in continuous session at the principal offices of the World Bank Group, and meet in accordance with the Agency's business needs. Each committee's terms of reference establishes its respective roles and responsibilities. Their role is primarily to help the full Board of Directors discharge its oversight responsibilities through in-depth examination of policies and practices.

Senior Management Changes

On June 30, 2013, Ms. Izumi Kobayashi completed her term as the Executive Vice President of MIGA.

Effective July 15, 2013, Ms. Keiko Honda is the Executive Vice President of MIGA.

Audit Committee

Membership

The Audit Committee consists of eight members of the Board of Directors. Membership on the Committee is determined by the Board of Directors, based upon nominations by the Chairman of the Board, following informal consultation with the Directors. In addition, the composition of the Committee is expected to reflect the economic and geographic diversity of MIGA's member countries. Other relevant selection criteria include seniority, continuity, and relevant experience. Some or all of the responsibilities of individual Committee members are performed by their alternates or advisors. Generally, Committee members are appointed for a two-year term; reappointment to a second term, when possible, is desirable for continuity. Audit Committee meetings are generally open to any member of the Board who wishes to attend, and non-Committee members of the Board may participate in the discussion but cannot vote. In addition, the Chairman of the Audit Committee may speak in that capacity at meetings of the Board of Directors, with respect to discussions held at the Audit Committee.

Key Responsibilities

The Audit Committee has a mandate to assist the Board of Directors in overseeing MIGA's finances, accounting, risk management, and internal controls. This mandate includes the review and oversight of MIGA's financial statements and financial reporting related to trust funds. The Audit Committee is also responsible for recommending to the Board of Directors the appointment of the external auditor, as well as monitoring the performance and independence of the external auditor. The Audit Committee oversees the internal audit function, including reviewing the responsibilities, staffing, annual internal audit plan, and effectiveness of internal audit. In the execution of its role, the Committee discusses with management, the external auditors, and internal auditors, financial issues and policies which have an impact on the Agency's financial position and risk-bearing capacity. The Committee also reviews with the external auditor the financial statements prior to their publication and recommends the annual audited financial statements for approval to the Directors. The Audit Committee monitors the evolution of developments in corporate governance and encourages continuous improvement of, and adherence to MIGA's policies, procedures, and practices.

Communications

The Audit Committee communicates regularly with the full Board of Directors through distribution of the following documents:

- The minutes of its meetings.
- Reports of the Audit Committee prepared by the Chairman, which document discussions held. These reports are distributed to the Directors, Alternates Directors, World Bank Group Senior Management, and MIGA Senior Management.
- "Statement(s) of the Chairman" and state ments issued by other members of the Audit Committee.
- The Annual Report to the Board of Directors, which provides an overview of the main issues addressed by the committee over the year.

The Audit Committee's communications with the external auditor are described in the Auditor Independence section.

Executive Sessions

Under the Audit Committee's Terms of Reference, members of the Audit Committee shall meet periodically in separate executive or, where specifically required, closed sessions with management, the Auditor General, the External Auditor, and the Vice President for Institutional Integrity, to discuss any matters that the Committee or any of the foregoing believes should be discussed privately.

Access to Resources and to Management

Throughout the year, the Audit Committee receives a large volume of information, with respect to the financial position, financial statement presentations, risk assessment, and risk management, as well as matters regarding governance and controls. The Audit Committee meets both formally and informally throughout the year to discuss finance, accounting, risk management, and internal controls matters. The Directors have unrestricted access to management. The Audit Committee reviews and discusses with management the quarterly and annual financial statements. The committee also reviews with the external auditor the financial statements prior to their publication and recommends these for approval to the Board of Directors.

The Audit Committee has the capacity, under exceptional circumstances, to obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate.

Code of Conduct and Business Conduct Framework

Staff members' ethical obligations to the institution are embodied in its Core values and Principles of Staff Employment. As a member organization, MIGA has adopted the updated World Bank Group Code of Conduct, *Living our Values* (the Code), which is a practical guide to assist staff in making the Bank Group's Core Values a part of what staff does every day. The Code applies to all staff worldwide and is available on IBRD's website, www.worldbank.org. All MIGA staff have completed the mandatory training course which includes an acknowledgement from staff to abide by the tenets of the Code.

In addition to the Code, the business conduct obligations of staff are articulated in the Staff Manual (Principles of Staff Employment, Staff Rules), Administrative Manual, and other guidelines. The Principles and Staff Rules require that all staff avoid or properly manage conflicts of interest. To protect individual staff in MIGA from apparent and real (potential or actual) conflicts of interest, senior managers are required to complete an annual financial disclosure statement with the Office of Ethics and Business Conduct.

Guidance for staff is also provided through programs, training materials, and other resources. Managers are responsible for ensuring that internal systems, policies, and procedures are consistently aligned with MIGA's business conduct framework. The following World Bank Group units assist in communicating business conduct expectations to staff:

- The Office of Ethics and Business Conduct (EBC) provides leadership, management and oversight for MIGA's ethics infrastructure including the Ethics HelpLine, a consolidated conflicts of interest disclosure/resolution system, financial disclosure, ongoing training to both internal and external audi-ences, and communication resources. This office has the mandate to review and assist in the resolution of allegations of staff misconduct.
- The Integrity Vice Presidency (INT) is charged with investigating allegations of fraud and corruption in projects benefiting from World Bank Group funding or guarantees. It also trains and educates staff and clients in detecting and reporting fraud and corruption.

Both EBC and INT report directly to the President and is composed of professionals from a range of disciplines including financial analysts, researchers, investigators, lawyers, prosecutors, forensic accountants, and staff with operational experience across the World Bank Group. These units maintain comprehensive websites to provide guidance on how to handle concerns.

Auditor Independence

The appointment of the external auditor of MIGA is governed by a set of Board-approved principles. Key features of those principles include:

- Prohibition of the external auditor from the provision of all non-audit related services
- All audit-related services must be pre-approved on a case-by-case basis by the Board of Directors, upon recommendation by the Audit Committee
- Mandatory rebidding of the external audit contract every five years, with a limitation of two consecutive terms and mandatory rotation thereafter
- An evaluation of the performance of the external auditor at the mid-point of the five year term.

The external auditor is appointed to a five-year term of service. This is subject to annual reappointment based on the recommendation of the Audit Committee and approval of a resolution by the Directors.

As standard practice, the external auditor is invited as an observer to attend all Audit Committee meetings and is frequently asked to present its perspective on issues. In addition, the Audit Committee meets periodically with the external auditor in private sessions without the presence of management. Communication between the external auditor and the Audit Committee is ongoing, as frequently as is deemed necessary by either party. MIGA's external auditors follow the communication requirements with audit committees set out under US Generally Accepted Auditing Standards and International Standards on Auditing. In keeping with these standards, significant formal communications include:

- Quarterly and annual financial statement reporting
- Annual appointment of the external auditors
- Presentation of the external audit plan
- Presentation of control recommendations and discussion of the Internal Control over Financial Reporting (ICFR) attestation and report
- Presentation of a statement regarding independence

In addition to committee meetings, individual members of the Audit Committee have independent access to the external auditor.

Internal Control

Internal Control Over Financial Reporting

Management makes an annual assertion whether, as of June 30 of each fiscal year, the organization's system of internal control over its external financial reporting has met the criteria for effective internal control over external financial reporting as described in the 1992 *Internal Control – Integrated Framework* issued by The Committee of the Sponsoring Organizations of the Treadway Commission (COSO).[6]

Concurrently, MIGA's external auditor provides an attestation report on whether Management's assertion regarding the effectiveness of internal control over external financial reporting is fairly stated in all material respects.

[6] *COSO was formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, an independent private-sector initiative which studied the casual factors that can lead to fraudulent financial reporting. In 1992, COSO issued its Internal Control-Integrated Framework, which provided a common definition of internal control and guidance on judging its effectiveness.*

Multilateral Investment Guarantee Agency
World Bank Group

Management's Report Regarding Effectiveness of Internal Control over External Financial Reporting

August 7, 2013

The management of the Multilateral Investment Guarantee Agency (MIGA) is responsible for the preparation, integrity, and fair presentation of its published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board, and include amounts based on informed judgments and estimates made by management.

The financial statements have been audited by an independent audit firm, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and their Committees. Management believes that all representations made to the independent auditors during their audit of MIGA's financial statements and attestation of its internal control over financial reporting were valid and appropriate. The independent auditors' reports accompany the audited financial statements.

Management is responsible for establishing and maintaining effective internal control over external financial reporting for financial statement presentations in conformity with both accounting principles generally accepted in the United States of America and International Financial Reporting Standards. Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. The system of internal control contains monitoring mechanisms, and actions are taken to correct deficiencies identified. Management believes that internal control over external financial reporting, which is subject to scrutiny by management and the internal auditors, and is revised as considered necessary, supports the integrity and reliability of the external financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

MIGA assessed its internal control over external financial reporting for financial statement presentation in conformity with both accounting principles generally accepted in the United States of America and International Financial Reporting Standards as of June 30, 2013. This assessment was based on the criteria for effective internal control over external financial reporting described in the 1992 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this assessment, management believes that MIGA maintained effective internal control over

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external financial reporting presented in conformity with both accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board as of June 30, 2013. The independent audit firm that audited the financial statements has issued an attestation report on management's assertion on MIGA's internal control over external financial reporting.

The Board of Directors of MIGA has appointed an Audit Committee responsible for monitoring the accounting practices and internal controls of MIGA. The Audit Committee is comprised entirely of Directors who are independent of MIGA's management. The Audit Committee is responsible for recommending to the Board of Directors the selection of independent auditors. It meets periodically with management, the independent auditors, and the internal auditors to ensure that they are carrying out their responsibilities. The Audit Committee is responsible for performing an oversight role by reviewing and monitoring the financial, accounting and auditing procedures of MIGA in addition to reviewing MIGA's financial reports. The independent auditors and the internal auditors have full and free access to the Audit Committee, with or without the presence of management, to discuss the adequacy of internal control over external financial reporting and any other matters which they believe should be brought to the attention of the Audit Committee.

Jim Yong Kim
President

Keiko Honda
Executive Vice President

Lakshmi Shyam-Sunder
Director and Chief Financial Officer

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KPMG

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

President and Board of Directors
Multilateral Investment Guarantee Agency:

We have examined management's assertion, included in the accompanying *Management's Report Regarding Effectiveness of Internal Control Over External Financial Reporting*, that the Multilateral Investment Guarantee Agency (MIGA) maintained effective internal control over financial reporting as of June 30, 2013, based on criteria established in the *1992 Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). MIGA's management is responsible for maintaining effective internal control over financial reporting, and for its assertion on the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report Regarding Effectiveness of Internal Control Over External Financial Reporting*. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our examination included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our examination also included performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG

Multilateral Investment Guarantee Agency
August 7, 2013

In our opinion, management's assertion that MIGA maintained effective internal control over financial reporting as of June 30, 2013 is fairly stated, in all material respects, based on criteria established in the *1992 Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing, the financial statements of MIGA, which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and our report dated August 7, 2013 expressed an unqualified opinion on those financial statements.

KPMG LLP

Washington, D.C.
August 7, 2013

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1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

President and Board of Directors
Multilateral Investment Guarantee Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the Multilateral Investment Guarantee Agency (MIGA), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MIGA as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of subscriptions to capital stock and voting power and the statement of guarantees outstanding as of June 30, 2013 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have examined in accordance with attestation standards established by the American Institute of Certified Public Accountants, management's assertion, included in the accompanying *Management's Report Regarding Effectiveness of Internal Control Over External Financial Reporting*, that MIGA maintained effective internal control over financial reporting as of June 30, 2013, based on criteria established in the *1992 Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated August 7, 2013 expressed an unqualified opinion on management's assertion.

KPMG LLP

Washington, D.C.
August 7, 2013

Balance Sheet
June 30, 2013 and June 30, 2012, expressed in thousands of US dollars

	FY13	FY12
ASSETS		
CASH	$11,841	$10,485
INVESTMENTS - Trading (including securities transferred under repurchase agreements) - Note B	1,152,915	1,091,326
Securites purchased under resale agreements - Note B	20,000	13,000
Derivative Assets - Note B	364,997	282,918
NONNEGOTIABLE, NONINTEREST-BEARING DEMAND OBLIGATIONS - Note C	112,384	113,794
OTHER ASSETS		
Receivable for investment securities sold - Note B	4,674	1,475
Estimated reinsurance recoverables - Note E	99,100	52,900
Prepaid premiums ceded to reinsurers	52,290	34,384
Net assets under retirement benefits plans - Note F	15,700	9,248
Miscellaneous	14,624	12,908
	186,388	110,915
TOTAL ASSETS	**$1,848,525**	**$1,622,438**
Liabilities and Shareholders' Equity		
LIABILITIES		
Payable for investment securities purchased - Note B	$12,182	$4,641
Securities sold under repurchase agreements - Note B	11,426	15,190
Derivative liabilities - Note B	364,990	282,050
Accounts payable and accrued expenses	43,736	43,695
Unearned premiums and commitment fees	124,436	93,432
Reserve for claims - Note E		
Specific reserve for claims	17,700	7,700
Insurance portfolio reserve	363,400	270,500
Reserve for claims - gross	381,100	278,200
Total liabilities	937,870	717,208
CONTINGENT LIABILITIES - Note D		
SHAREHOLDERS' EQUITY		
Capital stock - Note C		
Authorized capital (186,359 shares - June 30, 2013; 186,259 shares-June 30, 2012)		
Subscribed capital (177,103 shares- June 30, 2013; 177,003 shares-June 30, 2012)	1,916,254	1,915,172
Less uncalled portion of subscriptions	1,550,625	1,549,759
	365,629	365,413
Retained earnings	567,992	572,271
Accumulated other comprehensive loss - Note H	(22,966)	(32,454)
Total shareholders' equity	910,655	905,230
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$1,848,525**	**$1,622,438**

See accompanying notes to the financial statements

Statement of Operations
For the fiscal years ended June 30, 2013 and June 30, 2012, expressed in thousands of US dollars

	FY13	FY12
INCOME		
Income from guarantees		
Premium income - Note D	$97,222	$89,179
Premium ceded - Note D	(37,749)	(33,681)
Fees and commissions	6,799	6,206
Total	66,272	61,704
Income from investments - Note B	33,577	36,898
Translation losses - Investments and other assets	(296)	(11,523)
Total income	**99,553**	**87,079**
EXPENSES		
Provision for claims - Note E		
Increase in net reserves, excluding translation losses (gains)	54,400	48,700
Translation losses (gains)	2,300	(11,400)
Provision for claims, net	56,700	37,300
Administrative expenses	41,250	41,074
Expense from pension and other post retirement benefit plans - Note F	5,882	2,810
Total expenses	**103,832**	**81,184**
NET (LOSS) INCOME	**($4,279)**	**$5,895**

Statement of Comprehensive Income
For the fiscal years ended June 30, 2013 and June 30, 2012, expressed in thousands of US dollars

	FY13	FY12
NET (LOSS) INCOME - Note H	($4,279)	$5,895
OTHER COMPREHENSIVE INCOME (LOSS)		
Change in unrecognized net actuarial gains (losses) on benefit plans	9,431	(23,758)
Change in unrecognized prior service credits (costs) on benefit plans	57	(1,356)
Total other comprehensive income (loss)	9,488	(25,114)
COMPREHENSIVE INCOME (LOSS)	**$5,209**	**($19,219)**

See accompanying notes to the financial statements

Statement of Changes in Shareholders' Equity

For the fiscal years ended June 30, 2013 and June 30, 2012, expressed in thousands of US dollars

	FY13	FY12
CAPITAL STOCK		
Balance at beginning of the fiscal year	$365,413	$365,010
Paid-In subscriptions	216	403
Ending Balance	$365,629	$365,413
RETAINED EARNINGS		
Balance at beginning of the fiscal year	572,271	566,376
Net (loss) income	(4,279)	5,895
Ending Balance	567,992	572,271
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of the fiscal year	(32,454)	(7,340)
Other comprehensive income (loss)	9,488	(25,114)
Ending Balance	(22,966)	(32,454)
TOTAL SHAREHOLDERS' EQUITY	**$910,655**	**$905,230**

Statement of Cash Flows

For the fiscal years ended June 30, 2013 and June 30, 2012, expressed in thousands of US dollars

	FY13	FY12
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$(4,279)	$5,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for claims - Note E	56,700	37,300
Translation losses - Investments and other assets	296	11,523
Net changes in:		
Investments - Trading, net	(64,655)	(52,951)
Other assets	(27,641)	(2,424)
Accounts payable and accrued expenses	9,918	(29,371)
Unearned premiums and commitment fees	31,277	30,254
Net cash provided by operating activities	1,616	226
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital subscription payments	108	168
Net cash provided by financing activities	108	168
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(368)	(958)
Net increase (decrease) in cash	1,356	(564)
Cash at beginning of the fiscal year	10,485	11,049
CASH AT END OF THE FISCAL YEAR	**$11,841**	**$10,485**

See accompanying notes to the financial statements

Statement of Subscriptions to Capital Stock and Voting Power

As of June 30, 2013, expressed in thousands of US dollars

		Subscriptions – Note C			Voting power	
Members	Shares[1]	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
Afghanistan	$118	$1,277	$255	$1,022	350	0.16
Albania	102	1,104	210	894	334	0.15
Algeria	1,144	12,378	2,350	10,028	1,376	0.63
Angola	187	2,023	405	1,618	419	0.19
Antigua and Barbuda	50	541	108	433	282	0.13
Argentina	2,210	23,912	4,539	19,373	2,442	1.12
Armenia	80	866	173	693	312	0.14
Australia	3,019	32,666	6,201	26,465	3,251	1.49
Austria	1,366	14,780	2,806	11,974	1,598	0.73
Azerbaijan	115	1,244	249	995	347	0.16
Bahamas, The	176	1,904	362	1,542	408	0.19
Bahrain	136	1,472	279	1,193	368	0.17
Bangladesh	599	6,481	1,230	5,251	831	0.38
Barbados	120	1,298	246	1,052	352	0.16
Belarus	233	2,521	504	2,017	465	0.21
Belgium	3,577	38,703	7,347	31,356	3,809	1.74
Belize	88	952	181	771	320	0.15
Benin	108	1,169	222	947	340	0.16
Bolivia	220	2,380	452	1,928	452	0.21
Bosnia and Herzegovina	80	866	173	693	312	0.14
Botswana	88	952	181	771	320	0.15
Brazil	2,606	28,197	5,353	22,844	2,838	1.30
Bulgaria	643	6,957	1,321	5,636	875	0.40
Burkina Faso	61	660	132	528	293	0.13
Burundi	74	801	160	641	306	0.14
Cambodia	164	1,774	337	1,437	396	0.18
Cameroon	107	1,158	232	926	339	0.16
Canada	5,225	56,535	10,732	45,803	5,457	2.50
Cape Verde	50	541	108	433	282	0.13
Central African Rep	60	649	130	519	292	0.13
Chad	60	649	130	519	292	0.13
Chile	855	9,251	1,756	7,495	1,087	0.50
China	5,530	59,835	11,359	48,476	5,762	2.64
Colombia	770	8,331	1,582	6,749	1,002	0.46
Comoros	50	541	108	433	282	0.13
Congo, Democratic Republic of	596	6,449	1,224	5,225	828	0.38
Congo, Republic of	115	1,244	236	1,008	347	0.16
Costa Rica	206	2,229	423	1,806	438	0.20
Cote d'Ivoire	310	3,354	637	2,717	542	0.25
Croatia	330	3,571	678	2,893	562	0.26
Cyprus	183	1,980	376	1,604	415	0.19
Czech Republic	784	8,483	1,610	6,873	1,016	0.46
Denmark	1,265	13,687	2,598	11,089	1,497	0.68
Djibouti	50	541	108	433	282	0.13
Dominica	50	541	108	433	282	0.13
Dominican Republic	147	1,591	318	1,273	379	0.17
Ecuador	321	3,473	659	2,814	553	0.25
Egypt, Arab Republic of	809	8,753	1,662	7,091	1,041	0.48
El Salvador	122	1,320	264	1,056	354	0.16
Equatorial Guinea	50	$541	$108	$433	282	0.13
Eritrea	50	541	108	433	282	0.13
Estonia	115	1,244	236	1,008	347	0.16

See accompanying notes to the financial statements

Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*

As of June 30, 2013, expressed in thousands of US dollars

Members	Shares[1]	Subscriptions – Note C: Total Subscribed	Subscriptions – Note C: Amount Paid-in	Subscriptions – Note C: Amount Subject to Call	Voting power: Number of Votes	Voting power: % of Total
Ethiopia	123	1,331	253	1,078	355	0.16
Fiji	71	768	154	614	303	0.14
Finland	1,057	11,437	2,171	9,266	1,289	0.59
France	8,565	92,673	17,593	75,080	8,797	4.02
Gabon	169	1,829	347	1,482	401	0.18
Gambia, The	50	541	108	433	282	0.13
Georgia	111	1,201	240	961	343	0.16
Germany	8,936	96,688	18,355	78,333	9,168	4.19
Ghana	432	4,674	887	3,787	664	0.30
Greece	493	5,334	1,013	4,321	725	0.33
Grenada	50	541	108	433	282	0.13
Guatemala	140	1,515	303	1,212	372	0.17
Guinea	91	985	197	788	323	0.15
Guinea-Bissau	50	541	108	433	282	0.13
Guyana	84	909	182	727	316	0.14
Haiti	75	812	162	650	307	0.14
Honduras	178	1,926	366	1,560	410	0.19
Hungary	994	10,755	2,042	8,713	1,226	0.56
Iceland	90	974	195	779	322	0.15
India	5,371	58,114	11,032	47,082	5,603	2.56
Indonesia	1,849	20,006	3,798	16,208	2,081	0.95
Iran, Islamic Rep	1,659	17,950	3,590	14,360	1,891	0.86
Iraq	350	3,787	757	3,030	582	0.27
Ireland	650	7,033	1,335	5,698	882	0.40
Israel	835	9,035	1,715	7,320	1,067	0.49
Italy	4,970	53,775	10,208	43,567	5,202	2.38
Jamaica	319	3,452	655	2,797	551	0.25
Japan	8,979	97,153	18,443	78,710	9,211	4.21
Jordan	171	1,850	351	1,499	403	0.18
Kazakhstan	368	3,982	756	3,226	600	0.27
Kenya	303	3,278	622	2,656	535	0.24
Korea, Republic of	791	8,559	1,625	6,934	1,023	0.47
Kosovo	96	1,039	208	831	328	0.15
Kuwait	1,639	17,734	3,367	14,367	1,871	0.86
Kyrgyz Republic	77	833	167	666	309	0.14
Lao People's Dem	60	649	130	519	292	0.13
Latvia	171	1,850	351	1,499	403	0.18
Lebanon	250	2,705	514	2,191	482	0.22
Lesotho	88	952	181	771	320	0.15
Liberia	84	909	182	727	316	0.14
Libya	549	5,940	1,188	4,752	781	0.36
Lithuania	187	2,023	384	1,639	419	0.19
Luxembourg	204	2,207	419	1,788	436	0.20
Macedonia, FYR	88	952	181	771	320	0.15
Madagascar	176	1,904	362	1,542	408	0.19
Malawi	77	$833	$167	$666	309	0.14
Malaysia	1,020	11,036	2,095	8,941	1,252	0.57
Maldives	50	541	108	433	282	0.13
Mali	143	1,547	294	1,253	375	0.17
Malta	132	1,428	271	1,157	364	0.17
Mauritania	111	1,201	228	973	343	0.16

See accompanying notes to the financial statements

Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*

As of June 30, 2013, expressed in thousands of US dollars

Members	Shares[1]	Subscriptions – Note C: Total Subscribed	Subscriptions – Note C: Amount Paid-in	Subscriptions – Note C: Amount Subject to Call	Voting power: Number of Votes	Voting power: % of Total
Mauritius	153	1,655	314	1,341	385	0.18
Mexico	1,192	12,897	2,579	10,318	1,424	0.65
Micronesia, Fed. States of	50	541	108	433	282	0.13
Moldova	96	1,039	208	831	328	0.15
Mongolia	58	628	126	502	290	0.13
Montenegro	61	660	132	528	293	0.13
Morocco	613	6,633	1,259	5,374	845	0.39
Mozambique	171	1,850	351	1,499	403	0.18
Namibia	107	1,158	232	926	339	0.16
Nepal	122	1,320	251	1,069	354	0.16
Netherlands	3,822	41,354	7,850	33,504	4,054	1.85
New Zealand	513	5,551	1,110	4,441	745	0.34
Nicaragua	180	1,948	370	1,578	412	0.19
Niger	62	671	134	537	294	0.13
Nigeria	1,487	16,089	3,054	13,035	1,719	0.79
Norway	1,232	13,330	2,531	10,799	1,464	0.67
Oman	166	1,796	341	1,455	398	0.18
Pakistan	1,163	12,584	2,389	10,195	1,395	0.64
Palau	50	541	108	433	282	0.13
Panama	231	2,499	474	2,025	463	0.21
Papua New Guinea	96	1,039	208	831	328	0.15
Paraguay	141	1,526	290	1,236	373	0.17
Peru	657	7,109	1,350	5,759	889	0.41
Philippines	853	9,229	1,752	7,477	1,085	0.50
Poland	764	8,266	1,653	6,613	996	0.46
Portugal	673	7,282	1,382	5,900	905	0.41
Qatar	241	2,608	495	2,113	473	0.22
Romania	978	10,582	2,009	8,573	1,210	0.55
Russian Federation	5,528	59,813	11,355	48,458	5,760	2.63
Rwanda	132	1,428	271	1,157	364	0.17
St. Kitts & Nevis	50	541	108	433	282	0.13
St. Lucia	88	952	181	771	320	0.15
St. Vincent and the Grenadines	88	952	181	771	320	0.15
Samoa	50	541	108	433	282	0.13
Sao Tome & Principe	50	541	108	433	282	0.13
Saudi Arabia	5,528	59,813	11,355	48,458	5,760	2.63
Senegal	256	2,770	526	2,244	488	0.22
Serbia	407	4,404	836	3,568	639	0.29
Seychelles	50	541	108	433	282	0.13
Sierra Leone	132	1,428	271	1,157	364	0.17
Singapore	272	2,943	559	2,384	504	0.23
Slovak Republic	391	4,231	803	3,428	623	0.28
Slovenia	180	1,948	370	1,578	412	0.19
Solomon Islands	50	$541	$108	$433	282	0.13
South Africa	1,662	17,983	3,414	14,569	1,894	0.87
South Sudan	155	1,677	335	1,342	387	0.18
Spain	2,265	24,507	4,652	19,855	2,497	1.14
Sri Lanka	478	5,172	982	4,190	710	0.32
Sudan	206	2,229	446	1,783	438	0.20
Suriname	82	887	177	710	314	0.14

See accompanying notes to the financial statements

Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*

As of June 30, 2013, expressed in thousands of US dollars

Members	Shares[1]	Subscriptions – Note C Total Subscribed	Amount Paid-in	Amount Subject to Call	Voting power Number of Votes	% of Total
Swaziland	58	628	126	502	290	0.13
Sweden	1,849	20,006	3,798	16,208	2,081	0.95
Switzerland	2,643	28,597	5,429	23,168	2,875	1.32
Syrian Arab Republic	296	3,203	608	2,595	528	0.24
Tajikistan	130	1,407	267	1,140	362	0.17
Tanzania	248	2,683	509	2,174	480	0.22
Thailand	742	8,028	1,524	6,504	974	0.45
Timor-Leste	50	541	108	433	282	0.13
Togo	77	833	167	666	309	0.14
Trinidad and Tobago	358	3,874	735	3,139	590	0.27
Tunisia	275	2,976	565	2,411	507	0.23
Turkey	814	8,807	1,672	7,135	1,046	0.48
Turkmenistan	66	714	143	571	298	0.14
Uganda	233	2,521	479	2,042	465	0.21
Ukraine	1,346	14,564	2,765	11,799	1,578	0.72
United Arab Emirates	656	7,098	1,347	5,751	888	0.41
United Kingdom	8,565	92,673	17,593	75,080	8,797	4.02
United States	32,564	352,342	67,406	284,936	32,796	15.00
Uruguay	202	2,186	437	1,749	434	0.20
Uzbekistan	175	1,894	379	1,515	407	0.19
Vanuatu	50	541	108	433	282	0.13
Venezuela, R.B. de	1,427	15,440	3,088	12,352	1,659	0.76
Vietnam	388	4,198	797	3,401	620	0.28
Yemen, Republic of	155	1,677	335	1,342	387	0.18
Zambia	318	3,441	688	2,753	550	0.25
Zimbabwe	236	2,554	511	2,043	468	0.21
Total – June 30, 2013[2]	**177,103**	**$1,916,254**	**$365,629**	**$1,550,625**	**218,631**	**100.00**
Total – June 30, 2012	**177,003**	**$1,915,172**	**$365,413**	**$1,549,759**	**218,775**	**100.00**

1 *Subscribed shares pertaining to the General Capital Increase include only those shares for which the subscription process has been completed, i.e., for which required payment has been received.*

2 *May differ from the sum of individual figures shown because of rounding.*

See accompanying notes to the financial statements

Statement of Guarantees Outstanding

As of June 30, 2013, expressed in thousands of US dollars

Host Country	Gross Exposure – Note D US Dollars	Euro	Swiss Franc	British Pound	Total	Reinsurance – Note D	Net Exposure
Afghanistan	$151,943	$-	$-	$-	$151,943	$48,676	$103,266
Albania	1,565	183,468	-	-	185,033	79,008	106,025
Algeria	-	-	-	-	-	-	-
Angola	12,900	511,829	-	-	524,729	447,180	77,549
Argentina	-	-	-	-	-	-	-
Armenia	-	3,724	-	-	3,724	-	3,724
Bangladesh	329,637	-	-	-	329,637	179,326	150,310
Benin	1,026	7,704	-	-	8,730	103	8,627
Bolivia	10,777	-	-	-	10,777	-	10,777
Bosnia and Herzegovina	-	96,781	-	-	96,781	-	96,781
Botswana	5,000	-	-	-	5,000	-	5,000
Brazil	-	-	-	-	-	-	-
Bulgaria	-	104,875	-	-	104,875	52,437	52,437
Burkina Faso	-	652	-	-	652	65	587
Burundi	-	665	-	-	665	-	665
Cameroon	-	6,718	-	-	6,718	-	6,718
Central African Republic	-	31,367	-	-	31,367	-	31,367
China	50,583	-	-	-	50,583	2,821	47,762
Colombia	-	2,607	-	-	2,607	-	2,607
Congo, Democratic Republic of	25,150	4,966	-	-	30,116	-	30,116
Congo, Republic of	-	5,043	-	-	5,043	-	5,043
Costa Rica	126,074	-	-	-	126,074	73,810	52,264
Cote d'Ivoire	674,345	77,092	-	-	751,437	479,746	271,691
Croatia	-	934,391	-	-	934,391	533,821	400,570
Djibouti	177,332	-	-	-	177,332	107,273	70,059
Dominican Republic	99,635	-	-	-	99,635	14,945	84,690
Ecuador	11,092	-	-	-	11,092	-	11,092
Egypt, Arab Republic of	150,000	-	-	-	150,000	50,000	100,000
El Salvador	46,587	-	-	-	46,587	-	46,587
Ethiopia	13,344	-	-	2,742	16,086	-	16,085
Gabon	-	7,540	-	-	7,540	-	7,540
Georgia	24,262	-	-	-	24,262	-	24,262
Ghana	340,035	1,638	-	-	341,672	32,231	309,441
Guinea	-	51,865	-	-	51,865	5,186	46,678
Guinea-Bissau	-	11,324	-	-	11,324	1,132	10,192
Honduras	-	6,207	-	-	6,207	-	6,207
Hungary	-	248,283	-	-	248,283	56,978	191,305
Indonesia	524,333	-	-	-	524,333	246,370	277,963
Iran, Islamic Republic of	81,852	-	-	-	81,852	8,185	73,666
Iraq	2,514	-	-	-	2,514	-	2,514
Jamaica	64,358	-	-	-	64,358	12,872	51,487
Jordan	212,922	-	-	-	212,922	79,800	133,122
Kazakhstan	2,264	-	-	-	2,264	-	2,264
Kenya	194,667	57,245	-	-	251,912	34,785	217,126
Kosovo	-	49,657	-	-	49,657	-	49,657
Kyrgyz Republic	5,763	-	-	-	5,763	-	5,763
Lao People's Democratic Republic	65,553	-	-	-	65,553	32,777	32,777
Latvia	-	155,177	-	-	155,177	-	155,177
Liberia	-	-	-	-	-	-	-
Libya	-	9,931	-	-	9,931	-	9,931
Macedonia, FYR	-	12,414	-	-	12,414	-	12,414
Madagascar	-	15,714	-	-	15,714	-	15,714

See accompanying notes to the financial statements

Statement of Guarantees Outstanding *(cont'd)*

As of June 30, 2013, expressed in thousands of US dollars

	Gross Exposure – Note D						
Host Country	US Dollars	Euro	Swiss Franc	British Pound	Total	Reinsurance – Note D	Net Exposure
Mali	$16,200	$-	$-	$-	$16,200	$1,620	$14,580
Mauritania	5,400	-	-	-	5,400	540	4,860
Moldova	-	16,039	-	-	16,039	-	16,039
Morocco	-	5,897	-	-	5,897	-	5,897
Mozambique	115,500	2,483	-	-	117,983	26,025	91,958
Nepal	11,898	-	-	-	11,898	8,924	2,975
Nicaragua	61,909	-	-	-	61,909	2,850	59,060
Niger	-	6,127	-	-	6,127	-	6,127
Nigeria	15,716	-	-	-	15,716	1,802	13,913
Pakistan	220,500	-	84,678	-	305,178	90,143	215,036
Panama	315,710	-	-	-	315,710	98,659	217,050
Peru	24,194	-	-	-	24,194	1,239	22,956
Poland	-	129	-	-	129	-	129
Romania	-	5,320	-	-	5,320	1,729	3,591
Russian Federation	620,685	56,480	-	-	677,165	333,402	343,763
Rwanda	119,643	-	-	-	119,643	15,378	104,265
Senegal	99,000	49,297	-	-	148,297	25,046	123,251
Serbia	-	558,374	-	-	558,374	149,026	409,347
Sierra Leone	8,006	1,862	-	-	9,868	-	9,868
South Africa	14,337	-	11,908	-	26,245	-	26,245
Swaziland	14,075	-	-	-	14,075	7,038	7,038
Syrian Arab Republic	75,000	-	-	-	75,000	7,500	67,500
Thailand	60,553	-	-	-	60,553	30,277	30,277
Togo	-	4,163	-	-	4,163	-	4,163
Tunisia	-	167,933	-	-	167,933	58,533	109,400
Turkey	77,798	375,888	-	-	453,686	201,507	252,179
Turkmenistan	11,477	-	-	-	11,477	-	11,477
Uganda	160,726	339	-	-	161,065	78,425	82,640
Ukraine	733,956	9,559	-	-	743,514	377,563	365,951
Uruguay	300,000	-	-	-	300,000	192,000	108,000
Uzbekistan	119,500	-	-	-	119,500	39,500	80,000
Vietnam	181,858	-	-	-	181,858	57,600	124,258
Zambia	85,752	-	-	-	85,752	-	85,752
	6,874,904	$3,858,767	$96,586	$2,742	$10,832,999	$4,385,853	$6,447,146
Adjustment for Dual-Country Contracts:[1]							
Lao PDR/Thailand	(60,553)	-	-	-	(60,553)	(30,277)	(30,277)
Mozambique/Swaziland	(14,075)	-	-	-	(14,075)	(7,038)	(7,038)
	(74,629)	-	-	-	(74,629)	(37,314)	(37,314)
Total – June 30, 2013[2]	**$6,800,276**	**$3,858,767**	**$96,586**	**$2,742**	**$10,758,370**	**$4,348,538**	**$6,409,832**
Total – June 30, 2012	**$6,710,662**	**$3,536,890**	**$95,505**	**$2,809**	**$10,345,866**	**$4,084,201**	**$6,261,664**

[1] *For contracts where there are two host countries, MIGA is at risk for losses in both countries up to the maximum amount of liability under the contract. As such, the aggregate exposure is reported in both host countries and an adjustment is made to adjust for double-counting.*

[2] *May differ from the sum of individual figures shown because of rounding.*

See accompanying notes to the financial statements

Notes to Financial Statements

Purpose

The Multilateral Investment Guarantee Agency (MIGA), established on April 12, 1988 and located in Washington D.C., is a member of the World Bank Group which also includes the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Development Association (IDA), and the International Center for Settlement of Investment Disputes (ICSID). MIGA's activities are closely coordinated with and complement the overall development objectives of the other World Bank institutions. MIGA is designed to help developing countries attract productive foreign investment by both private investors and commercially operated public sector companies. Its facilities include guarantees or insurance against noncommercial risks and a program of advisory services and technical assistance to support member countries' efforts to attract and retain foreign direct investment.

MIGA is immune from taxation pursuant to Article VII, Section 47, of the Convention establishing the Agency.

Note A: Summary of Significant Accounting and Related Policies

Basis of Preparation

MIGA's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with accounting principles generally accepted in the United States of America (U.S. GAAP). The policy adopted is that considered most appropriate to the circumstances of MIGA having regard to its legal requirements and to the practices of other international insurance entities.

On August 7, 2013, the Executive Vice President and the Chief Financial Officer authorized the financial statements for issue, which was also the date through which MIGA's management evaluated subsequent events.

Accounting and Reporting Developments

In November 2009, IASB issued IFRS 9, Financial Instruments as a first step as part of a wider project to replace International Accounting Standards (IAS) 39, *Financial Instruments: Recognition and Measurement*. The November 2009 issuance of IFRS 9 focuses on the classification and measurement of financial assets where it retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010, most of which were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The standard is effective for annual periods beginning on or after January 1, 2015. MIGA is currently assessing the impact of this standard on its financial statements

In June 2011, the IASB issued amendments to IAS 19, *Employee Benefits*, effective for annual periods beginning on or after January 1, 2013 (For MIGA, fiscal year commencing July 1, 2013). The key changes introduced by amended IAS 19 are: immediate recognition of the actuarial gains and losses through other comprehensive income (OCI) and the prohibition of recycling through profit or loss; a new approach to calculating and presenting interest income or expense on the net defined benefit liability or asset as a single net interest figure based on the discount rate that is used to measure the defined benefit obligations, replacing the interest cost and expected return on plan assets; and unvested past service costs can no longer be deferred and recognized over the future vesting period. While not effective for MIGA as of June 30, 2013, the application of IAS 19 revisions is not expected to have a material impact on MIGA's financial statements.

In June 2011, the FASB issued Accounting Standards Update (ASU) 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*. The ASU requires comprehensive income to be reported in either a single statement or in two consecutive statements. The ASU does not change which items are reported in other comprehensive income or existing requirements to reclassify items from other comprehensive income to net income. The ASU is effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter for non-public entities and did not have an effect on MIGA's financial statement disclosures as MIGA is already in compliance with one of the options allowed under ASU 2011-05.

In January 2013, the FASB issued ASU 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. The ASU clarifies the scope of the balance sheet offsetting disclosures in ASU 2011-01 issued in December 2011 to apply to derivatives, repurchase agreements, securities borrowings and securities lending transactions that are either offset in the financial statements or are subject to an enforceable master netting arrangement or similar agreement. The ASU is effective for annual reporting periods beginning on or after January 1, 2013, and the interim periods within those annual periods, and retrospectively for all comparative periods presented. As MIGA currently presents its derivative instruments on a gross basis on the balance sheet, this ASU is not expected to have an impact on its financial statements.

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income*. The ASU introduces new presentation requirements about the amounts reclassified out of AOCI. It requires an entity to present information about the reclassified amounts by components and to provide additional details about such reclassifications. The ASU does not change the current requirements for reporting net income or other comprehensive income in the financial statements or which items could be reclassified from other comprehensive income to net income. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2013, and interim and annual periods thereafter. This ASU is not expected to have a material impact on MIGA's financial statements.

In June 2013, the IASB issued its targeted re-exposure draft on insurance contracts jointly developed with the FASB and aimed at implementing a common insurance reporting framework. The draft introduces a revised current value measurement model, updated from the initial proposals released in 2010, including a proposal to recognize the effects of changes in discount rates on insurance liabilities in other comprehensive income (OCI), rather than profit or loss to reduce volatility in the Income Statement. In addition to a new presentation approach for both the statement of profit or loss and OCI and the statement of financial position, other major changes include: an unlocked contractual service margin, which would change the timing of profit recognition; a mirroring approach, which would better align the measurement of participating contracts with their underlying items; and a retrospective approach for the transition to the new standard.

Concurrently, the FASB issued a proposed ASU in June 2013 that would require entities to measure insurance contracts under one of two measurement models; the building block approach or the premium allocation approach. Under the building block approach, contracts would generally be measured in a way that portrays a current assessment of the insurance contract based on two components, namely: (1) The present value of the unbiased probability-weighted mean of the future net cash flows ("expected value") that the entity expects in fulfilling the contract, and (2) A margin representing profit at risk, which is deferred and recognized as income as the uncertainty in the cash flows decreases. Under the premium allocation approach, an entity would initially measure its liability for remaining coverage as the contractual premiums that are within the boundary of the existing contract and in the subsequent periods, would reduce the measurement of the liability for remaining coverage on the basis of the expected timing of incurred claims and benefits and would recognize the amount of that reduction as insurance contract revenue. When insured events occur, an entity generally would measure a separate liability for incurred claims as the expected value of future cash flows to settle the claims and related expenses.

Differences between US GAAP and IFRS

MIGA's accounting policy is to follow the Compensation Retirement Benefits Topic of the FASB Accounting Standards Codification (ASC) 715-30, which requires employers to recognize on their balance sheets the funded status of their defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the projected benefit obligation. Actuarial gains or losses and prior service costs or credits that arise during the period are recognized as part of Other Comprehensive Income to the extent they are not recognized as components of the net periodic benefit cost. Additionally, ASC 715-30 requires unrecognized net actuarial gains or losses and unrecognized prior service costs to be recognized in the ending balance of Accumulated Other Comprehensive Income. These amounts will be adjusted as they are subsequently recognized as components of net periodic benefit cost.

MIGA's accounting policy under IAS 19, *Employee Benefits* is to recognize all actuarial gains and losses in the period in which they occur—but outside profit or loss—"in a statement of changes in shareholder's equity." This is a permitted alternative available under IAS 19 and MIGA considers that this will allow it to show the over/under funded position on the balance sheet thereby making its financial statements more relevant and complete. ASC 715-30 and IAS 19 differ in the treatment of amortization of unrecognized actuarial gains or losses. ASC 715 30 requires the unrecognized actuarial gains or losses to be amortized to the Statement of Operations, and IAS 19 option applied by MIGA requires the unrecognized actuarial gains or losses to be immediately recognized in Equity through Other Comprehensive Income. MIGA does not believe the differences are material.

Use of Estimates

The preparation of financial statements in conformity with IFRS and U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Significant judgments have been made in areas which management views as most critical with respect to the establishment of its loss reserves, the valuation of certain financial instruments at fair value and valuation of pension and post-retirement benefits-related liabilities and the related net periodic cost of such benefit plans.

The significant accounting policies employed by MIGA are summarized below.

Investments

MIGA manages its investment portfolio both for the purpose of providing liquidity for potential claims and for capital growth. MIGA invests in global equity securities, time deposits, mortgage/asset-backed securities (ABS) and government and agency obligations based on its investment authorization approved by the Board. Government and agency obligations include highly rated fixed-rate bonds, notes, bills and other obligations issued or unconditionally guaranteed by governments of countries or other official entities, including government agencies or by multilateral organizations. MIGA makes use of derivatives contracts such as exchange traded futures, options and covered forward contracts to manage its investment portfolio. The purposes of these transactions are to enhance the return and manage the overall duration of the portfolio. With respect to futures and options, MIGA generally closes out most open positions prior to expiration. Futures are settled on a daily basis.

MIGA has classified all investment securities as trading. Investments classified as trading securities are reported at fair value using trade-date accounting. Securities purchased or sold may have a settlement date that is different from the trade-date. A liability is recorded for securities purchased but not settled before the reporting dates. Similarly, a receivable (Other Assets) is recorded for securities sold but not settled before the reporting dates.

For trading securities, unrealized net gains and losses are recognized in earnings. Income from investments includes net gains and losses, dividend income and interest income.

Nonnegotiable, Noninterest-bearing Demand Obligations on Account of Subscribed Capital

Payments on these instruments are due to MIGA upon demand and are held in bank accounts which bear MIGA's name. Accordingly, these instruments are carried and reported at face value as assets on the Balance Sheet.

Impairment of Reinsurance Assets

MIGA assesses at each balance sheet date whether there is objective evidence that the reinsurance asset is impaired, and makes a provision for such impairment. Objective evidence may be in the form of observable data that comes to MIGA's attention periodically. If impairment is determined, the carrying amount of the reinsurance asset is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Operations.

Reserve for Claims

MIGA's reserve consists of two primary components, the Specific Reserve and the Insurance Portfolio Reserve. These components are comprehensive and mutually exclusive with respect to risk of losses that may develop from each guarantee contract, and from the contingent liability for the portfolio as a whole.

The Specific Reserve is calculated based on contract-specific parameters that are reviewed every quarter by MIGA's management for contracts that have known difficulties. The Insurance Portfolio Reserve is calculated based on the long-term historical experiences of the political risk insurance industry.

Assumptions and parameters used in the calculations are intended to serve as the basis for an objective reserve for probable claims. Key assumptions, including frequency of claim, severity, and expected recovery have been quantitatively derived from the political risk insurance industry's historical claims data. The principal sources of data used as inputs for the assumptions include the Berne Union and the Overseas Private Investment Corporation (OPIC). The historical analysis of the data from those sources is further augmented by an internal econometric scoring analysis in order to derive risk-differentiated parameters with term structure effects over time. The historical and econometric analyses cover periods that are over 30 years, and the derived parameters are considered stable in the short term; however the parameters are reviewed periodically. Short-term risk changes are captured by changes in internal risk ratings for countries and contracts on a quarterly basis. For the purpose of claims provisioning, MIGA factors in the time value of money of potential cash flows, using representative risk-free interest rates as the discount rates.

For the purpose of the presentation of the financial statements, insurance liabilities (or reserves) are presented on a gross basis and not net of reinsurance. Therefore, MIGA's reserves are shown on a gross basis on the liability side of the balance sheet, while establishing reinsurance recoverable assets on the asset side. Reinsurance does not relieve MIGA of its primary liability to the insured.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated at market exchange rates in effect at the end of the reporting period. Income and expenses are translated at either the market exchange rates in effect on the dates on which they are recognized or at an average of the market exchange rates in effect during each month. Translation adjustments are reflected in the Statement of Operations.

MIGA has in place a system for active management of exposures to foreign currencies, under which the amounts of non-U.S. dollar assets are matched to non-U.S. dollar insurance portfolio reserve components. The objective is to align the currency compositions of MIGA's assets and liabilities to minimize the sensitivity of MIGA's net income to movements in foreign currency exchange rates.

Valuation of Capital Stock

Under the MIGA Convention, all payments from members subscribing to the capital stock of MIGA shall be settled on the basis of the average value of the Special Drawing Rights (SDR) introduced by the International Monetary Fund, as valued in terms of United States dollars for the period January 1, 1981 to June 30, 1985, such value being equal to $1.082 for one SDR.

Revenue Recognition

Premium amounts received on direct insurance contracts and reinsurance contracts assumed can be annual, semi-annual or quarterly and are recorded as unearned premium. Premiums are recognized as earned on a pro rata basis over the contract period. A receivable for premium is recorded when the contract has been renewed and coverage amounts have been identified.

MIGA cedes to reinsurers in the normal course of business by obtaining treaty and facultative reinsurance to augment its underwriting capacity and to mitigate its risk by protecting portions of its insurance portfolio. Premiums ceded follow the same approach as for direct insurance contracts and are recognized as expenses on a pro rata basis over the contract period.

Fee and commissions income for MIGA primarily consists of administrative fees, arrangement fees, facility fees, renewal fees, commitment (offer) fees, and ceding commissions. Fees and commissions received upon renewal are recognized as income on a pro rata basis over the contract period.

Statement of Cash Flows

For the purpose of MIGA's Statement of Cash Flows, cash is defined as the amounts of unrestricted currencies due from Banks.

Note B: Investments

The investment securities held by MIGA are carried and reported at fair value, or at face value which approximates fair value. As of June 30, 2013, the majority of the Investments – Trading is comprised of time deposits and government and agency obligations (37.7% and 29.5%, respectively), with all instruments classified as Level 1 and Level 2 within the fair value hierarchy.

A summary of MIGA's investment portfolio at June 30, 2013 and June 30, 2012 are as follows:

In thousands of US dollars	Fair Value	
	June 30, 2013	**June 30, 2012**
Equity securities	$95,366	$79,368
Equity securities - non US	78,491	66,237
Comingled funds	12,505	9,062
Government obligations	339,697	399,730
Time deposits	435,023	306,418
Asset backed securities	191,833	230,511
Total Investments - Trading	$1,152,915	$1,091,326

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of June 30, 2013 and June 30, 2012:

In thousands of US dollars	Fair Value	
	June 30, 2013	June 30, 2012
Investments – trading	$1,152,915	$1,091,326
Cash held in investment portfolio[a]	2,977	2,868
Securities purchased under resale agreements	20,000	13,000
Receivable for investment securities sold	4,674	1,475
	1,180,566	1,108,669
Derivative assets		
Currency forward contracts	364,943	282,732
Others[b]	54	186
	364,997	282,918
Derivative liabilities		
Currency forward contracts	(363,927)	(282,031)
Others[b]	(1,063)	(19)
	(364,990)	(282,050)
Payable for investment securities purchased	(12,182)	(4,641)
Securities sold under repurchase agreements	(11,426)	(15,190)
Net investment portfolio	$1,156,965	$1,089,706

a. *This amount is included under Cash in the Balance Sheet*

b. *These relate to To-Be-Announced (TBA) securities*

As of June 30, 2013, investments are denominated primarily in United States dollars with instruments in non-dollar currencies representing 6.3 percent (8.6 percent – June 30, 2012) of the portfolio.

MIGA classifies all investment securities as trading. Investments classified as trading securities are reported at fair value with unrealized gains or losses included in income from investments. The unrealized net gains included in Income from investments for the fiscal years ended June 30, 2013 and June 30, 2012 amounted to $12,564,000 and $7,420,000 respectively.

The following table summarizes MIGA's Income from investments in the Statement of Operations:

In thousands of US dollars	Fiscal Year ended	
	June 30, 2013	June 30, 2012
Interest income	$12,787	$15,074
Dividend income	5,031	4,050
Gains - realized/unrealized	43,330	28,233
Losses - realized/unrealized	(27,571)	(10,459)
	$33,577	$36,898

Income (losses) from derivative instruments related to interest income, realized and unrealized gains and losses and included in the table above, for the fiscal years ended June 30, 2013 and June 30, 2012 amounted to $396,000 and $409,000, respectively. Income (losses) from derivative instruments mainly relates to interest rate futures, options and covered forwards.

Securities Lending

MIGA may engage in securities lending and repurchases, against adequate collateral, as well as securities borrowing and reverse repurchases (resale) of government and agency obligations and asset-backed securities. Transfers of securities by MIGA to counterparties are not accounted for as sales as the accounting criteria for the treatment as sale have not been met. Counterparties are permitted to re-pledge these securities until the repurchase date.

The following is a summary of the carrying amount of the securities transferred under repurchase agreements, and the related liabilities:

In thousands of US dollars	June 30, 2013	June 30, 2012
Securities transferred under repurchase agreements	$11,411	$15,186
Liabilities relating to securities transferred under repurchase agreements	$11,426	$15,190

In the case of resale agreements, MIGA receives collateral in the form of liquid securities and is permitted to re-pledge these securities. While these transactions are legally considered to be true purchases and sales, the securities received are not recorded as Investments on MIGA's Balance Sheet as the accounting criteria for treatment as a sale have not been met. As of June 30, 2013, MIGA had received securities amounting to $20,000,000 ($13,000,000 - June 30, 2012) under resale agreements.

Fair Value Measurements

FASB's ASC 820-10, *Fair Value Measurements and Disclosures* and IFRS 7, *Financial Instruments: Disclosures*, define fair value, establish a consistent framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value and expand disclosure requirements about fair value measurements.

MIGA has an established process for determining fair values. Fair value is based upon quoted market prices, where available. Examples include exchange-traded equity securities and most government and agency securities.

For financial instruments for which quoted market prices are not readily available, fair values are determined using model-based valuation techniques, whether internally generated or vendor supplied, that include the standard discounted cash flow method using market observable inputs such as yield curves, foreign exchange rates, constant prepayment rates; and credit spreads. Where applicable, unobservable inputs such as constant prepayment rates, probability of default, and loss severity are used. Unless quoted prices are available, time deposits are valued at face value, which approximates fair value.

To ensure that the valuations are appropriate where internally-developed models are used, MIGA has various controls in place, which include periodic verification and review.

Fair Value Hierarchy

ASC 820-10 and IFRS 7 establish a three-level fair value hierarchy under which financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, a Level 3 fair value measurement may include inputs that are observable and unobservable. Additionally, ASC 820-10 requires that the valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial assets whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following tables present MIGA's fair value hierarchy for investment assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 and June 30, 2012:

In thousands of US dollars	Fair Value Measurements on a Recurring Basis, as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	$95,366	$-	$-	$95,366
Equity securities - non US	78,491	-	-	78,491
Commingled funds	-	12,505	-	12,505
Government obligations	159,668	180,029	-	339,697
Time deposits	22,845	412,178	-	435,023
Asset backed securities	-	191,833	-	191,833
Total investments - trading	**356,370**	**796,545**	**-**	**1,152,915**
Securities purchased under resale agreements	20,000	-	-	20,000
Derivative assets				
Currency forward contracts	-	364,943	-	364,943
Others[a]	-	54	-	54
Total derivative assets	-	364,997	-	364,997
Total	**$376,370**	**$1,161,542**	**$-**	**$1,537,912**
Liabilities:				
Securities sold under repurchase agreements	$-	$11,426	$-	$11,426
Derivative liabilities				
Currency forward contracts	-	363,927	-	363,927
Others[a]	-	1,063	-	1,063
Total derivative liabilities	-	364,990	-	364,990
Total	**$-**	**$376,416**	**$-**	**$376,416**

a. *These relate to (TBA) securities*

In thousands of US dollars	Fair Value Measurements on a Recurring Basis, as of June 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	$79,368	$-	$-	$79,368
Equity securities - non US	66,237	-	-	66,237
Commingled funds	-	9,062	-	9,062
Government obligations	323,741	75,989	-	399,730
Time deposits	122,300	184,118	-	306,418
Asset backed securities	-	228,397	2,114	230,511
Total investments - trading	**591,646**	**497,566**	**2,114**	**1,091,326**
Securities purchased under resale agreements	13,000	-	-	13,000
Derivative assets				
Currency forward contracts	-	282,732	-	282,732
Others[a]	-	186	-	186
Total derivative assets	-	282,918	-	282,918
Total	**$604,646**	**$780,484**	**$2,114**	**$1,387,244**
Liabilities:				
Securities sold under repurchase agreements	$3,544	$11,646	$-	$15,190
Derivative liabilities				
Currency forward contracts	-	282,031	-	282,031
Others[a]	-	19	-	19
Total derivative liabilities	-	282,050	-	282,050
Total	**$3,544**	**$293,696**	**$-**	**$297,240**

[a] *These relate to (TBA) securities*

Inter-Level Transfers

MIGA's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur. The table below provides the details of inter-level transfers for the fiscal year ended June 30, 2013 and June 30, 2012:

In thousands of US dollars	Fiscal Year ended June 30, 2013			Fiscal Year ended June 30, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Asset backed securities						
Transfers (out of) into	$-	$-	$-	$-	$(1,036)	$1,036
Transfers into (out of)	-	2,448	(2,448)	-	2,463	(2,463)
	$-	**$2,448**	**$(2,448)**	**$-**	**$1,427**	**$(1,427)**

Level 3 Financial Instruments:

The following table provides a summary of changes in the fair value of MIGA's Level 3 financial assets during the fiscal years ended June 30, 2013 and June 30, 2012.

In thousands of US dollars	Fiscal Year ended	
	June 30, 2013	June 30, 2012
Asset-backed Securities		
Beginning of the fiscal year	$2,114	$4,005
Total realized/unrealized income (loss)	493	(174)
Transfers out	(2,448)	(1,427)
Settlements/Maturity	(159)	(290)
End of the period	$-	$2,114

The following table provides information on the unrealized gains or losses included in income for the fiscal years ended June 30, 2013 and June 30, 2012, relating to MIGA's Level 3 Instruments - Trading assets still held at the reporting date, as well as where those amounts are included in the Statement of Operations:

In thousands of US dollars	Fiscal Year ended	
	June 30, 2013	June 30, 2012
Unrealized gains (losses)		
Statement of Income Location		
Income from Investments	$-	$(94)

The fair value of Level 3 instruments (asset-backed securities) in the investment portfolio are estimated using valuation models that incorporate observable market inputs and unobservable inputs. The significant unobservable inputs include constant prepayment rate, probability of default, and loss severity. The constant prepayment rate is an annualized expected rate of principal prepayment for a pool of asset-backed securities. The probability of default is an estimate of the expected likelihood of not collecting contractual amounts owed. Loss severity is the present value of lifetime losses (both interest and principal) as a percentage of the principal balance.

Significant increases (decreases) in the assumptions used for these inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for constant prepayment rates.

The following table provides a summary of the valuation technique applied in determining fair values of these Level 3 instruments and quantitative information regarding the significant unobservable inputs used:

In thousands of US dollars						
Portfolio	Fair value at June 30		Valuation technique	Unobservable input	Range (weighted average) June 30, 2013	Range (weighted average) June 30, 2012
	2013	2012				
Investments (Asset backed securities)	-	$2,114	Discounted Cash Flow	Constant Prepayment Rate Probability of Default Loss Severity	n/a n/a n/a	0.5%– 4% (2.05%) 1.0%– 10% (6.01%) 5.0% - 75.0% (57.3%)

The maximum credit exposure of investments closely approximates the fair values of the financial instruments.

MIGA uses currency forward contracts to manage the currency risk embedded in its insurance portfolio reserve and to enhance the returns from and manage the currency risk in the investment portfolio.

The following table provides information on the credit exposure and notional amounts of the derivative instruments:

in thousands of Dollars		
Type of contracts	**June 30, 2013**	**June 30, 2012**
Currency forward contract		
Credit exposure	$2,181	$2,431
Exchange traded options and futures[a]		
Notional long position	6,827	31,025
Notional short position	133,600	93,800
Others[b]		
Notional long position	83,000	53,000
Notional short position	5,000	3,000
Credit exposure	53	186

a. *Exchange traded instruments are generally subject to daily margin requirements and are deemed to have no material credit risk. All options and future contracts are interest rate contracts*

b. *These relate to (TBA) securities*

Asset backed securities (ABS) are diversified among credit cards, student loans, home equity loans and mortgage backed securities. Since these holdings are investment grade, neither concentration risk nor credit risk represents a significant risk to MIGA as of June 30, 2013. However, market deterioration could cause this to change in future periods.

Note C: Capital Stock

The MIGA Convention established MIGA's authorized capital stock at 100,000 shares with a provision that the authorized capital stock shall automatically increase on the admission of a new member to the extent that the then authorized shares are insufficient to provide the shares to be subscribed by such member. At June 30, 2013, the initial authorized capital stock was 186,359 (186,259 – June 30, 2012) shares. The Convention further states that 10 percent of the members' initial subscription be paid in cash, in freely convertible currencies, except that developing member countries may pay up to a quarter of the 10 percent in their own currencies. An additional 10 percent of the initial subscription shall be paid in the form of non-negotiable, non-interest bearing promissory notes. The notes are denominated in freely convertible currencies and are due on demand to meet MIGA's obligations. The remaining 80 percent is subject to call when required by MIGA to meet its obligations.

On March 29, 1999, the Council of Governors approved a General Capital Increase (GCI) resolution increasing the authorized capital stock of MIGA by 78,559 shares to be subscribed by members during the subscription period ending March 28, 2002. Of the additional capital, 17.65 percent is to be paid in cash, in freely usable currency. The remaining 82.35 percent is subject to call when required by MIGA to meet its obligations. On May 6, 2002, the Council of Governors adopted a resolution to extend the GCI subscription period to March 28, 2003. On March 17, 2003, the Council of Governors approved an amendment to the GCI resolution allowing eligible countries to subscribe to the GCI shares allocated to them by submitting an Instrument of Contribution before the GCI deadline of March 28, 2003, and requesting such countries to pay for their GCI shares as soon as possible. The reserved shares will be issued and corresponding voting power will accrue when the subscription process has been completed.

During the fiscal year ended June 30, 2013, 100 shares (217 shares – fiscal year end June 30, 2012) were subscribed.

At June 30, 2013, MIGA's authorized capital stock comprised 186,359 (186,259 – June 30, 2012) shares, of which 177,103 (177,003 – June 30, 2012) shares had been subscribed. Each share has a par value of SDR10,000, valued at the rate of $1.082 per SDR. Of the subscribed capital as of June 30, 2013, $365,629,000 ($365,413,000 – June 30, 2012) has been paid in; and the remaining $1,550,625,000 ($1,549,759,000 - June 30, 2012) is subject to call. At June 30, 2013, MIGA had $112,384,000 ($113,794,000 – June 30, 2012) in the form of non-negotiable, non-interest bearing demand obligations (promissory notes).

A summary of MIGA's authorized and subscribed capital at June 30, 2013 and June 30, 2012 is as follows:

	Initial Capital		Capital Increase		Total	
	Shares	**(US$000)**	**Shares**	**(US$000)**	**Shares**	**(US$000)**
At June 30, 2013						
Authorized	107,800	$1,166,396	78,559	$850,008	186,359	$2,016,404
Subscribed	107,800	$1,166,396	69,303	$749,858	177,103	$1,916,254
At June 30, 2012						
Authorized	107,700	$1,165,314	78,559	$850,008	186,259	$2,015,322
Subscribed	107,700	$1,165,314	69,303	$749,858	177,003	$1,915,172

Membership:
On December 20, 2012, Sao Tome and Principe became the 178th member of MIGA with a subscription of 50 shares.

On February 25, 2013, Comoros became the 179th member of MIGA with a subscription of 50 shares.

Note D: Guarantees

Guarantee Program
MIGA offers guarantees or insurance against loss caused by non-commercial risks (political risk insurance) to eligible investors on qualified investments in developing member countries. MIGA insures investments for up to 20 years against five different categories of risk: currency inconvertibility and transfer restriction, expropriation, war and civil disturbance, breach of contract, and non-honoring of a sovereign financial obligation. Currency inconvertibility and transfer restriction coverage protects the investor against inconvertibility of local currency into foreign exchange for transfer outside the host country. Currency depreciation is not covered. Expropriation coverage protects the investor against partial or total loss of the insured investment as a result of acts by the host government that may reduce or eliminate ownership of, control over, or rights to the insured investment. War and civil disturbance coverage protects the investor against losses from damage to, or the destruction or disappearance of, tangible covered assets, as well as a total loss due to business interruption extending for a period of at least 180 days, caused by politically motivated acts of war or civil disturbance in the host country including revolution, insurrection, coup d'etat, sabotage and terrorism. Breach of contract coverage protects the investor against the inability to enforce an award arising out of an arbitral or judicial decision recognizing the breach of a covered obligation by the host government. Non-honoring of a sovereign financial obligation coverage protects the investor against the failure of a sovereign to honor an unconditional financial payment obligation or guarantee, where the underlying project meets all of MIGA's normal eligibility requirements. Unlike MIGA's breach of contract coverage, this coverage does not require a final arbitral award or court decision as a precondition to payment of a claim. Investors may insure projects by purchasing any combination of the five coverage types. A sixth category of risk, non-honoring of financial obligations by a state-owned enterprise, was approved by the Board of Directors on June 26, 2013. This new coverage protects the investor against losses resulting from the failure of a state-owned enterprise to make a payment when due under an unconditional financial payment obligation or guarantee given in favor of a project that otherwise meets all of MIGA's eligibility requirements.

Premium rates applicable are set forth in the contracts. Payments against all claims under a guarantee may not exceed the maximum amount of coverage issued under the guarantee. Under breach of contract coverage, payments against claims may not exceed the lesser of the amount of guarantee and the arbitration award.

MIGA also acts as administrator of some investment guarantee trust funds. MIGA, on behalf of the trust funds, issues guarantees against loss caused by non-commercial risks to eligible investors on qualified investments in the countries specified in the trust fund agreements. Under the trust fund agreements, MIGA, as administrator of the trust funds, is not liable on its own account for payment of any claims under contracts of guarantees issued by MIGA on behalf of such trust funds. Contract of guarantees issued by MIGA on behalf of trust funds at June 30, 2013, amounts to $15,994,000 ($14,731,000 – June 30, 2012).

Contingent Liability
The maximum amount of contingent liability (gross exposure) of MIGA under guarantees issued and outstanding at June 30, 2013 totaled $10,758,370,000 ($10,345,866,000 – June 30, 2012). A contract of guarantee issued by MIGA may permit the guarantee holder, at the start of each contract period, to elect coverage and place amounts both on current and standby. MIGA is currently at risk for amounts placed on current. The maximum amount of contingent liability is MIGA's maximum exposure to insurance claims, which includes "standby" coverage for which MIGA is committed but not currently at risk. At June 30, 2013, MIGA's actual exposure to insurance claims, exclusive of standby coverage is $8,342,274,000 ($8,447,510,000 – June 30, 2012).

Reinsurance
MIGA obtains treaty and facultative reinsurance (both public and private) to augment its underwriting capacity and to mitigate its risk by protecting portions of its insurance portfolio, and not for speculative reasons. All reinsurance contracts are ceded on a proportionate basis. However, MIGA is exposed to reinsurance non-performance risk in the event that reinsurers fail to pay their proportionate share of the loss in case of a claim. MIGA manages this risk by requiring that private sector reinsurers be rated by at least two of the four major rating agencies (Standard & Poor's, A.M. Best, Moody's and Fitch), and that such ratings be above a minimum threshold. In addition, MIGA may also place reinsurance with public insurers of member countries that operate under and benefit from the full faith and credit of their governments and with multilateral agencies that represent an acceptable counterparty risk. MIGA has established limits, at both the project and portfolio levels, which restrict the amount of reinsurance that may be ceded. The project limit states that MIGA may cede no more than 90 percent of any individual project. The portfolio limit states that MIGA may not reinsure more than 50 percent of its aggregate gross exposure.

Of the $10,758,370,000 outstanding contingent liability (gross exposure) as at June 30, 2013 ($10,345,866,000 – June 30, 2012), $4,348,538,000 was ceded through contracts of reinsurance ($4,084,201,000 – June 30, 2012). Net exposure amounted to $6,409,832,000 as at June 30, 2013 ($6,261,665,000– June 30, 2012).

MIGA can also provide both public (official) and private insurers with facultative reinsurance. As of June 30, 2013, total insurance assumed by MIGA, primarily with official investment insurers, amounted to $257,041,000 ($496,169,000 – June 30, 2012).

Premiums relating to direct, assumed, and ceded contracts for the fiscal years ended June 30, 2013 and June 30, 2012 were as follows:

In thousands of US dollars	Fiscal Year ended June 30, 2013	Fiscal Year ended June 30, 2012
Premiums Written		
Direct	$121,864	$105,308
Assumed	2,520	3,315
Ceded	(71,769)	(34,738)
Premiums Earned		
Direct	95,372	86,340
Assumed	1,850	2,839
	$97,222	$89,179
Ceded	$(37,749)	$(33,681)

Portfolio Risk Management

Controlled acceptance of political risk in developing countries is MIGA's core business. The underwriting of such risk requires a comprehensive risk management framework to analyze, measure, mitigate and control risk exposures.

Claims risk, the largest risk for MIGA, is the risk of incurring a financial loss as a result of a claimable political risk event in developing countries. Political risk assessment forms an integral part of MIGA's underwriting process and includes the analysis of both country-related and project-related risks.

Country risk assessment is a combination of quantitative and qualitative analysis. Ratings are assigned individually to each risk for which MIGA provides insurance coverage in a country. Country ratings are reviewed and updated every quarter. Country risk assessment forms the basis of the underwriting of insurance contracts, setting of premium levels, capital adequacy assessment and provisioning for claims.

Project-specific risk assessment is performed by a cross-functional team. Based on the analysis of project-specific risk factors within the country context, the final project risk ratings can be higher or lower than the country ratings of a specific coverage. The decision to issue an insurance contract is subject to approval by MIGA's Senior Management and concurrence by the Board of Directors. In order to avoid excessive risk concentration, MIGA sets exposure limits per country and per project. The maximum net exposure which may be assumed by MIGA is $720 million ($720 million – June 30, 2012) in each host country and $220 million ($220 million – June 30, 2012) for each project.

As approved by the Board of Directors and the Council of Governors, the maximum aggregate amount of contingent liabilities that may be assumed by MIGA is 350 percent of the sum of MIGA's unimpaired subscribed capital and its retained earnings, and insurance portfolio reserve plus such portion of the insurance ceded by MIGA through contracts of reinsurance as the Board of Directors may determine. Accordingly, at June 30, 2013, the maximum level of guarantees outstanding (including reinsurance) may not exceed $13,897 million ($13,093 million – June 30, 2012).

Portfolio Diversification

MIGA aims to diversify its guarantee portfolio so as to limit the concentration of exposure to loss in a host country, region, or sector. The portfolio shares of the top five and top ten largest exposure countries provide an indicator of concentration risk. The gross and net exposures of the top five and top ten countries at June 30, 2013 and June 30, 2012 are as follows:

In thousands of US dollars	June 30, 2013		June 30, 2012	
	Exposure in Top Five Countries	Exposure in Top Ten Countries	Exposure in Top Five Countries	Exposure in Top Ten Countries
Gross Exposure	**$3,664,881**	**$5,838,938**	**$4,096,598**	**$5,949,433**
% of Total Gross Exposure	34.1	54.3	39.6	57.5
Net Exposure	**$1,829,073**	**$3,065,083**	**$1,918,072**	**$3,051,252**
% of Total Net Exposure	28.5	47.8	30.6	48.7

A regionally diversified portfolio is desirable for MIGA as an insurer, because correlations of claims occurrences are typically higher within a region than between regions. When a correlation is higher, the probability of simultaneous occurrences of claims will be higher.

The regional distribution of MIGA's portfolio at June 30, 2013 and June 30, 2012 is as follows:

In thousands of US dollars	June 30, 2013			June 30, 2012		
Region	**Gross Exposure**	**Net Exposure**	**% of Total Net Exposure**	**Gross Exposure**	**Net Exposure**	**% of Total Net Exposure**
Africa	$2,777,029	$1,627,764	25.4	$1,573,908	$1,257,866	20.1
Asia	1,620,983	954,346	14.9	1,391,723	861,415	13.8
Europe and Central Asia	4,407,826	2,582,856	40.3	5,543,471	3,017,803	48.2
Latin America and Caribbean	1,069,151	672,776	10.5	1,068,547	641,601	10.2
Middle East and North Africa	883,381	572,090	8.9	768,217	482,979	7.7
	$10,758,370	**$6,409,832**	**100.0**	**$10,345,866**	**$6,261,664**	**100.0**

The sectoral distribution of MIGA's portfolio at June 30, 2013 and June 30, 2012 is shown in the following table:

In thousands of US dollars	June 30, 2013			June 30, 2012		
Sector	**Gross Exposure**	**Net Exposure**	**% of Total Net Exposure**	**Gross Exposure**	**Net Exposure**	**% of Total Net Exposure**
Agribusiness	$211,844	$207,810	3.2	$223,682	$197,366	3.1
Financial	3,429,899	1,987,985	31.0	4,297,098	2,270,426	36.3
Infrastructure	4,719,038	2,757,082	43.0	3,920,267	2,435,811	38.9
Manufacturing	999,491	640,533	10.0	774,027	457,205	7.3
Mining	239,525	170,115	2.7	241,368	171,221	2.7
Oil and Gas	930,838	420,388	6.6	335,879	260,573	4.2
Tourism, Construction and Services	227,735	225,919	3.5	553,545	469,062	7.5
Total	**$10,758,370**	**$6,409,832**	**100.0**	**$10,345,866**	**$6,261,664**	**100.0**

Note E: Claims

Reserve for Claims

MIGA's gross reserve for claims at June 30, 2013 amounted to $381,100,000 ($278,200,000- June 30, 2012) and estimated reinsurance recoverables amounted to $99,100,000 ($52,900,000 -June 30, 2012).

An analysis of the changes to the gross reserve for claims for the fiscal years ended June 30, 2013 and June 30, 2012 appears in the table below:

In thousands of US dollars	June 30, 2013	June 30, 2012
Gross reserve balance	$278,200	$228,300
Less: Estimated reinsurance recoverables	52,900	40,300
Net reserve balance, beginning of the period	225,300	188,000
Increase to net reserves before translation adjustments	54,400	48,700
Foreign currency translation adjustments	2,300	(11,400)
Provision for claims - net of reinsurance	56,700	37,300
Net reserve balance	282,000	225,300
Add: Estimated reinsurance recoverables	99,100	52,900
Gross reserve balance, end of the period	**$381,100**	**$278,200**

The provision for claims for the fiscal year ended June 30, 2013 and June 30, 2012 reflected the following changes in the Insurance portfolio reserve and Specific reserve for claims:

In thousands of US dollars	Fiscal Year ended	
	June 30, 2013	June 30, 2012
Provision for claims:		
Insurance portfolio reserve	$47,100	$44,500
Specific reserve for claims	9,600	(7,200)
Increase, net	$56,700	$37,300

The foreign currency translation adjustment reflects the impact on MIGA's reserves arising from the revaluation of guarantee contracts denominated in currencies other than US dollar. The foreign currency translation impact on reserve is effectively managed through MIGA's system for managing exposures to foreign currencies. The amount by which the reserve increased (decreased) as a result of translation adjustment is offset by the translation gains (losses) on MIGA's investment portfolio and other assets, reported on the Statement of Operations.

Specific Reserve for Claims

The specific reserve for claims is composed of reserves for pending claims and reserves for contracts where a claimable event, or events that may give rise to a claimable event, may have occurred, but in relation to which no claim has been filed, but where a loss is probable. The parameters used in calculating the specific reserves, i.e., claims probability, severity and expected recovery, are assessed for each contract placed in the specific reserves on a quarterly basis. At June 30, 2013, the specific reserves amounted to $17,700,000 ($7,700,000 – June 30, 2012) on a gross basis and $15,137,000 ($5,600,000 – June 30, 2012) net of reinsurance.

The following table shows how the estimates of the specific reserves for each reporting period have developed over the past eleven fiscal years:

Specific Reserve development over past eleven fiscal years

In thousands of US dollars												
Reporting Period	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Est. of Cumulative Claims: at end of reporting period	121,800	9,900	37,800	27,610	1,062	-	2,800	13	30,300	5,000	4,200	5,200
One year later	68,600	4,600	23,550	40,380	-	-	1,491	13	2,900	-	9,100	
Two years later	3,000	4,530	8,343	45,900	-	-	2,291	13	-	-		
Three years later	5,650	3,279	6,800	45,600	-	-	2,500	13	-			
Four years later	5,775	700	1,300	15,100	-	-	491	13				
Five years later	5,700	700	1,200	-	-	-	491					
Six years later	5,500	700	-	-	-							
Seven years later	7,200	700	-	-								
Eight years later	7,000	700	-									
Nine years later	6,700	700										
Ten years later	3,500	700										
Eleven years later	3,400											

Specific reserves at June 30, 2013

Fiscal Year	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	Total
Estimate of cumulative claims at July 1, 2012	3,400	700	-	-	-	-	491	13	-	-	9,100	5,200	18,904
Cumulative payments	-	(700)	-	-	-	-	(491)	(13)	-	-	-	-	(1,204)
Specific reserves at June 30, 2013	**3,400**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,100**	**5,200**	**17,700**

Pending Claims

During the fiscal year ended June 30, 2013, MIGA received one claim under its War and Civil Disturbance coverage for a project in Mali. There were no claims paid during the fiscal year ended June 30, 2013. The claim filed in FY2010, which related to a project in Sierra Leone, was withdrawn. Appropriate reserves are maintained for these matters.

Note F: Pension and Other Post Retirement Benefits

MIGA, IBRD and IFC participate in a defined benefit Staff Retirement Plan (SRP), a Retired Staff Benefits Plan (RSBP) and a Post-Employment Benefits Plan (PEBP) that cover substantially all of their staff members.

The SRP provides regular pension benefits and includes a cash balance plan. The RSBP provides certain health and life insurance benefits to eligible retirees. The PEBP provides certain pension benefits administered outside the SRP.

MIGA uses a June 30 measurement date for its pension and other postretirement benefit plans.

All costs, assets and liabilities associated with these pension plans are allocated between MIGA, IBRD, and IFC based upon their employees' respective participation in the plans. In addition, MIGA and IFC reimburse IBRD for their proportionate share of any contributions made to these plans by IBRD. Contributions to these plans are calculated as a percentage of salary.

The amounts presented below reflect MIGA's respective share of the costs, assets, and liabilities of the plans.

The following table summarizes the benefit costs associated with the SRP, RSBP, and PEBP for MIGA for the fiscal years ended June 30, 2013 and June 30, 2012:

In thousands of US dollars	Fiscal Year ended June 30, 2013				Fiscal Year ended June 30, 2012			
Benefit Cost	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Service cost	$4,328	$1,042	$458	$5,828	$3,456	$830	$370	$4,656
Interest cost	4,951	893	353	6,197	5,540	902	374	6,816
Expected return on plan assets	(8,015)	(913)	-	(8,928)	(8,604)	(941)	-	(9,545)
Amortization of prior service cost	75	135	7	217	99	-	7	106
Amortization of unrecognized net loss	1,761	361	446	2,568	309	178	290	777
Net periodic pension cost	**$3,100**	**$1,518**	**$1,264**	**$5,882**	**$800**	**$969**	**$1,041**	**$2,810**

The following table summarizes the projected benefit obligations, fair value of plan assets, and funded status associated with the SRP, RSBP and PEBP for MIGA for the fiscal years ended June 30, 2013 and June 30, 2012. While contributions made to SRP and RSBP are irrevocable, contributions made to PEBP are revocable. As a result, the assets for PEBP do not qualify for off-balance sheet accounting and are included in IBRD's investment portfolio, with MIGA's portion reflected in receivable from IBRD under Note G (Transactions with Affiliated Organizations). The assets of the PEBP are invested in fixed income and equity instruments.

In thousands of US dollars	Fiscal Year ended June 30, 2013				Fiscal Year ended June 30, 2012			
Projected Benefit Obligation	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Beginning of year	$129,861	$21,740	$9,385	$160,986	$107,784	$16,518	$7,418	$131,720
Service cost	4,328	1,042	458	5,828	3,456	830	370	4,656
Interest cost	4,951	893	353	6,197	5,540	902	374	6,816
Participant contributions	1,141	118	12	1,271	1,009	96	20	1,125
Federal subsidy received	n.a	18	n.a	18	n.a	32	n.a	32
Plan amendments	n.a	160	n.a	160	n.a	1,462	n.a	1,462
Benefits paid	(5,221)	(469)	(343)	(6,033)	(4,945)	(377)	(231)	(5,553)
Actuarial (gain) loss	(2,640)	(1,545)	(21)	(4,206)	17,017	2,277	1,434	20,728
End of year	**$132,420**	**$21,957**	**$9,844**	**$164,221**	**$129,861**	**$21,740**	**$9,385**	**$160,986**

In thousands of US dollars	Fiscal Year ended June 30, 2013				Fiscal Year ended June 30, 2012			
Fair Value of Plan Assets	**SRP**	**RSBP**	**PEBP**	**Total**	**SRP**	**RSBP**	**PEBP**	**Total**
Beginning of year	$139,109	$14,671		$153,780	$135,330	$13,700		$149,030
Participant contributions	1,141	118		1,259	1,009	96		1,105
Actual return on assets	10,419	1,166		11,585	5,450	288		5,738
Employer contributions	2,672	1,065		3,737	2,265	964		3,229
Benefits paid	(5,221)	(469)		(5,690)	(4,945)	(377)		(5,322)
End of year	**$148,120**	**$16,551**	**$-**	**$164,671**	**$139,109**	**$14,671**	**$-**	**$153,780**
Funded status†	**$15,700**	**$(5,406)**	**$(9,844)**	**$450**	**$9,248**	**$(7,069)**	**$(9,385)**	**$(7,206)**
Accumulated Benefit Obligation	**$107,706**	**$21,957**	**$8,455**	**$138,118**	**$103,986**	**$21,740**	**$8,115**	**$133,841**

† *Net amount recognized is reported as Net assets under retirement benefits plans or as Liabilities under Accounts payable and accrued expenses under Total Liabilities on the Balance Sheet.*

During the fiscal year ended June 30, 2012, amendments were made to the RSBP. These included: (i) Providing reimbursements for standard and income-related premiums paid by eligible Medicare B participants effective on July 1, 2012, (ii) moving from the current Retirement Drug Subsidy (RDS) arrangement to an Employer Group Waiver Plan (EGWP) effective January 1, 2013, (iii) providing reimbursements of Medicare Part D income-related premium amounts once the plan moved to the EGWP arrangement, and (iv) eliminating the Medicare savings feature. The combined effect of these changes was a $1,462,000 increase to the projected benefit obligation at June 30, 2012.

During the fiscal year ended June 30, 2013, the plan sponsor decided not to transition the RSBP plan from RDS to EGWP following further evaluations of the design and administrative requirements of the EGWP. The effect of this change was a $160,000 increase to the projected benefit obligation at June 30, 2013.

The following tables present the amounts included in Accumulated Other Comprehensive Loss relating to Pension and Other Post Retirement Benefits:

Amounts included in Accumulated Other Comprehensive Loss at June 30, 2013:

In thousands of US dollars	SRP	RSBP	PEBP	Total
Net acturial loss	$16,111	$4,053	$4,650	$24,814
Prior service cost	90	1,487	10	1,587
Net amount recognized in Accumulated Other Comprehensive Loss	$16,201	$5,540	$4,660	$26,401

Amounts included in Accumulated Other Comprehensive Loss at June 30, 2012:

In thousands of US dollars	SRP	RSBP	PEBP	Total
Net acturial loss	$22,916	$6,212	$5,117	$34,245
Prior service cost	165	1,462	17	1,644
Net amount recognized in Accumulated Other Comprehensive Loss	$23,081	$7,674	$5,134	$35,889

The estimated amounts that will be amortized from Accumulated Other Comprehensive Loss into net periodic benefit cost in the fiscal year ending June 30, 2014 are as follows:

In thousands of US dollars	SRP	RSBP	PEBP	Total
Net acturial loss	$1,022	$204	$407	$1,633
Prior service cost	14	151	5	170
Amounts estimated to be amortized into net periodic benefit costs	$1,036	$355	$412	$1,803

Assumptions

The actuarial assumptions used are based on financial market interest rates, inflation expectations, past experience, and management's best estimate of future benefit changes and economic conditions. Changes in these assumptions will impact future benefit costs and obligations.

The expected long-term rate of return for the SRP assets is a weighted average of the expected long term (10 years or more) returns for the various asset classes, weighted by the portfolio allocation. Asset class returns are developed using a forward-looking building block approach and are not strictly based on historical returns. Equity returns are generally developed as the sum of expected inflation, expected real earnings growth and expected long-term dividend yield. Bond returns are generally developed as the sum of expected inflation, real bond yield, and risk premium/spread (as appropriate). Other asset class returns are derived from their relationship to equity and bond markets. The expected long-term rate of return for the RSBP is computed using procedures similar to those used for the SRP. The discount rate used in determining the benefit obligation is selected by reference to the year-end yields of AA corporate bonds.

Actuarial gains and losses occur when actual results are different from expected results. Amortization of these unrecognized gains and losses will be included in income if, at the beginning of the fiscal year, they exceed 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets. If required, the unrecognized gains and losses are amortized over the expected average remaining service lives of the employee group.

The following tables present the weighted-average assumptions used in determining the projected benefit obligations and the net periodic pension costs for the fiscal years ended June 30, 2013 and June 30, 2012:

In percent	SRP		RSBP		PEBP	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Weighted average assumptions used to determine projected benefit obligations						
Discount rate	4.55	3.90	4.80	4.10	4.50	3.90
Rate of compensation increase	5.70	5.40			5.70	5.40
Health care growth rates-at end of fiscal year			5.90	6.30		
Ultimate health care growth rate			3.90	3.60		
Year in which ultimate rate is reached			2022	2022		
Weighted average assumptions used to determine net periodic pension cost						
Discount rate	3.90	5.30	4.10	5.50	3.86	5.20
Expected return on plan assets	5.80	6.40	6.10	6.70		
Rate of compensation increase	5.40	5.90			5.40	5.90
Health care growth rates - at end of fiscal year			6.30	6.90		
Ultimate health care growth rate			3.60	4.00		
Year in which ultimate rate is reached			2022	2022		

The medical cost trend rate can significantly affect the reported postretirement benefit income or costs and benefit obligations for the RSBP. The following table shows the effects of a one-percentage-point change in the assumed healthcare cost trend rate:

In thousands of US dollars	One percentage point increase	One percentage point decrease
Effect on total service and interest cost	$600	$(400)
Effect on postretirement benefit obligation	4,900	(3,800)

Investment Strategy

The investment policy establishes the framework for investment of the plan assets based on long-term investment objectives and the trade-offs inherent in seeking adequate investment returns within acceptable risk parameters. A key component of the investment policy is to establish a Strategic Asset Allocation (SAA) representing the policy portfolio (i.e., target mix of assets) around which the plans are invested. The SAA for the plans are reviewed in detail and reset about every three years, with more frequent reviews and changes if and as needed based on market conditions.

The key long-term objective is to target and secure asset performance that is reasonable in relation to the growth rate of the underlying liabilities and the assumed sponsor contribution rates. This is particularly so in the case of the SRP, which has liabilities that can be projected with a reasonable level of confidence based on the actuarial assumptions. Given the relatively long investment horizons of the SRP and RSBP, and the relatively modest liquidity needs over the short-term to pay benefits and meet other cash requirements, the focus of the investment strategy is on generating sustainable long-term investment returns through various assets classes and strategies including equity, private equity and real estate.

The SAA is derived using a mix of quantitative analysis that incorporates expected returns and volatilities by asset class as well as correlations across the asset classes, and qualitative considerations such as the desired liquidity needs of the plans. The strategic asset allocation is comprised of a diversified portfolio drawn from among fixed income, equity, real assets and absolute return strategies.

The most recent target asset allocations for the SRP and RSBP were approved in May 2013.

The following table presents the actual and target asset allocation at June 30, 2013 and June 30, 2012 by asset category for the SRP and RSRP. The portfolios are in a period of transition to the new SAA, which explains for the most part, the difference between the target allocation and the actual allocation as of June 30, 2013.

In percent	SRP			RSBP		
	Target allocation 2013	*% of Plan Assets*		*Target allocation 2013*	*% of Plan Assets*	
Asset Class	**(%)**	**2013**	**2012**	**(%)**	**2013**	**2012**
Fixed income & cash	26	31	33	24	30	32
Public equity	27	28	24	29	30	27
Private equity	20	18	20	20	21	24
Hedge funds	10	11	11	10	9	8
Real assets[a]	12	12	12	12	10	9
Opportunistic	5	-	-	5	-	-
Total	**100**	**100**	**100**	**100**	**100**	**100**

[a] *Real assets comprise primarily of Real estate and Real estate investment trusts (REITs) with a small allocation to infrastructure and timber*

Significant Concentrations of Risk in Plan Assets

The assets of the SRP and RSBP are diversified across a variety of asset classes. Investments in these asset classes are further diversified across funds, managers, strategies, geographies and sectors to limit the impact of any individual investment. In spite of such level of diversification, equity market risk remains the primary source of the plans' overall return volatility.

Risk Management Practices

Managing investment risk is an integral part of managing the assets of the Plan. Liability-driven investment management and asset diversification are central to the overall investment strategy and risk management approach for the SRP. The surplus volatility risk (defined as the annualized standard deviation of asset returns relative to that of liabilities) is considered the primary indicator of the Plan's overall investment risk. It is used to define the risk tolerance level and establish the overall level of investment risk.

Investment risk is regularly monitored at the absolute level, as well as at the relative levels with respect to the investment policy, manager benchmarks, and liabilities of the Plan. Stress tests are performed periodically using relevant market scenarios to assess the impact of extreme market events. Monitoring of performance (at both manager and asset class levels) against benchmarks and compliance with investment guidelines is carried out on a regular basis as part of the risk monitoring process. Risk management for different asset classes is tailored to their specific characteristics and is an integral part of the external managers' due diligence and monitoring processes.

Credit risk is monitored on a regular basis and assessed for possible credit event impacts. The liquidity position of the plans is analyzed at regular intervals and periodically tested using various stress scenarios to ensure that the plans have sufficient liquidity to meet all cash flow requirements. In addition, the long-term cash flow needs of the Plans are considered during the SAA exercise and are one of the main drivers in determining maximum allocation to the illiquid investment vehicles.

The Plans mitigate operational risk by maintaining a system of internal control along with other checks and balances at various levels to ensure the controls exist.

Fair Value Measurements

All plan assets are measured at fair value on recurring basis. The following table presents the fair value hierarchy of major categories of plans assets as of June 30, 2013 and June 30, 2012:

Fair Value Measurements on a Recurring Basis as of June 30, 2013								
	SRP				**RSBP**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt Securities								
Time deposits	$2	$2,264	$-	$2,266	$-	$305	$-	$305
Securities purchased under resale agreements	3,100	-	-	3,100	184	-	-	184
Government and agency securities	29,140	6,724	-	35,864	1,734	2,549	-	4,283
Corporate and convertible bonds	-	1,391	-	1,391	-	92	-	92
Asset-backed securities	-	800	-	800	-	1	-	1
Mortgage-backed securities	-	1,843	-	1,843	-	18	-	18
Total Debt Securities	**32,242**	**13,022**	**-**	**45,264**	**1,918**	**2,965**	**-**	**4,883**
Equities								
US common stocks	4,986	-	-	4,986	324	-	-	324
Non-US common stocks	23,755	-	-	23,755	2,553	-	-	2,553
Mutual funds	1,547	-	-	1,547	321	-	-	321
Real estate investment trusts (REITs)	3,188	-	-	3,188	291	-	-	291
Total Equity Securities	**33,476**	**-**	**-**	**33,476**	**3,490**	**-**	**-**	**3,490**
Commingled funds	-	12,778	-	12,778	-	1,789	-	1,789
Real estate (including infrastructure and timber)	-	4,316	10,281	14,597	-	272	1,117	1,389
Private equity	-	-	27,394	27,394	-	-	3,439	3,439
Hedge funds	-	11,645	4,469	16,114	-	1,039	401	1,440
Derivative assets/ liabilities	7	99		106	(2)	39	-	37
Other assets/liabilities	-	(13)	-	(1,609)	-	-	-	85
Total Assets	**$65,725**	**$41,847**	**$42,144**	**$148,120**	**$5,406**	**$6,104**	**$4,957**	**$16,551**

In thousands of US dollars	Fair Value Measurements on a Recurring Basis as of June 30, 2012							
	SRP				RSBP			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt Securities								
Time deposits	$-	$468	$-	$468	$-	$188	$-	$188
Securities purchased under resale agreements	859	-	-	859	171	-	-	171
Government and agency securities	34,079	5,963	-	40,042	1,940	2,564	-	4,504
Corporate and convertible bonds	-	1,566	13	1,579	-	159	-	159
Asset-backed securities	-	455	20	475	-	22	8	30
Mortgage-backed securities	-	2,813	18	2,831	-	62	2	64
Total Debt Securities	**34,938**	**11,265**	**51**	**46,254**	**2,111**	**2,995**	**10**	**5,116**
Equities								
US common stocks	4,196	-	-	4,196	370	-	-	370
Non-US common stocks	13,756	-	-	13,756	1,644	-	-	1,644
Mutual funds	6,118	-	-	6,118	449	-	-	449
Real estate investment trusts (REITs)	3,228	-	-	3,228	167	-	-	167
Total Equity Securities	**27,298**	**-**	**-**	**27,298**	**2,630**	**-**	**-**	**2,630**
Commingled funds	-	7,994	-	7,994	-	1,178	-	1,178
Real estate (including infra-structure and timber)	-	3,705	9,974	13,679	-	105	1,101	1,206
Private equity	-	-	28,053	28,053	-	-	3,421	3,421
Hedge funds	-	9,929	3,913	13,842	-	772	339	1,111
Derivative assets/ liabilities	(7)	(77)	-	(84)	13	(26)	-	(13)
Other assets/liabilities	-	-	-	2,073	-	-	-	22
Total Assets	**$62,229**	**$32,816**	**$41,991**	**$139,109**	**$4,754**	**$5,024**	**$4,871**	**$14,671**

Valuation Methods and Assumptions

The following are general descriptions of asset categories, as well as the valuation methodologies and inputs used to determine the fair value of each major category of Plan assets. It is important to note that the investment amounts in the asset categories shown in the table above are different from the asset category allocation shown in the Investment Strategy section of the note. Asset classes in the table above are grouped by the characteristics of the investments held. The asset class break-down in the Investment Strategy section is based on management's view of the economic exposures after considering the impact of derivatives and certain trading strategies.

Debt securities include time deposits, U.S. treasuries and agencies, debt obligations of foreign governments and debt obligations in corporations of domestic and foreign issuers. Fixed income also includes investments in asset backed securities such as collateralized mortgage obligations and mortgage backed securities. These securities are valued by independent pricing vendors at quoted market prices for the same or similar securities, where available. If quoted market prices are not available, fair values are based on discounted cash flow models using market-based parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves. Some debt securities are valued using techniques which require significant unobservable inputs. The selection of these inputs may involve some judgment. Management believes its estimates of fair value are reasonable given its processes for obtaining securities prices from multiple independent third-party vendors, ensuring that valuation models are reviewed and validated, and applying its approach consistently from period to period. Unless quoted prices are available, money market instruments and securities purchased under resale agreements are reported at face value which approximates fair value.

Equity securities (including REITs) are invested in companies in various industries and countries. Investments in public equity listed on securities exchanges are valued at the last reported sale price on the last business day of the fiscal year.

Commingled funds are typically common or collective trusts reported at NAV as provided by the investment manager or sponsor of the fund based on valuation of underlying investments, and reviewed by management.

Private equity includes investments primarily in leveraged buyouts, distressed investments and venture capital funds across North America, Europe and Asia in a variety of sectors. A large number of these funds are in the investment phase of their life cycle. Private equity investments do not have a readily determinable fair market value and are reported at NAV provided by the fund managers, and reviewed by management, taking into consideration the latest audited financial statements of the funds. The underlying investments are valued using inputs such as cost, operating results, discounted future cash flows and trading multiples of comparable public securities.

Real estate includes several funds which invest in core real estate as well as non-core types of real estate investments such as debt, value add, and opportunistic equity investments. Real estate investments do not have a readily determinable fair market value and are reported at NAV provided by the fund managers, and reviewed by management, taking into consideration the latest audited financial statements of the funds. The valuations of underlying investments are based on income and/or cost approaches or comparable sales approach, and taking into account discount and capitalization rates, financial conditions, local market conditions among others.

Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. Hedge Funds include investments in equity, event driven, fixed income, multi strategy and macro relative value strategies. These investments do not have a readily determinable fair market value and are reported at NAVs provided by external managers or fund administrators (based on the valuations of underlying investments) on a monthly basis, and reviewed by management, taking into consideration the latest audited financial statements of the funds.

Investments in hedge funds and commingled funds can typically be redeemed at NAV within the near term while investments in private equity and most real estate are inherently long term and illiquid in nature with a quarter lag in reporting by the fund managers. For the reporting of those asset classes with a reporting lag, management estimates are based on the latest available information taking into account underlying market fundamentals and significant events through the balance sheet date.

Investment in derivatives such as equity or bond futures, to-be-announced (TBA) securities, swaps, options and currency forwards are used to achieve a variety of objectives that include hedging interest rates and currency risks, gaining desired market exposure of a security, an index or currency exposure and rebalancing the portfolio. Over-the-counter derivatives are reported using valuations based on discounted cash flow methods incorporating market observable input.

The following tables present a reconciliation of Level 3 assets held during the year ended June 30, 2013 and June 30, 2012:

In thousands of US dollars	SRP - Fair Value Measurements Using Significant Unobservable Inputs (Level 3), Fiscal Year Ended June 30, 2013						
	Corporate and convertible Debt	Asset-backed Securities	Mortgage-backed Securities	Private Equity	Real Estate	Hedge Funds	Total
Balance as of July 1, 2012	$13	$20	$18	$28,053	$9,974	$3,913	$41,991
Actual return on plan assets:							
Relating to assets still held at the reporting date	-	-	-	5,136	126	289	5,551
Relating to assets sold during the period	-	-	-	(1,215)	763	24	(428)
Purchases, issuance and settlements, net	(3)	(20)	(18)	(4,580)	(582)	353	(4,850)
Transfers in	-	-	-	-	-	630	630
Transfers out	(10)	-	-	-	-	(740)	(750)
Balance as of June 30, 2013	**$-**	**$-**	**$-**	**$27,394**	**$10,281**	**$4,469**	**$42,144**

In thousands of US dollars	RSBP - Fair Value Measurements Using Significant Unobservable Inputs (Level 3), Fiscal Year Ended June 30, 2013						
	Corporate and convertible Debt	Asset-backed Securities	Mortgage-backed Securities	Private Equity	Real Estate	Hedge Funds	Total
Balance as of July 1, 2012	$-	$8	$2	$3,421	$1,101	$339	$4,871
Actual return on plan assets:							
Relating to assets still held at the reporting date	-	-	-	663	3	19	685
Relating to assets sold during the period	-	-	-	(110)	88	2	(20)
Purchases, issuance and settlements, net	-	(8)	(2)	(535)	(75)	52	(568)
Transfers in	-	-	-	-	-	53	53
Transfers out	-	-	-	-	-	(63)	(63)
Balance as of June 30, 2013	**$-**	**$-**	**$-**	**$3,439**	**$1,117**	**$401**	**$4,957**

In thousands of US dollars	SRP - Fair Value Measurements Using Significant Unobservable Inputs (Level 3), Fiscal Year Ended June 30, 2012						
	Corporate and convertible Debt	Asset-backed Securities	Mortgage-backed Securities	Private Equity	Real Estate	Hedge Funds	Total
Balance as of July 1, 2011	$25	$268	$154	$27,394	$8,024	$3,518	$39,383
Actual return on plan assets:							-
Relating to assets still held at the reporting date	1	(7)	51	(2,497)	207	(69)	(2,314)
Relating to assets sold during the period	1	2	(46)	2,231	313	(35)	2,466
Purchases, issuance and settlements, net	(14)	(239)	(89)	925	1,430	590	2,603
Transfers in	-	-	9	-	-	224	233
Transfers out	-	(4)	(61)	-	-	(315)	(380)
Balance as of June 30, 2012	**$13**	**$20**	**$18**	**$28,053**	**$9,974**	**$3,913**	**$41,991**

In thousands of US dollars	RSBP - Fair Value Measurements Using Significant Unobservable Inputs (Level 3), Fiscal Year Ended June 30, 2012						
	Corporate and convertible Debt	Asset-backed Securities	Mortgage-backed Securities	Private Equity	Real Estate	Hedge Funds	Total
Balance as of July 1, 2011	$-	$17	$8	$3,412	$889	$298	$4,624
Actual return on plan assets:							
Relating to assets still held at the reporting date	-	-	-	(292)	159	(9)	(142)
Relating to assets sold during the period	-	-	-	297	98	(1)	394
Purchases, issuance and settlements, net	-	(8)	(4)	4	(45)	86	33
Transfers in	-	-	-	-	-	17	17
Transfers out	-	-	(2)	-	-	(53)	(55)
Balance as of June 30, 2012	**$-**	**$9**	**$2**	**$3,421**	**$1,101**	**$339**	**$4,871**

Estimated Future Benefits Payments

The following table shows the benefit payments expected to be paid in each of the next five years and subsequent five years. The expected benefit payments are based on the same assumptions used to measure the benefit obligation at June 30, 2013:

In thousands of US dollars	SRP	RSBP		PEBP
		Before Medicare Part D Subsidy	Medicare Part D Subsidy	
July 1, 2013 - June 30, 2014	$5,474	$404	$9	$493
July 1, 2014 - June 30, 2015	5,955	447	11	547
July 1, 2015 - June 30, 2016	6,414	496	13	620
July 1, 2016 - June 30, 2017	6,798	554	14	684
July 1, 2017 - June 30, 2018	7,119	618	15	704
July 1, 2018 - June 30, 2023	43,329	4,338	98	4,307

Expected Contributions

MIGA's contribution to the SRP and RSBP varies from year to year, as determined by the Pension Finance Committee, which bases its judgment on the results of annual actuarial valuations of the assets and liabilities of the SRP and RSBP. The best estimate of the amount of contributions expected to be paid to the SRP and RSBP for MIGA during the fiscal year beginning July 1, 2013 is $3,247,000 and $1,222,000 respectively.

Note G: Transactions with Affiliated Organizations

MIGA contributes its share of the World Bank Group's corporate costs. Payments for these services are made by MIGA to IBRD, IDA, and IFC based on negotiated fees, charge backs and allocated charges where charge back is not feasible.

Total fees paid by MIGA for the fiscal year ended June 30, 2013 and June 30, 2012 are as follows:

In thousands of US dollars	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Fees charged by IBRD	$5,349	$5,518
Fees charged by IDA	6,192	5,855
Fees charged by IFC	2,738	3,544

At June 30, 2013 and June 30, 2012, MIGA had the following receivables from (payables to) its affiliated organizations with regard to administrative services and pension and other postretirement benefits:

In thousands of US dollars	June 30, 2013			June 30, 2012		
	Administrative Services	**Pension and Other Postretirement Benefits**	**Total**	**Administrative Services**	**Pension and Other Postretirement Benefits**	**Total**
IBRD	$(3,501)	$6,204	$2,703	$(2,165)	$5,374	$3,209
IFC	(793)	-	(793)	(1,546)	-	(1,546)
	$(4,294)	**$6,204**	**$1,910**	**$(3,711)**	**$5,374**	**$1,663**

Note H: Accumulated other Comprehensive Income (Loss)

The following tables present the changes in Accumulated other Comprehensive Income (Loss) for the fiscal years ended June 30, 2013 and June 30, 2012:

In thousands of US dollars	Fiscal Year Ended June 30, 2013			
	Cumulative Translation Adjustment[a]	**Unrecognized Net Acturial Losses on Benefit Plans**	**Unrecognized Prior Service Costs on Benefit Plans**	**Total Accumulated Other Comprehenisve Loss**
Balance, beginning of the fiscal year	$3,435	$(34,245)	$(1,644)	$(32,454)
Changes from the period activity	-	9,431	57	9,488
Balance, end of the fiscal year	**$3,435**	**$(24,814)**	**$(1,587)**	**$(22,966)**

[a] *Until June 30, 2006, all the currencies of transactions were deemed functional and the related currency translation adjustments were reflected in Equity through Other Comprehensive Income.*

In thousands of US dollars	Fiscal Year Ended June 30, 2012			
	Cumulative Translation Adjustment[a]	**Unrecognized Net Acturial Losses on Benefit Plans**	**Unrecognized Prior Service Costs on Benefit Plans**	**Total Accumulated Other Comprehenisve Loss**
Balance, beginning of the fiscal year	$3,435	$(10,487)	$(288)	$(7,340)
Changes from the period activity	-	(23,758)	(1,356)	(25,114)
Balance, end of the fiscal year	**$3,435**	**$(34,245)**	**$(1,644)**	**$(32,454)**

[a] *Until June 30, 2006, all the currencies of transactions were deemed functional and the related currency translation adjustments were reflected in Equity through Other Comprehensive Income.*

Note I: Fair Value Measurement

Fair value is defined as the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. MIGA uses observable market data, when available, and minimizes the use of unobservable inputs when determining fair value. The fair values of MIGA's cash and non-negotiable, non interest-bearing demand obligations, receivables for investment securities sold, payables for investment securities purchased, accounts payable and accrued expenses approximate their carrying values. The fair values of government obligations are based on quoted market prices and the fair values of asset-backed securities are based on pricing models for which market observable inputs are used. The degree to which management judgment is involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that trade actively and have quoted market prices or observable market parameters, there is minimal subjectivity involved in measuring fair value. Substantially all of MIGA's financial instruments use either of the foregoing methodologies to determine fair values that are recorded on its financial statements.

Note J: Risk Management

The responsibility for approving MIGA's risk management policies lies with the Board of Directors. The Audit Committee of the Board deals with risk management issues. While the Executive Vice President assumes the responsibility for overall risk management with the support of the senior management team, the responsibility for the design and operational implementation of the risk management framework lies with the Finance and Risk Management Group with coordination from the Legal Affairs and Claims Group, the Operations Group and the Economics and Sustainability Group.

Risk Categories

MIGA is exposed to a variety of risks and uses risk management programs such as an Economic Capital Framework, and reinsurance arrangements to manage its risk. Below is a description of risk management systems of the important risks for MIGA.

■ Insurance Risk

Assessment of non–commercial and political risk forms an integral part of MIGA's underwriting process, and includes the analysis of both country-related and project-related risks. Insurance risk arises from MIGA's core business of issuing investment guarantees. MIGA's earnings depend upon the extent to which claims experience is consistent with assumptions used in setting prices for products and establishing technical provisions and liabilities for claims. If actual claims experience of the Agency is less favorable than underlying assumptions, then income would be reduced. MIGA monitors claim activities and provisions for pending claims. In addition, claims reserves for the guarantee portfolio are calculated, using MIGA's Economic Capital model.

■ Economic Capital and Portfolio Risk Modeling

For portfolio risk management purposes, MIGA currently utilizes an Economic Capital (EC) Model, based on best practices framework used in risk modeling. The Economic Capital concept is a widely recognized risk management tool in the banking and insurance industries, defining the minimum amount of capital an organization needs to hold in order to sustain larger than expected losses with a high degree of confidence, over a defined time horizon and given the risk exposure and defined risk tolerance. MIGA defines its economic capital as the 99.99th percentile of the aggregate loss distribution over a one year horizon, minus the mean of the loss distribution, which is in line with industry practice.

The model helps evaluate concentration risk in the guarantee portfolio and facilitates active, risk-based exposure management by allocating the Economic Capital to particular regions, countries, sectors, covers, or individual contracts, based on their respective risk contribution. In order to prevent excessive risk concentration, MIGA uses the Economic Capital model to set exposure limits per country and per project, and to support decision making in terms of pricing and exposure retention for new projects. MIGA's reinsurance program, including treaty and facultative reinsurance, is linked to the portfolio risk modeling and helps manage the risk profile of the portfolio.

The Economic Capital model is also used in the assessment of MIGA's capital adequacy, and provides the analytical basis for risk-based pricing of its products as well as quantification of the need for prudent technical provisions for claims. In addition, the model-based capital adequacy assessment determines the size and duration targets for MIGA's liquidity holdings. The economic capital, pricing models and underlying parameters are reviewed periodically. EC-based risk measures are combined with nominal exposures and income information in a comprehensive portfolio exposure and risk report prepared for MIGA management on a monthly basis.

■ Credit Risk

Counter-party credit risk in MIGA's portfolio is the risk that reinsurers would fail to pay their share of a claim. MIGA requires that private sector reinsurers, with which it conducts business, be rated by at least two of the four major rating agencies (Standard & Poor's, A.M. Best, Moody's and Fitch), and that the ratings be above a minimum threshold. Also, MIGA has established limits at both the project and portfolio levels, which restrict the amount of reinsurance.

At present MIGA's investment portfolio does not have significant credit risk exposure. MIGA currently invests in fixed income securities with high credit quality. The Investment authorization stipulates that government or agency sponsored debt securities be AA-rated or above, time deposits be A-rated or above, and corporate debt securities be AAA-rated.

■ Interest Rate Risk

Interest rate changes affect the market values of MIGA's invested assets. A need to liquidate assets to pay for claims in an unfavorable interest rate environment may generate trading losses and reduce investment income. Changes in interest rates will also affect prepayment speeds of mortgage and asset backed security holdings, which may affect the duration of the asset portfolio. A 100 basis point parallel shift in the yield curve would impact the net income for the fiscal year ended June 30, 2013, by approximately $13.5 million ($19.9 million – June 30, 2012). This interest rate sensitivity is illustrative only and is based on simplified scenarios. The impact of a parallel shift in interest rates is determined using market value weighted portfolio duration applied to invested asset balance at year end.

■ Foreign Exchange Rate Risk

The majority of MIGA's assets and contingent liabilities are denominated in USD, but some guarantee contracts are issued in other currencies such as EUR. To the extent that a claim is made in a non-USD currency and requires payment in excess of MIGA's holdings of that currency, MIGA may face a foreign exchange related loss in converting to the needed currency to pay for a claim. A 10% change in the USD/Euro year end exchange rate would impact net income for the fiscal year ended June 30, 2013, by approximately $6.8 million ($9.0 million – fiscal year end June 30, 2012) and net guarantee exposure by approximately $222.0 million ($229.7 million – fiscal year end June 30, 2012). The impact on the net income is mitigated by an offsetting effect due to exchange rate movement on investment portfolio and other assets. This foreign exchange rate sensitivity is illustrative only and is based on simplified scenarios.

■ Liquidity Risk

Adequate liquidity resources need to be maintained to sustain the Agency over prolonged periods of cash payouts due to claims. MIGA assesses and monitors the availability of its liquid assets on a periodic basis and analyzes the impact on its finances (capital and liquidity) under stress scenarios where claims situations propagate through contagion across countries and regions. During the fiscal year ended June 30, 2013, there was one claim (fiscal year ended June 30, 2012 - None) filed with the Agency.

■ Operational Risk

Operational Risk is intrinsic to financial institutions and is an important component of the agency-wide risk management framework. The most important types of operational risk involve breakdowns in internal controls, processes, systems and corporate governance.

MIGA mitigates operational risks by maintaining a sound internal control system. Since 2000, MIGA has adopted the 1992 Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s integrated internal control framework, in line with IBRD/IDA and IFC, to regularly evaluate the effectiveness of internal control system. In addition, MIGA has introduced an integrated risk management process to strengthen monitoring of the operational risks and controls in financial reporting, and the effectiveness of key controls in the financial reporting process are assessed through the internal quality assurance review process.

MIGA's internal control is regularly evaluated through independent review by the Internal Audit Department (IAD) of the World Bank Group.

With regard to information technology, all MIGA information systems and applications are hosted on the IBRD technology infrastructure that is configured and adherent to the information security policy and procedures of the World Bank Group. In addition, increased collaboration with the World Bank Group has allowed MIGA to gain access to a larger pool of specialized skill sets to support its information systems. MIGA's client relationship management system (MIGA CRM) is fully integrated with the Agency's core financial system (Guarantee Database). Its content is reviewed and verified against an external Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) database service. MIGA redesigned its core information and financial system for managing and reporting data on activities supporting the guarantee process and implemented a new Guarantee Database on a SAP-based platform in March 2010.

For business continuity, MIGA's corporate web services have now been added to MIGA's information systems already hosted at the World Bank Group's Business Continuity Center. In addition, MIGA departments have further documented their business processes required to support the Agency's effort to re-establish basic operations following a crisis. For data security, more robust reporting functions and security monitoring have been implemented to further enhance MIGA's information security.

■ Legal Risk

Legal Risk arise primarily from changes in the legal parameters of MIGA's member countries as a result of legislation or court decisions that may affect MIGA's activities. There are also legal risks associated with MIGA being involved in legal disputes and arbitration proceedings, especially in the context of claim resolution or settlement.

MIGA manages these risks by monitoring current and prospective future developments by way of ongoing discussions with member countries' representatives on the Board of Directors and Council of Governors. MIGA also shares information and analyses with other members of the World Bank Group, the IMF and the United Nations. In addition, MIGA actively participates as a member of the Berne Union in discussions and analyses of the changes in the operating investment environment in its member countries.

Appendices

APPENDICES

MIGA Member Countries – 179

Industrialized Countries – 25

Australia • Austria • Belgium • Canada • Czech Republic • Denmark • Finland • France • Germany • Greece • Iceland • Ireland • Italy • Japan • Luxembourg • Netherlands • New Zealand • Norway • Portugal • Slovenia • Spain • Sweden • Switzerland • United Kingdom • United States

Developing Countries – 154

ASIA AND THE PACIFIC

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

EUROPE AND CENTRAL ASIA

Albania • Armenia • Azerbaijan • Belarus • Bulgaria • Bosnia and Herzegovina • 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

LATIN AMERICA AND CARIBBEAN

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 • Paraguay • Panama • Peru • St. Kitts and Nevis • St. Lucia • St. Vincent and the Grenadines • Suriname • Trinidad and Tobago • Uruguay • Venezuela (República Bolivariana de)

MIDDLE EAST AND NORTH AFRICA

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)

SUB-SAHARAN AFRICA

Angola • Benin • Botswana • Burkina Faso • Burundi • Cameroon • Cape Verde • Central African Republic • Chad • Comoros • 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 • Niger • Nigeria • Rwanda • São Tomé and Principe • Senegal • Seychelles • Sierra Leone • South Africa • South Sudan • Sudan • Swaziland • Tanzania • Togo • Uganda • Zambia • Zimbabwe

Countries in the Process of Fullfilling Membership Requirements – 2

Bhutan • Myanmar

Governors and Alternates, as of June 30, 2013

Member	*Governor*	*Alternate*
Afghanistan	Omar Zakhilwal	Mohammad M. Mastoor
Albania	Ardian Fullani	Elisabeta Gjoni
Algeria	Karim Djoudi	Abdelhak Bedjaoui
Angola	Job Graca	Valentina Matias de Sousa Filipe
Antigua and Barbuda	Harold E. Lovelle	Whitfield Harris, Jr.
Argentina	Hernan Lorenzino	Mercedes Marco del Pont
Armenia	Vahram Avanesyan	Vardan Aramyan
Australia	Wayne Swan	Bernie Ripoll
Austria	Maria Fekter	Edith Frauwallner
Azerbaijan	Elman Siradjogly Rustamov	Shahin Mustafayev
Bahamas, The	Perry G. Christie	John Rolle
Bahrain	Ahmed Bin Mohammed Al-Khalifa	Yusuf Abdulla Humood
Bangladesh	Abul Maal A. Muhith	Arastoo Khan
Barbados	Christopher P. Sinckler	Grantley W. Smith
Belarus	Petr Prokopovich	Nikolai Snopkov
Belgium	Koen Geens	Franciscus Godts
Belize	Dean O. Barrow	Yvonne Sharman Hyde
Benin	Marcel A. de Souza	Jonas A. Gbian
Bolivia	Elba Viviana Caro Hinojosa	Luis Alberto Arce Catacora
Bosnia and Herzegovina	Vjekoslav Bevanda	Aleksandar Dzombic
Botswana	Ontefetse Kenneth Matambo	Solomon M. Sekwakwa
Brazil	Guido Mantega	Alexandre Antonio Tombini
Bulgaria	Petar Chobanov	Dimitar Kostov
Burkina Faso	Lucien Marie Noel Bembamba	Lassane Kabore
Burundi	Tabu Abdallah Manirakiza	Leon Nimbona
Cambodia	Chhon Keat	Porn Moniroth Aun
Cameroon	Emmanuel Nganou Djoumessi	Dieudonne Evou Mekou
Canada	James Michael Flaherty	Margaret Biggs
Cape Verde	Cristina Duarte	Sandro de Brito
Central African Republic	(vacant)	(vacant)
Chad	Issa Ali Taher	Ngariera Rimadjita
Chile	Felipe Larrain Bascunan	Rosanna Costa Costa
China	Jiwei Lou	Xiaosong Zheng
Colombia	Mauricio Cardenas Santa Maria	Mauricio Santamaria
Comoros	Mze Chei Oubeidi	S. Soifiat Tadjiddine Alfeine
Congo, Democratic Republic of	Patrice Kitebi Kibol Mvul	Jean-Claude Masangu Mulongo
Congo, Republic of	Gilbert Ondongo	Leon Raphael Mokoko
Costa Rica	Edgar Ayales Esna	Rodrigo Bolanos Zamora
Cote d'Ivoire	Daniel Kablan Duncan	Jean Claude Brou
Croatia	Slavko Linic	Boris Lalovac
Cyprus	Harris Georgiades	Christos Patsalides
Czech Republic	Miroslav Kalousek	Tomas Zidek
Denmark	Christian Friis Bach	Ib Petersen
Djibouti	Ilyas Moussa Dawaleh	Amareh Ali Said

Governors and Alternates, as of June 30, 2013 *(cont'd)*

Member	*Governor*	*Alternate*
Dominica	Roosevelt Skerrit	Rosamund Edwards
Dominican Republic	Juan Temistocles Montas	Simon Lizardo
Ecuador	Fausto Eduardo Herrera Nicolalde	Patricio Rivera Yanez
Egypt, Arab Republic of	Amr Darrag	Yehia Hamed
El Salvador	Alexander Ernesto Segovia	Carlos Enrique Caceres
Equatorial Guinea	Conrado Okenve Ndoho	Montserat Afang Ondo
Eritrea	Berhane Abrehe Kidane	Martha Woldegiorghis
Estonia	Jurgen Ligi	Martin Poder
Ethiopia	Sufian Ahmed	Abi Woldemeskel Bayou
Fiji	Josaia Voreqe Bainimarama	Filimone Waqabaca
Finland	Jutta Urpilainen	Pentti Pikkarainen
France	Pierre Moscovici	Ramon Fernandez
Gabon	Luc Oyoubi	Roger Owono Mba
Gambia, The	Abdou Kolley	Mod A.K. Secka
Georgia	Nodar Khaduri	George Kvirikashvili
Germany	Dirk Niebel	Thomas Steffen
Ghana	Seth Terkper	(vacant)
Greece	Kostas Hatzidakis	Panagiotis Mitarachi
Grenada	Keith C. Mitchell	Timothy Antoine
Guatemala	Luis Antonio Velazquez Quiroa	Pavel V. Centeno
Guinea	Kerfalla Yansane	Sekou Traore
Guinea-Bissau	Jose Biai	(vacant)
Guyana	Ashni Kumar Singh	Clyde Roopchand
Haiti	Wilson Laleau	Charles Castel
Honduras	Wilfredo Rafael Cerrato Rodriguez	Maria Elena Mondragon Ordonez
Hungary	Kornel Kisgergely	Laszlo Orlos
Iceland	Gunnar Bragi Sveinsson	Bjarni Benediktsson
India	P. Chidambaram	Arvind Mayaram
Indonesia	Muhamad Chatib Basri	Darmin Nasution
Iran, Islamic Republic of	Seyyed Shams Al-din Hosseini	Behrouz Alishiri
Iraq	Ali Yousif Al-Shukri	(vacant)
Ireland	Michael Noonan	John Moran
Israel	Stanley Fischer	Michal Abadi-Boiangiu
Italy	Ignazio Visco	Carlo Monticelli
Jamaica	Peter Phillips	Devon Rowe
Japan	Taro Aso	Koji Tsuruoka
Jordan	Ibrahim Saif	Saleh Al-Kharabsheh
Kazakhstan	Yerbol Orynbayev	Madina Abylkassymova
Kenya	Henry Kiplagat Rotich	Joseph Kanja Kinyua
Korea, Republic of	Oh-Seok Hyun	Choongsoo Kim
Kosovo	Besim Beqaj	(vacant)
Kuwait	Mustafa Al-Shamali	Bader Mohamed Al-Saad
Kyrgyz Republic	Djoomart Otorbayev	Olga Lavrova

Governors and Alternates, as of June 30, 2013 *(cont'd)*

Member	*Governor*	*Alternate*
Lao People's Democratic Republic	Phouphet Khamphounvong	Sonexay Sitphaxay
Latvia	Andris Vilks	Daniels Pavluts
Lebanon	Nicolas Nahas	Mohammad Safadi
Lesotho	Moeketsi Majoro	Lerotholi Pheko
Liberia	Amara M. Konneh	(vacant)
Libya	Elkalani AbdulKarim Elkalani Alsalim	(vacant)
Lithuania	Rimantas Sadzius	Algimantas Rimkunas
Luxembourg	Luc Frieden	Arsene Joseph Jacoby
Macedonia, former Yugoslav Republic of	Zoran Stavreski	Vladimir Pesevski
Madagascar	(vacant)	(vacant)
Malawi	Ralph Pachalo Jooma	Randson Mwadiwa
Malaysia	Mohd. Najib Abdul Razak	Mohd. Irwan Serigar Abdullah
Maldives	Abdulla Jihad	Ismail Ali Maniku
Mali	Mamadou Namory Traore	Abdel Karim Konate
Malta	Edward Scicluna	Alfred S. Camilleri
Mauritania	Sidi Ould Tah	Mohamed Lemine Ould Ahmed
Mauritius	Charles Gaetan Xavier Luc Duval	Ali Michael Mansoor
Mexico	Luis Videgaray Caso	Fernando Aportela Rodriguez
Micronesia, Federated States of	Kensley K. Ikosia	Rose Nakanaga
Moldova	Veaceslav Negruta	Veaceslav Mamaliga
Mongolia	Chultem Ulaan	Naidansuren Zoljargal
Montenegro	Radoje Zugic	Nikola Vukicevic
Morocco	Nizar Baraka	Mohamed Najib Boulif
Mozambique	Aiuba Cuereneia	Ernesto Gouveia Gove
Namibia	Saara Kuugongelwa-Amadhila	Ipumbu Shiimi
Nepal	Shankar Prasad Koirala	Shanta Raj Subedi
Netherlands	Jeroen Dijsselbloem	Lilianne Ploumen
New Zealand	Bill English	Gabriel Makhlouf
Nicaragua	Ivan Acosta Montalvan	Francisco J. Mayorga
Niger	Amadou Boubacar Cisse	Gilles Baillet
Nigeria	Ngozi Okonjo-Iweala	Danladi Kifasi
Norway	Heikki Holmas	Arvinn Gadgil
Oman	Darwish bin Ismail Al Balushi	(vacant)
Pakistan	Waqar Masood Khan	Mohammad Younus Dagha
Palau	Elbuchel Sadang	Rhinehart Silas
Panama	Frank De Lima	Mahesh Khemlani
Papua New Guinea	Don Polye	Simon Tosali
Paraguay	Manuel Ferreira Brusquetti	Ramon Isidoro Ramirez Caballero
Peru	Luis Miguel Castilla Rubio	Carlos Augusto Oliva Neyra
Philippines	Cesar V. Purisima	Amando M. Tetangco, Jr.
Poland	Michal Baj	Andrzej Ciopinski
Portugal	Vitor Gaspar	Maria Luis Albuquerque
Qatar	Yousef Hussain Kamal	Abdullah Bin Saoud Al-Thani
Romania	Daniel Chitoiu	Cristian Popa
Russian Federation	Anton Siluanov	Andrey Belousov

Member	*Governor*	*Alternate*
Rwanda	Claver Gatete	Kampeta Sayinzoga
Samoa	Faumuina Tiatia Liuga	Lavea Iulai Lavea
Sao Tome and Principe	Helio Silva Almeida	(vacant)
Saudi Arabia	Ibrahim A. Al-Assaf	Fahad A. Almubarak
Senegal	Amadou Kane	Abdoulaye Daouda Diallo
Serbia	Mladjan Dinkic	Rasim Ljajic
Seychelles	Steve Fanny	Sherin Renaud
Sierra Leone	Kaifala Marah	Edmund Koroma
Singapore	Tharman Shanmugaratnam	Peter Ong Boon Kwee
Slovak Republic	Peter Kazimir	Jan Toth
Slovenia	Uros Cufer	Mitja Mavko
Solomon Islands	Rick Nelson Houenipwela	Shadrach Fanega
South Africa	Pravin J. Gordhan	Lungisa Fuzile
South Sudan	Kosti Manibe Ngai	Kornelio Koryom
Spain	Luis De Guindos	Fernando Jimenez Latorre
Sri Lanka	Mahinda Rajapaksa	P. B. Jayasundera
St. Kitts and Nevis	Denzil Douglas	Hillary Hazel
St. Lucia	Kenny D. Anthony	Reginald Darius
St. Vincent and the Grenadines	Ralph E. Gonsalves	Laura Anthony-Browne
Sudan	Ali Mahmoud Mohamed Abdelrasoul	Abd Elrahman Mohamed Dirar
Suriname	Gillmore Hoefdraad	Adelien Wijnerman
Swaziland	Bheki Sibonangaye Bhembe	Sicelo M. Dlamini
Sweden	Anders Borg	Gunilla Carlsson
Switzerland	Beatrice Maser Mallor	Olivier Burki
Syrian Arab Republic	Mohammed Zafer Muhabbek	(vacant)
Tajikistan	Shukhratdzhon M. Rakhmatboev	Djamoliddin K. Nuraliev
Tanzania	William A. Mgimwa	Ramadhan Mussa Khijjah
Thailand	Kittiratt Na-Ranong	Areepong Bhoocha-Oom
Timor-Leste	Emilia Pires	Santina J.R.F. Viegas-Cardoso
Togo	Mawussi Djossou Semodji	Aheba Johnson
Trinidad and Tobago	Larry Howai	Bhoendradatt Tewarie
Tunisia	Lamine Doghri	Abdallah Zekri
Turkey	Ibrahim H. Canakci	Evren Dilekli
Turkmenistan	Dovletgeldi Sadykov	Merdan Annadurdyyev
Uganda	Maria Kiwanuka	Keith Muhakanizi
Ukraine	Serhiy Arbuzov	Ihor Prasolov
United Arab Emirates	(vacant)	Obaid Humaid Al Tayer
United Kingdom	Justine Greening	George Osborne
United States	(vacant)	Robert D. Hormats
Uruguay	Fernando Lorenzo	Pedro Buonomo
Uzbekistan	Galina Saidova	Ravshan Gulyamov
Vanuatu	Maki Stanley Simelum	George Maniuri
Venezuela, Republica Bolivariana de	Jorge Giordani	(vacant)
Vietnam	Binh Van Nguyen	Minh Hung Le
Yemen, Republic of	Mohammed Saeed Al-Sadi	Mutahar Abdulaziz Al-Abbasi
Zambia	Alexander B. Chikwanda	Fredson K. Yamba
Zimbabwe	Tendai Biti	Gideon Gono

Directors and Alternates: Voting Power, as of June 30, 2013

Director	Alternate	Casting votes of	Total votes	% of total
Elected by the votes of the six largest shareholders				
(Vacant)	Sara Margalit Aviel	United States	32,796	15.09
Hideaki Suzuki	Yota Ono	Japan	9,211	4.24
Ingrid G. Hoven	Wilhelm Rissmann	Germany	9,168	4.22
Hervé de Villeroché	Jean-Paul Julia	France	8,797	4.05
Gwen Hines	Stewart James	United Kingdom	8,797	4.05
Shaolin Yang	Bin Han	China	5,762	2.65
Elected by the votes of other shareholders				
Frank Heemskerk (Netherlands)	Stefan Nanu (Romania)	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia (former Yugoslav Republic of), Moldova, Montenegro, Netherlands, Romania, Ukraine	11,669	5.37
Gino Alzetta (Belgium)	Mehmet Sefa Pamuksuz (Turkey)	Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovak Republic, Slovenia, Turkey	10,959	5.04
Marie-Lucie Morin (Canada)	Janet Harris (St. Kitts and Nevis)	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines	10,054	4.63
Merza H. Hasan (Kuwait)	Karim Wissa (Arab Republic of Egypt)	Bahrain, Egypt (Arab Republic of), Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syrian Arab Republic, United Arab Emirates, Yemen (Republic of)	8,484	3.90
Denny H. Kalyalya (Zambia)	Louis Rene Peter Larose (Seychelles)	Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Rwanda, Seychelles, Sierra Leone, South Sudan, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	7,855	3.61
Anna Brandt (Sweden)	Giedre Balcytyte (Lithuania)	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden	7,822	3.60
Piero Cipollone (Italy)	Nuno Mota Pinto (Portugal)	Albania, Greece, Italy, Malta, Portugal, Timor-Leste	7,812	3.59
Juan Jose Bravo (Mexico)	(Vacant)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Venezuela (República Bolivariana de)	7,566	3.48
Roberto Tan (Philippines)	Rogerio Studart (Brazil)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago	7,531	3.46
John Whitehead (New Zealand)	In-Kang Cho (Republic of Korea)	Australia, Cambodia, Korea (Republic of), Micronesia (Federated States of), Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu	7,443	3.42

Directors and Alternates: Voting Power, as of June 30, 2013 *(cont'd)*

Director	Alternate	Casting votes of	Total votes	% of total
Elected by the votes of other shareholders *(cont'd)*				
Mukesh Prasad (India)	Mohammad Tareque (Bangladesh)	Bangladesh, India, Sri Lanka	7,144	3.29
Agapito Mendes Dias (Sao Tome and Principe)	Mohamed Sikieh Kayad (Djibouti)	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Congo (Democratic Republic of), Congo (Republic of), Cote d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Mali, Mauritania, Mauritius, Niger, Senegal, Togo	7,037	3.24
Omar Bougara (Algeria)	Muhammad Azeem-ul-Haq Minhas (Pakistan)	Afganistan, Algeria, Ghana, Iran (Islamic Republic of), Morocco, Pakistan, Tunisia	7,028	3.23
Jorg Frieden (Switzerland)	Wieslaw Szczuka (Poland)	Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan	6,833	3.14
Sundaran Annamalai (Malaysia)	Boonchai Charassangsomboon (Thailand)	Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Nepal, Singapore, Thailand, Vietnam	6,380	2.93
Vadim Grishin (Russian Federtation)	Eugene Miagkov (Russian Federation)	Russian Federation	5,760	2.65
(Vacant) (Saudi Arabia)	Ibrahim Alturki (Saudi Arabia)	Saudi Arabia	5,760	2.65
Cesar Guido Forcieri (Argentina)	Ricardo Raineri (Chile)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	5,677	2.61
Mansur Muhtar (Nigeria)	Ana Lourenco (Angola)	Angola, Nigeria, South Africa	4,032	1.85

In addition to the directors and alternates shown in the foregoing list, the following also served after November 1, 2012:

Director	End of period of service	Alternate director	End of period of service
Mohammed Al-Sheikh (Saudi Arabia)	February 8, 2013	Dyg Sadiah Binti Abg Bohan (Malaysia)	April 30, 2013
Anna Brandt (Sweden)	June 30, 2013	Ayman Alkaffas (Egypt, Arab Republic of)	March 31, 2013
Ambroise Fayolle (France)	March 4, 2013	Javed Talat (Pakistan)	December 17, 2012
Ian Solomon (United States)	May 24, 2013		
Rudolf Treffers (Netherlands)	March 31, 2013		

Note: Guinea-Bissau (282 votes) and Madagascar (408 votes) did not participate in the 2012 Regular Election of Directors. Comoros (282 votes) and Sao Tome and Principe (282 votes) became members after that Election

Signatories to MIGA's Convention, as of June 30, 2013

Afghanistan	Dominican Republic	Lesotho	St. Vincent and the Grenadines
Albania	Ecuador	Liberia	São Tomé and Principe
Algeria	Egypt, Arab Republic of	Libya	Samoa
Angola	El Salvador	Lithuania	Saudi Arabia
Antigua and Barbuda	Equatorial Guinea	Luxembourg	Senegal
Argentina	Eritrea	Macedonia, FYR of	Serbia
Armenia	Estonia	Madagascar	Seychelles
Australia	Ethiopia	Malawi	Sierra Leone
Austria	Fiji	Malaysia	Singapore
Azerbaijan	Finland	Maldives	Slovak Republic
Bahamas, The	France	Mali	Slovenia
Bahrain	Gabon	Malta	Solomon Islands
Bangladesh	Gambia, The	Mauritania	South Africa
Barbados	Georgia	Mauritius	South Sudan
Belarus	Germany	Mexico	Spain
Belgium	Ghana	Micronesia, Fed. States of	Sri Lanka
Belize	Greece	Moldova	Sudan
Benin	Grenada	Mongolia	Suriname
Bolivia	Guatemala	Montenegro	Swaziland
Bosnia and Herzegovina	Guinea	Morocco	Sweden
Botswana	Guinea-Bissau	Mozambique	Switzerland
Brazil	Guyana	Namibia	Syrian Arab Republic
Bulgaria	Haiti	Nepal	Tajikistan
Burkina Faso	Honduras	Netherlands, The	Tanzania
Burundi	Hungary	New Zealand	Thailand
Cambodia	Iceland	Nicaragua	Timor-Leste
Cameroon	India	Niger	Togo
Canada	Indonesia	Nigeria	Trinidad and Tobago
Cape Verde	Iraq	Norway	Tunisia
Central African Republic	Iran, Islamic Republic of	Oman	Turkey
Chad	Ireland	Pakistan	Turkmenistan
Chile	Israel	Palau	Uganda
China	Italy	Panama	Ukraine
Colombia	Jamaica	Papua New Guinea	United Arab Emirates
Comoros	Japan	Paraguay	United Kingdom
Congo, Democratic Republic of	Jordan	Peru	United States
Congo, Republic of	Kazakhstan	Philippines	Uruguay
Costa Rica	Kenya	Poland	Uzbekistan
Côte d'Ivoire	Korea, Republic of	Portugal	Vanuatu
Croatia	Kosovo	Qatar	Venezuela, R. B. de
Cyprus	Kuwait	Romania	Vietnam
Czech Republic	Kyrgyz Republic	Russian Federation	Yemen, Republic of
Denmark	Lao People's Dem Rep.	Rwanda	Zambia
Djibouti	Latvia	St. Kitts and Nevis	Zimbabwe
Dominica	Lebanon	St. Lucia	

Subscriptions to the General Capital Increase, as of June 30, 2013

CATEGORY 1	Shares Subscribed	Amount $
Australia	1,306	14,130,920
Austria	591	6,394,620
Belgium	1,547	16,738,540
Canada	2,260	24,453,200
Czech Republic	339	3,667,980
Denmark	547	5,918,540
Finland	457	4,944,740
France	3,705	40,088,100
Germany	3,865	41,819,300
Greece	213	2,304,660
Ireland	281	3,040,420
Italy	2,150	23,263,000
Japan	3,884	42,024,880
Luxembourg	88	952,160
Netherlands	1,653	17,885,460
Norway	533	5,767,060
Portugal	291	3,148,620
Slovenia	78	843,960
Spain	980	10,603,600
Sweden	800	8,656,000
Switzerland	1,143	12,367,260
United Kingdom	3,705	40,088,100
United States	12,045	130,326,900
Subtotal	**42,461**	**459,428,020**

CATEGORY 2	Shares Subscribed	Amount $
Albania	44	476,080
Algeria	495	5,355,900
Argentina	956	10,343,920
Bahamas, The	76	822,320
Bahrain	59	638,380
Bangladesh	259	2,802,380
Barbados	52	562,640
Belize	38	411,160
Benin	47	508,540
Bolivia	95	1,027,900
Botswana	38	411,160
Brazil	1,127	12,194,140
Bulgaria	278	3,007,960
Cambodia	71	768,220
Chile	370	4,003,400
China	2,392	25,881,440
Colombia	333	3,603,060
Congo, Dem. Rep. of	258	2,791,560
Congo, Republic of	50	541,000
Costa Rica	89	962,980
Côte d'Ivoire	134	1,449,880
Croatia	143	1,547,260
Cyprus	79	854,780
Ecuador	139	1,503,980
Egypt, Arab Rep. of	350	3,787,000
Estonia	50	541,000
Ethiopia	53	573,460
Gabon	73	789,860
Ghana	187	2,023,340
Honduras	77	833,140
Hungary	430	4,652,600
India	2,323	25,134,860
Indonesia	800	8,656,000
Israel	361	3,906,020
Jamaica	138	1,493,160
Jordan	74	800,680
Kazakhstan	159	1,720,380
Kenya	131	1,417,420
Korea, Republic of	342	3,700,440
Kuwait	709	7,671,380
Latvia	74	800,680
Lebanon	108	1,168,560
Lesotho	38	411,160
Lithuania	81	876,420
Macedonia, FYR of	38	411,160
Madagascar	76	822,320
Malaysia	441	4,771,620
Mali	62	670,840
Malta	57	616,740
Mauritania	48	519,360
Mauritius	66	714,120
Morocco	265	2,867,300

Subscriptions to the General Capital Increase, as of June 30, 2013 *(cont'd)*

CATEGORY 2 *(cont'd)*	Shares Subscribed	Amount $
Mozambique	74	800,680
Nepal	53	573,460
Nicaragua	78	843,960
Nigeria	643	6,957,260
Oman	72	779,040
Pakistan	503	5,442,460
Panama	100	1,082,000
Paraguay	61	660,020
Peru	284	3,072,880
Philippines	369	3,992,580
Qatar	104	1,125,280
Romania	423	4,576,860
Russian Fed.	2,391	25,870,620
Rwanda	57	616,740
St. Lucia	38	411,160
St. Vincent and the Grenadines	38	411,160
Saudi Arabia	2,391	25,870,620
Senegal	111	1,201,020
Serbia	176	1,904,320
Sierra Leone	57	616,740
Singapore	118	1,276,760
Slovak Republic	169	1,828,580
South Africa	719	7,779,580
Sri Lanka	207	2,239,740
Syrian Arab Rep.	128	1,384,960
Tajikistan	56	605,920
Tanzania	107	1,157,740
Thailand	321	3,473,220
Trinidad and Tobago	155	1,677,100
Tunisia	119	1,287,580
Turkey	352	3,808,640
Uganda	101	1,092,820
Ukraine	582	6,297,240
United Arab Emirates	284	3,072,880
Vietnam	168	1,817,760
Subtotal	**26,842**	**290,430,440**
Grand Total	**69,303**	**749,858,460**

SUMMARY	Shares Subscribed	Amount $
% of Total GCI	88.22%	
Completed-Cat. 1	30,416	329,101,120
Completed-Cat. 2	26,842	290,430,440
Completed	57,258	619,531,560
Partial-Cat. 1	12,045	130,326,900
Partial-Cat. 2	–	–
Partial	12,045	130,326,900
Total Cat. 1	**42,461**	**459,428,020**
Total Cat. 2	**26,842**	**290,430,440**
TOTAL	**69,303**	**749,858,460**

Facultative Reinsurance Obtained by MIGA

Investment Insurer	Country
ACE European Group Ltd	United Kingdom
ACE Global Markets, Lloyd's Syndicate 2488	United Kingdom
A.F. Beazley, Esq., and Others, Lloyd's Syndicates 2623 and 623	United Kingdom
African Trade Insurance Agency	Kenya
Ark Syndicate Management Limited, Lloyd's Syndicate 4020	United Kingdom
AXIS Specialty Ltd.	Bermuda
AXIS Specialty Europe Plc	Ireland
Catlin Insurance Company Limited	Bermuda
Coface North America	United States
FCIA Management Company	United States
Finnvera Plc	Finland
Garanti-Institutte for Eksportkreditt (GIEK)	Norway
Hannover Rückversicherung AG	Germany
Hiscox Syndicates Limited, Lloyd's Syndicate 33	United Kingdom
Indian Harbor Insurance Company	United States
Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	Saudi Arabia
M.D. Reith and Others, Lloyd's Syndicate 1414	United Kingdom
Münchener Rückversicherungs-Gesellschaft	Germany
National Union Fire Insurance Co. of Pittsburgh (AIG)	United States
Nippon Export Investment Insurance (NEXI)	Japan
Office Nationale du Ducroire (ONDD)	Belgium
QBE Insurance Corporation	United States
S.J. Catlin, Esq., and Others, Lloyd's Syndicates 1003 and 2003	United Kingdom
Sovereign Risk Insurance Ltd.	Bermuda
Starr Underwriting Agents on behalf of Lloyd's Syndicate 1919	United Kingdom
Steadfast Insurance Company (Zurich)	United States
Swiss Reinsurance Company	Switzerland
Servizi Assicurativi del Commercio Estero (SACE)	Italy
Talbot Underwriting Limited, Lloyd's Syndicate 1183	United Kingdom

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Investment Insurer	Country
Office Nationale du Ducroire (ONDD)	Belgium
Overseas Private Investment Corporation (OPIC)	United States
Slovenska izvozna in razvozna banka (SID)	Slovenia

Active Guarantee Clients as of June 30, 2013

Abengoa
Absa Capital
ADC Financial Services & Corporate Development
AES Bulgaria Holdings BV
Africa Finance Corporation
Africa Renewables Limited
Africa Juice BV
Albemarle Corporation
Mr. Giovanni Aletti
Aqualyng Holding AS
Autopistas del Nordeste (Cayman) Limited
Azalaï Hotels S.A.
S.S.A. Bakhresa, M.S. Bakhresa and A.S.S. Bakhresa
Banco Universal S.A.
Barloworld Equipment UK Limited
Bartrac Equipment GBL
Bergenshalvoens Kommunale kraftselskap AS
Banque Nationale de Paris
Antoine & Gabriel Boulos
Bouygues Travaux Publics
Bureau Veritas Inspection, Valuation, Assessment & Control
Caja Madrid
Calyon Corporate & Investment Bank
Can Pack S. A.
Cementhai Chemicals Co., Ltd.
CfC Stanbic Bank Limited
Chayton Atlas Investments
Chayton Africa
Campestres Holdings Limited
Citbibank N.A.
CCB Management Services G,bH
ContourGlobal Africa Holdings S.a.r.l.
Cotecna Inspection S.A.
Darco Environmental Pte.Ltd
Daye Water Investment (Ghana), B.V
Deutsche Bank Luxembourg S.A.
Dubai Islamic Bank
Dole Food Company, Inc
DP World FZCO
East West Gold Corporation
EcoPlanet Bamboo Group LLC
EDF International
Energy Engineering Investment Ltd
Erste Group Bank AG
Eskom
Eurobank Ergasias
EVN AG
Finrep Ges M.B.H
FMO
Fons Mediterrània Capital F.C.R. De Régimen Simplificado
Fraport AG
Geogas Trading S.A.
GE.POR.TUR. s.a.s.
Globeleq Holdings (Azito) Ltd.
Globeleq Mesoamérica Energy (Wind) Limited (“GME”)
Golden State Waste Management (Beijing) Corp
Grodco Panama
Groupe Europe Handling S.A.S.
Habib Bank AG Zurich
Hitachi Construction Machinery Africa Pty. Ltd
Hitachi Construction Machinery Southern
HSBC Bank Plc International
Icam SPA
Industrial Development Corp. of South Africa
Infilco Degremeont, Inc.
ING Bank, a Branch of ING-DiBa AG
Organization de Ingenieria Internacional S.A.
InterMims Investment Limited
Investcom Global Ltd.
Itochu Corporation
Jean-Francois Guillon
JPMorgan Chase Bank, N.A.
Karo Dis Ticaret ve Sanayi Ltd. Sti.
Kenmare Resources PLC
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Odinsa Holding Inc.
Orange Participations SA
OPIC
Orascom Telecom
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Ormat Holding Corp.
Pan-African Infrastructure Development Fund
POL-AM-Pack S.A.
Portigon AG
ProCredit Holding AG
Raghbir Sineh Chatthe
Ralph Odell Burleson (Individual)
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Raiffeisen a.s., Prague/Czech Republic
Sasol Gas Holdings (Pty) Ltd.
State Bank Of India
SCDM Energie
Bank of Nova Scotia
Sena Development Limited
SGI Ethiopia Cement Limited
SGS Societe Generale de Surveillance SA
SID - Slovenska Izvozna in Razvojna
Sierra Investment Fund Ltd.
Silverlands Ireland Holdings (Z2) Limited
Societe Malienne de Promotion Hoteliere S.A.
SGS SA
Sojitz Corporation
Sonatel
Standard Bank Plc
Standard Chartered Bank
Stora Enso South Asia Holdings AB
Strand Minerals (Indonesia) Pte. Ltd
Suez Environment S.A.
Tapon France S.A.S
Teleinvest Limited
Tamboho International Ltd
Touton S.A.
Traitex International SA
Troy AB (or other subsidiary of Celebi Group)
Tulbagh Holdings LLC
Office National de Telcomms."TUNISIE TELECOM"
Umeme Holdings limited
UniCredit Bank AG
Unifruit Limited
UPM-Kymmene Corporation
FG Volga Farming Ltd
West African Gas Pipeline Company Ltd.
Whirlpool Europe Coordination Center S.A.
Kreditanstalt fur Wiederaufbau
World Power Holdings Luxemborg S. a. r. l.
WTE Wassertechnik GmbH
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