2009 ANNUAL REPORT





MIGA'S MISSION

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

GUARANTEES

Through its investment guarantees, MIGA offers protection for new cross-border investments, as well as expansions and privatizations of existing projects, against the following types of non-commercial risks:*

- Currency inconvertibility and transfer restriction
- Expropriation
- War and civil disturbance
- Breach of contract
- Non-honoring of sovereign financial obligations

As part of its guarantees program, MIGA provides dispute resolution services for guaranteed investments to prevent disruptions to developmentally beneficial projects.

TECHNICAL ASSISTANCE

MIGA helps countries define and implement strategies to promote investment through technical assistance services managed by the World Bank Group's Foreign Investment Advisory Services (FIAS).

ONLINE KNOWLEDGE SERVICES

MIGA helps investors identify investment opportunities and manage risks through online investment information services—FDI.net and PRI-Center—offering information on investment opportunities, business operating conditions, and political risk insurance.

This report uses the terms "guarantees" and "insurance" interchangeably. The terms "non-commercial risk" and "political risk" are also used interchangeably throughout the report.

CONTENTS

MIGA's Mission

SUMMARY OF WORLD BANK GROUP ACTIVITIES	2
FISCAL YEAR 2009 HIGHLIGHTS	4
LETTER FROM THE PRESIDENT TO THE COUNCIL OF GOVERNORS	s ₇
BOARD ACTIVITIES HIGHLIGHTS	9
Message from the Executive Vice President	1C
DEVELOPMENT IMPACT MIGA Responds to Global Economic Crisis	12
Operational Overview Guarantees	21
Online Investment Information and Knowledge Services Technical Assistance	33
REGIONAL ACTIVITIES Asia and the Pacific	20
Europe and Central Asia	
Latin America and the Caribbean	
Middle East and North Africa	
Sub-Saharan Africa	
Independent Evaluation Group	58
COMPLIANCE ADVISOR/OMBUDSMAN	60
Management's Discussion and Analysis (FY09) and Financial Statements	62
Appendices	104
Abbreviations	110

SUMMARY OF WORLD BANK GROUP **ACTIVITIES**

The World Bank Group, one of the world's largest development institutions, 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 REDUCING POVERTY AND IMPROVING LIVES. THE BANK GROUP SHARES KNOWLEDGE AND SUPPORTS PROJECTS IN TRADE, FINANCE, HEALTH, POVERTY, EDUCATION, INFRASTRUCTURE, GOVERNANCE, CLIMATE CHANGE, AND IN OTHER AREAS TO BENEFIT PEOPLE IN DEVELOPING COUNTRIES.

> The World Bank Group committed \$58.8 billion in fiscal year 2009 to help countries struggling amid the global economic crisis, a 54 percent increase over the previous fiscal year and a record high for the global development institution.

The World Bank, comprising IDA and IBRD, committed \$46.9 billion in loans and grants to its member countries. IDA commitments to the world's poorest countries were \$14.0 billion, \$2.8 billion higher than the previous year. IBRD commitments in fiscal 2009 totaled \$32.9 billion, an increase of \$19.4 billion from the previous year.

IFC committed \$10.5 billion and mobilized an additional \$4.5 billion for private sector development in developing countries. \$4.4 billion of the total went to IDA countries.

MIGA issued \$1.4 billion in guarantees in support of investments in the developing world. Of the total, \$1.2 billion was in the financial sector in light of the need to support continued lending by banks.

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. Highlights of fiscal year 2009 World Bank, IFC, and MIGA collaboration include:

- A financial sector recapitalization program for Eastern and Central Europe under which the largest multilateral investors and lenders in the region—the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) Group, and the World Bank Group—pledged to provide up to €24.5 billion (\$31 billion) to support the banking sector and to fund lending to businesses hit by the global economic crisis
- A joint initiative for Africa under which the World Bank Group,

the African Development Bank (AfDB), EIB, and the Agence Française de Développement (AFD) pledged to support the private sector in the region and to fund lending to the real economy

- An initiative to spur economic growth in Latin American and Caribbean countries under which IBRD, IFC, and MIGA are coordinating a crisis response in partnership with the Inter-American Development Bank and the Inter-American Investment Corporation (IDB/IIC), Corporación Andina de Fomento (CAF), the Caribbean Development Bank (CBD), and the Central American Bank for Economic Integration (CABEI)
- Representatives of the World Bank Group's board and senior management from IBRD, IFC, and MIGA visited Iraq in April to discuss the country's investment potential and underscore the Bank Group's commitment to assisting in its sustainable economic recovery
- Country partnership strategies and interim strategy notes across all regions that support growth and development

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 technical assistance to stimulate private sector investment in developing countries



Multilateral Investment Guarantee Agency (MIGA), which provides political risk insurance or guarantees against losses caused by noncommercial 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.

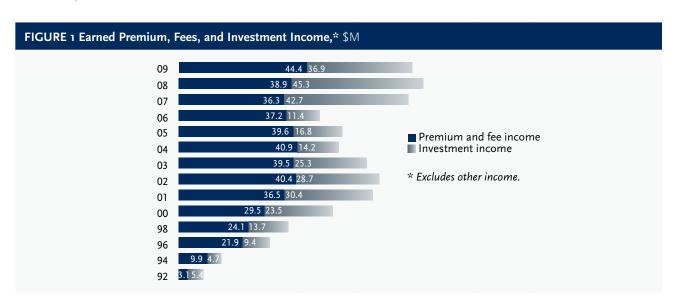
FISCAL YEAR 2009 HIGHLIGHTS

In fiscal year 2009, the total amount of guarantees issued for projects in MIGA's developing MEMBER COUNTRIES REACHED \$1.4 BILLION, REPRESENTING A DECLINE FROM 2008 WHEN THE AGENCY ISSUED A RECORD AMOUNT OF NEW GROSS EXPOSURE. THE DECLINE IN NEW BUSINESS RESULTED FROM THE REDUCED INVESTMENT FLOWS STEMMING FROM THE GLOBAL ECONOMIC CRISIS. AT THE SAME TIME, THE PARTICULARLY LOW CANCELLATION OF EXISTING BUSINESS UNDERSCORED THE IMPORTANCE CLIENTS PLACED ON MIGA'S coverage, especially in these difficult times. As a result of low run-off, MIGA's outstanding PORTFOLIO GREW BY A SIGNIFICANT \$800 MILLION LAST YEAR TO \$7.3 BILLION.

TABLE 1 Guarantees Issued	2005	2006	2007	2008	2009	FY90-09
Number of Guarantee Contracts Issued	62	66	45	38	30	952
Number of Projects Supported	41	41	29	24	26	600
New Projects ¹	33	34	26	23	20	-
Projects Previously Supported ²	8	7	3	1	6	-
Amount of New Issuance, Gross (\$B)	1.2	1.3	1.4	2.1	1.4	20.2
Amount of New Issuance, Total (\$B) ³	1.2	1.3	1.4	2.1	1.4	20.9
Gross Exposure (\$B) ⁴	5.1	5.4	5.3	6.5	7.3	-
Net Exposure (less reinsurance) (\$B) ⁴	3.1	3.3	3.2	3.6	4.0	-

Projects receiving MIGA support for the first time in FY09 (including expansions).

This year, MIGA's operating income was \$50.6 million, compared with \$55.0 million in fiscal year 2008. The decrease of \$4.4 million was primarily due to a decrease in investment income. Fiscal year 2009 net income decreased by \$34.5 million compared to fiscal year 2008, primarily due to currency translation losses. (See Management's Discussion and Analysis for details)



Projects supported by MIGA in FY09 as well as in previous years.

Includes amounts leveraged through the Cooperative Underwriting Program (CUP).

Gross exposure is the maximum aggregate liability. Net exposure is the gross exposure less reinsurance.

FISCAL YEAR 2009 HIGHLIGHTS (cont'd)

Membership

The agency's total membership stands at 174. In fiscal year 2009, MIGA welcomed two new members into the agency— Iraq and Kosovo. Mexico has completed most of the necessary steps towards membership and is expected to become a full member of the agency in early fiscal year 2010.

Operational Highlights

MIGA provided coverage for projects in the following areas in FYo9:

	Number of projects supported	Share of projects supported (%)	Amount of guarantees issued (\$M)
Priority area ⁷			
Conflict-affected countries	3	12	10.0
Infrastructure	3	12	108.3
"South-South" investments ²	13	50	55.1
IDA-eligible countries ³	12	46	105.5
Region			
Asia and the Pacific	3	12	77.1
Europe and Central Asia	11	42	1,215.9
Latin America and the Caribbean	2	8	33.9
Middle East and North Africa	0	0	0
Sub-Saharan Africa	10	38	50.1
Sector			
Agribusiness, manufacturing, and services	8	31	38.3
Financial	15	58	1,230.5
Infrastructure	3	12	108.3
Oil, gas, and mining	0	0	0
Total	26	100	1,377.0

- Some projects address more than one priority area.
- Investments made from one MIGA developing member (Category Two) country to another.
- The world's poorest countries.

FISCAL YEAR 2009 HIGHLIGHTS (cont'd)

Other highlights include:

Added new coverage: non-honoring of sovereign financial obligations

Enhanced breach of contract and war and civil disturbance coverages

Supported ten projects through MIGA's Small Investment Program

Monitored situations related to potential disputes or claims in 15 countries, and worked to facilitate amicable resolutions. Paid two claims under war and civil disturbance coverage

Signed master contract of guarantee for a \$100 million initiative to support investment in small and medium-size enterprises in sub-Saharan Africa

Partnerships

Entered into facultative reinsurance agreements and leveraged additional capacity for MIGA projects, with ten private sector insurance partners, and one public sector insurer

Partnered with the World Bank, IFC, EBRD, and the EIB to launch a €24.5 billion (\$31 billion) facility in support of the banking sector in Eastern and Central Europe

Signed treaty agreement for reinsurance with Hannover Re

Partnered with the EIB, the Government of Japan, and the Palestinian Authority to launch the enhanced West Bank and Gaza Investment Guarantee Trust Fund

LETTER FROM THE PRESIDENT TO THE COUNCIL OF GOVERNORS

THIS HAS BEEN A YEAR OF TESTING FOR THE WORLD BANK GROUP AND OUR ABILITY TO RESPOND TO THE NEEDS OF OUR CLIENTS. FINANCIAL CRISIS HAS SPIRALED INTO AN ECONOMIC AND UNEMPLOYMENT CRISIS, WHICH COULD BECOME A SOCIAL AND HUMAN CRISIS WITH POLITICAL IMPLICATIONS. IN THIS FAST-MOVING AND UNCERTAIN ENVIRONMENT, MIGA'S 2009 ANNUAL REPORT REFLECTS HOW THE AGENCY IS LEANING FORWARD TO SERVE OUR CLIENTS WITH FLEXIBILITY AND INNOVATION.

> For MIGA, the challenge this year has been promoting foreign direct investment (FDI) into developing countries at a time when investment flows are slumping. While many investors shied away from projects because of the difficult investment climate, those who have been doing business recognized the need for the kind of political risk guarantees MIGA provides.

This year, MIGA provided \$1.4 billion in guarantees for a range of projects—down from the agency's banner year of \$2.1 billion in guarantees in 2008. But MIGA also experienced far fewer cancellations of existing coverage this year than in previous years.

In responding to the crisis, MIGA has been a partner in many of the World Bank Group's efforts to mobilize resources—including financing, hedging products and guarantees, knowledge services, and partnerships to provide rapid assistance to countries most in need. At the same time. MIGA has continued to focus on its core business: supporting projects that create jobs, provide water, electricity, and other basic infrastructure,



rebuild collapsed financial systems, generate tax revenues, and transfer skills and technological know-how.

Most significantly, MIGA launched an initiative this year to support financial flows from banks to their subsidiaries in countries hardest hit by the financial crisis. While global in nature, the initiative has been particularly helpful to economies in Central and Eastern Europe, allowing banks to carry on doing business that supports a range of activities.

MIGA is also supporting projects to help the most vulnerable. This year, the agency entered into an innovative contract to facilitate up to \$100 million of investments to small and medium-size enterprises in sub-Saharan Africa—businesses which account for most of the continent's jobs. MIGA joined the IBRD and IFC in partnership with other multilateral agencies and regional institutions to help spur economic growth in Eastern and Central Europe, Central Asia, Africa, and Latin America and the

Caribbean, and to help position these regions for recovery.

MIGA has also focused on internal changes. At a time of financial crisis, promoting FDI depends on moving quickly to meet the emerging needs of clients. I want to commend MIGA's Board of Directors for recognizing these needs, and approving changes this year to the agency's day-today business operations. This will enhance MIGA's operational flexibility and procedural efficiency, and should lead to more business while strengthening MIGA's position as a self-standing enterprise.

It will take all our efforts, as one World Bank Group—working with governments, the private sector, and our multilateral partners—to deliver on our commitments to meet both

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immediate needs, and, in the medium and longer terms, build foundations for recovery and growth while helping to overcome poverty and improve lives.

So I want to thank the dedicated and highly accomplished staff at MIGA for their hard work and commitment to their clients in these challenging times. I also want to express my appreciation to Izumi Kobayashi, MIGA's Executive Vice President, who came to the position last November, and is already guiding an excellent team with judgment and experience.

And I look forward to the support of MIGA's shareholders and partners as we continue to work toward creating an inclusive and sustainable globalization.

Ribert B. Jollick

Robert B. Zoellick June 30, 2009

BOARD ACTIVITIES HIGHLIGHTS

During fiscal year 2009, MIGA's Board of Directors reviewed and concurred with investment guarantees for 28 projects. The Board oversaw and reviewed MIGA's budgeting and planning process for the upcoming fiscal year and approved changes to the agency's Operational Regulations. The changes to the Operational Regulations are the most extensive in MIGA's history and are discussed in detail later in this report.

The Board discussed two reports prepared by the Independent Evaluation Group (IEG). IEG's MIGA 2009 annual report reviewed the implementation of MIGA's strategy in IDA countries and engagement in conflict-affected countries. The report also evaluated MIGA's technical assistance activities being delivered

through the Foreign Investment Advisory Services. The Board also discussed a joint IEG study, World Bank Guarantee Instruments 1990-2007.

MIGA submitted quarterly financial reports and collaborated in drafting World Bank Group country assistance and partnership strategies that were considered by the Board.

A Council of Governors and a Board of Directors, representing 174 member countries, guides MIGA's activities. 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 24 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:

- Committee on Development Effectiveness
- Audit Committee
- **Budget Committee**
- Personnel Committee
- Ethics Committee
- Committee on Governance and Administrative Matters

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, 2009

From left to right: (seated) Carolina Rentería, Jim Hagan, Jiayi Zou, Alexey Kvasov, Susanna Moorehead, Michael Hofmann, Giovanni Majnoni; (standing) Toga McIntosh, Sun Vithespongse, Abdulhamid Alkhalifa, Dante Contreras, Rudolf Treffers, Eli Whitney Debevoise, Svein Aass, Louis Philippe Ong Seng, Pulok Chatterji, Samy Watson, Merza Hasan, Toru Shikibu, Michel Mordasini, Sid Ahmed Dib, Gino Alzetta, Ambroise Fayolle, José Alejandro Rojas Ramírez (not pictured) Abdulrahman Almofadhi

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT



THIS PAST FISCAL YEAR WAS CHALLENGING FOR MIGA DUE TO UNCERTAINTY RESULTING FROM THE GLOBAL ECONOMIC CRISIS AND REDUCED INVESTMENT FLOWS. INDEED IT WAS DIFFICULT FOR MANY INSTITUTIONS THAT RELY ON PRIVATE INVESTMENT, AND FOR DEVEL-OPMENT, AS ACCORDING TO RECENT WORLD BANK PRO-JECTIONS, FOREIGN DIRECT INVESTMENT (FDI) FLOWS TO DEVELOPING COUNTRIES ARE EXPECTED TO DECLINE BY 30 PERCENT IN 2009 TO APPROXIMATELY \$385 BILLION.

Given the difficult external environment, MIGA's volume of new business declined year on year, from \$2.1 billion in guarantees in fiscal year 2008 to \$1.4 billion in support of 26 projects in developing countries. This included ten projects in sub-Saharan Africa, which continued to be a priority for MIGA. However, our portfolio grew by \$800 million this year to \$7.3 billion, in part due to a lower level of portfolio run-off. We have observed that existing guarantee holders have been more inclined to maintain coverage as the emphasis on actively managing all types of risk has increased in the current environment.

Despite the challenging circumstances, we have worked hard to position MIGA for the future and the economic recovery that we all hope will begin in 2010. This past fiscal year we fine-tuned our organizational structure, expanded our product offerings, and improved our service to meet client needs. We continued to focus on achieving strong development impact, particularly in those regions most severely affected by the economic slowdown. In this regard, we participated in World Bank Group regional initiatives aimed at

strengthening the financial sector and small and medium-size enterprises (SMEs).

More specifically, the agency provided guarantees for ten loans to banks in Europe and Central Asia to assist in their recapitalization. This support was significant in securing much needed capital in the face of the ongoing crisis. We also provided political risk insurance to support ten SME projects to help facilitate foreign investment at a time of scarce capital, the largest number yet through the Small Investment Program designed to reach out to an important and underserved investor class. We also entered into an innovative umbrella contract for such projects in sub-Saharan Africa that we believe will demonstrate strong impact on the ground, and we hope to be able to replicate this approach in other regions. In sub-Saharan Africa we paid two small claims relating to losses under MIGA's war and civil disturbance coverage.

In fiscal 2007, we noted that our ability to adapt our products to meet the demands of a changing political risk insurance marketplace faced limitations. I am pleased to say that this

fiscal year we achieved an important milestone for the agency: our Board of Directors approved the adoption of amendments to MIGA's Operational Regulations. These changes, which represent the most significant upgrading of MIGA's toolkit in 21 years, enable MIGA to offer more flexibility and will help us better respond to market needs. In addition, we are moving quickly to resolve other constraints resulting from our founding Convention, and hope to make progress in this regard during the next fiscal year.

As the economic crisis unfolded, we increased our close cooperation with other parts of the World Bank Group, and private and public partners, to

leverage resources and maximize economic growth and development. Going forward, we want to do even more, reaching out to our Bank Group colleagues in country offices, and to project sponsors and the investment community around the world. As part of this effort, we plan to launch a new flagship report in fiscal 2010 that will be a compilation of industry thought and perspective on political risk that we hope will appeal to a broad sector and encourage interest and debate.

In closing, I would like to take this opportunity to state what an honor it has been to have been asked to serve as MIGA's Executive Vice President. I also want to thank our staff for their professionalism and dedication, and

offer my appreciation for their support as I entered the agency and the World Bank Group. I look forward to the year ahead confident that we have the people, the resources, and the commitment to succeed in our mission to improve people's lives.

Buni Robapah

Izumi Kobayashi June 30, 2009

MIGA OFFICERS AND MANAGERS









AMES P. BOND Chief Operating Officer

EDITH P. QUINTRELL Director, Operations







PETER D. CLEARY Director and General Counsel, Legal Affairs and Claims

Chief Economist and Director, Economics and Policy

Chief Financial Officer and Director, Finance and Risk Management







CHRISTINE I. WALLICH Director, IEG - MIGA

MARCUS S. D. WILLIAMS Adviser, Strategy and Operations

Kristalina Georgieva Vice President and Corporate Secretary

DEVELOPMENT IMPACT:

MIGA RESPONDS TO GLOBAL ECONOMIC CRISIS



"The one certitude we can draw from events over the past year IS OUR INABILITY TO PREDICT WHAT IS TO COME, AND HOW IT MAY TRIGGER OTHER UNEXPECTED EVENTS. TO ADDRESS THE CHALLENGES AHEAD REQUIRES A SPIRIT OF INNOVATION BACKED BY ACTION. WE NEED TO BE FAST AND FLEXIBLE. WE NEED TO BE DEVISING SOLUTIONS TO PROBLEMS THAT DRAW TOGETHER THE RESOURCES AND SKILLS OF MULTIPLE PARTNERS—GOVERNMENTS, INTERNATIONAL INSTITUTIONS, CIVIL SOCIETY, AND THE PRIVATE SECTOR."

> WORLD BANK GROUP PRESIDENT ROBERT B. ZOELLICK

CHALLENGING TIMES

THIS HAS BEEN AN EXTREMELY DIFFICULT YEAR CHARACTERIZED BY CHALLENGES AND UNCERTAINTY THROUGHOUT THE WORLD. LOOKING BACK, IT WAS LESS THAN A YEAR AGO THAT THE FINANCIAL CRISIS EMERGED AND QUICKLY TRANSCENDED NATIONAL BORDERS TO INCLUDE MOST, IF NOT ALL, OF THE DEVELOPED WORLD. THE OPTI-MISTIC PREDICTIONS THAT EMERGING AND DEVELOPING COUNTRIES MIGHT ESCAPE THE TSUNAMI PROVED FALSE AND THE SITUATION SOON TURNED INTO A GLOBAL ECONOMIC CRISIS.

> Even before the emergence of a fullblown financial crisis in September 2008, we saw significant signs of weakening global growth. The world economy has been severely damaged and we are seeing the hard-won gains in growth of the past years being unwound. Again, it has been the world's poorest people who have been hardest hit by the crisis, many of whom were already battered by the food and fuel crises earlier in the year.

PROSPECTS FOR THE GLOBAL Есоному

What began as a financial crisis in the United States became one of the sharpest global economic contractions in modern history reaching out and affecting everyone. The World Bank's economists updated their 2009 Global Economic Prospects predictions at the end of March due to the fast-changing circumstances. Their prediction of a highly uncertain possibility for slight recovery in 2010 did not augur well for prospects of sustainable development.

Their updated data showed global GDP will contract by 1.7 percent in 2009, which would be the first decline in world output on record, with OECD

economies likely to contract 3 percent and other high-income countries 2 percent. They predicted that GDP among developing economies will ease from 5.8 percent in 2008 to 2.2 percent in 2009.

Virtually no developing country, be it an emerging market country in Eastern Europe or one of the poorest or emerging countries in Africa, has escaped the impact of the crisis. The World Bank estimates the recent food and fuel crisis already pushed more than 100 million people back into poverty and that the current crisis puts an additional 55 to 90 million people at risk this year due to the global recession.

IMPACT ON FDI

The impact on foreign direct investment (FDI) has been significant, and has far-reaching consequences not just for MIGA, but more importantly for the member countries we serve. Over the past several decades, FDI—the largest component of international capital flows to the developing world—has increased in relevance to become a major source of funding for many developing countries. Among

other benefits, FDI brings job creation. It helps create fiscal space that allows governments to use scarce budgets and development assistance for meeting other critical needs for their people that may not lend themselves to private participation, such as education and health care.

It is also widely understood that investments in infrastructure, in mining, and other capital intensive activities—all heavily dependent on FDI—can yield huge benefits. They lead to real economic growth and development in ways that go far beyond the immediate project, such as bringing in roads that provide local populations with access to markets, and supporting all sorts of small and medium-size enterprises (SMEs). Foreign investors also typically bring in global knowledge and best practices that help develop domestic capacity.

Unfortunately though, here too the crisis has had a severe impact, and FDI levels this year have been sharply lower due to tighter liquidity in the developed countries and weaker growth prospects in developing countries. The World Bank estimates that FDI to developing countries will decline by some 30 percent to approximately \$385 billion down from an estimated \$583 billion in 2008 and \$520 billion in 2007.

THE WORLD BANK GROUP RESPONSE

Against this background, World Bank Group President Robert B. Zoellick has urged leaders around the world to define multilateral solutions to the global crisis. The World Bank Group, as well as other international financial institutions and other entities, has been working to lay the groundwork for a sustainable recovery and growth. We believe that, with shrinking access to private capital, everyone must play a larger role in channeling more resources to developing countries and helping countries to pursue their own policies on how to better manage and protect their resources.

As a group we are using all our resources, including financing, hedging products and guarantees, knowledge services, and partnerships to mobilize rapid assistance. The organization's commitment to client needs and innovative, flexible and rapid response is underscored by some very specific initiatives and scaled-up resources to assist countries hit by the crisis.

In this regard, the World Bank, MIGA, and IFC play complementary roles in facilitating growth and attracting private capital into the world's transitioning and developing countries.

MIGA'S RESPONSE

In particular, MIGA's guarantees encourage responsible and sustainable FDI, which promotes growth, creates jobs, injects liquidity into markets, and improves the lives of people in developing countries. As we continue to move forward through this crisis, MIGA is proactively enhancing its operations and flexibility to help would-be sponsors of projects in developing countries better mitigate their risks, so that investment opportunities become more attractive and more good projects get done.

MIGA initiated some specific responses during the course of the year. With global financial pressures deepening, we announced a broadened initiative to support financial flows from banks to their subsidiaries in countries that have been hit by the global financial crisis. MIGA's guarantee support plays a critical role in enabling cross-border flows from financial institutions into their subsidiaries, at levels necessary to allow adequate capitalization and/ or liquidity of these subsidiaries, especially during this turbulent time.

Under the initiative, we will be able to provide such guarantee support globally, of which up to \$3 billion will be available for investments into the heavily affected economies of Europe and Central Asia. This follows and

builds on the commitment made by MIGA in February this year, when we joined the World Bank and IFC, the EBRD, and EIB to design a coordinated initiative to help stabilize the financial sector in that region. We believe coordinated action among the financial institutions, governments across Europe and the European institutions will help the financial sector in the region emerge robustly from the current crisis.

In parallel, MIGA continues to actively establish framework and contractual arrangements with other financial institutions in order to create mechanisms that will allow rapid response to institutions in great need and channel liquidity to investors. In this regard, we entered into an innovative contract with the African Development Corporation (ADC) to develop a product that will facilitate private equity capital for new investments in sub-Saharan Africa. This is particularly important in an environment where investor confidence is lacking, and is highlighted later in this report.

In order to maximize the insurance capacity that MIGA can bring to a project, we are working closely with our private and public sector reinsurance partners. By "fronting" transactions, MIGA has provided access to insurance capacity that otherwise would not have been available to clients and host countries. MIGA's current ability to mobilize capacity is the result of long-term reinsurance relationships. For over a decade, we have been reinsuring projects with a panel of private and public sector insurers, forming relationships that now underpin our syndication ability. In addition, MIGA also cooperates with national entities of member countries, such as export credit agencies. Our reinsurance backing helps free up their capacity to facilitate further investments.

We also took steps this past year to enhance our product offerings and flexibility. In this regard, MIGA's Board approved a number of changes to our Operational Regulations that will

improve overall effectiveness. We will continue to look at smarter and better ways to serve our clients, especially given the challenges of today's environment and the vital need to restore the flow of productive capital.

MIGA's BUSINESS

We understand that we are living through a very difficult period, and that our clients, as well as our member country shareholders, are experiencing major challenges. In terms of our own business, which is highlighted in the "Operational Overview" of this report, we have seen our pipeline of upcoming projects significantly and adversely affected: many deals that we are looking to support are experiencing significant delays, being placed on hold, or being cancelled altogether, especially those that are relying on debt financing.

However, to the extent that projects are still moving forward—or for those being planned for once the markets ease up a bit-we have experienced a renewed emphasis on better managing risks of all types, whether they be commercial or political. We have also noticed that the rate of cancellations of our coverage has dropped dramatically year-on-year. It is not unusual for clients to cancel Political Risk Insurance (PRI) coverage after a few years, once a project is up and running and the sponsors are feeling more familiar with their local operating environment. The fact that this past fiscal year saw very little cancelling of in-place coverage sharply underscores the far more conservative approach to risk management by our existing guarantee holders.

PRIORITY COMMITMENTS TO THE **DEVELOPING WORLD**

The vision of the World Bank Group. which we share, is to contribute to an inclusive and sustainable globalization to overcome poverty, enhance growth with care for the environment, and create individual opportunity and

hope. The agenda to meet the challenges faced by developing countries laid out by President Zoellick two years ago still holds true today, especially as countries try to cope with the challenges of the economic crisis that has had an impact on everyone.

As a group we have a role to play, particularly when it comes to six strategic priorities: the poorest countries, fragile and conflict-affected states, middleincome countries, global public goods, and the Arab world. Overarching these priorities is the Bank Group's ability to harness extensive knowledge and expertise to support its development work. Especially in today's climate, poor and middle-income countries alike need help to limit the damage caused by the economic crisis and prepare for recovery.

Over the last year, MIGA's focus was on supporting the Bank Group's immediate response to the financial crisis, while also providing its own unique set of tools and solutions to support the goal of inclusive and sustainable globalization. The six strategic areas are in line with our own operational priorities of supporting investments in the world's poorest countries, conflict-affected countries, complex infrastructure projects, and South-South projects (investment between developing countries).

MAKING A DIFFERENCE

Many of the projects MIGA supported during the fiscal year are common to or cut across several of the strategic themes outlined above. Our experience on the ground in all regions of the globe confirmed what we heard from project sponsors and what we read in the headlines. Despite the fall-off in FDI, developing countries continued to rely on private sector investment to support their economic growth. But with liquidity drying up, the risk appetite of international investors for projects in emerging economies was tested. Even in this difficult climate, MIGA was able to play a critical role in helping these

economies grow by supporting projects and initiatives that focused on improving liquidity, especially for SMEs, generating jobs and building essential infrastructure, allowing governments to focus funds on urgent social needs.

Regional Impact

ASIA AND THE PACIFIC

MIGA has provided political risk insurance for a wide range of projects in this region that offers opportunities for foreign investors. To date, we have issued nearly \$2.0 billion in guarantees for more than 90 projects, from support for microfinance in Afghanistan to the construction of a comprehensive solid waste treatment center in China. Though the region was initially less affected by the financial crisis, it has suffered due to the high export and FDI dependence of many of the countries which has left them vulnerable.

For example, MIGA has been active in the financial sector in Pakistan. The sector faces many challenges, including low banking penetration and limited access to finance, especially where SMEs and rural communities are concerned. To continue to assist underserved yet productive segments of the economy, we issued guarantees last year totaling \$1.8 million for the establishment of the Kashf Microfinance Bank in conjunction with the Kashf Foundation, a foundation which uses group lending to provide finance to micro and small business owners, especially women, in regions across the country.

We know from experience that greater access to financial services helps reduce poverty and expand economic opportunity for low-income populations. Our support in establishing a for-profit, national, and fully regulated microfinance bank will help encourage new entrants and greater overall penetration to meet the vast need for financial services for Pakistan's poor.

We are also supporting progress in infrastructure and the environment in southwest China, where fast urbanization and industrial growth have led to severe wastewater issues. We supported a wastewater treatment project in Chongqing municipality which we anticipate will promote improved water quality as well as better environmental practices in a region that has lagged behind in attracting FDI.

EUROPE AND CENTRAL ASIA

The financial crisis has hit the countries in this region particularly hard, as mentioned earlier in this report, because of their integration into European financial markets. This resulted in the region being more vulnerable as the recession worsened and capital flows all but came to a halt. To assist in restoring liquidity, nearly all of MIGA's support to the region in fiscal 2009 went to financial sector projects. Going forward, we intend to continue to assist the financial sector in affected countries to meet their pressing capital and liquidity needs. (See Box 1)

LATIN AMERICA AND THE CARIBBEAN

Though this region has been affected by the financial crisis, particularly because of some country ties to the financial sector in the United States, we believe it will be an important part of investment portfolios and remain attractive to investors. In response to the crisis, MIGA joined the World Bank Group, the Inter-American Development Bank and the Inter-American Investment Corporation (IDB/IIC), Corporación Andina de Fomento (CAF), the Caribbean Development Bank (CBD), and the Central American Bank for Economic Integration (CABEI) in an initiative to help spur economic growth. The Bank Group's affiliates will provide \$35.6 billion out of the total of \$90 billion committed for the program.

We are pleased with the progress in some of the projects we have already MIGA's guarantees encourage responsible and sustainable FDI, which promotes growth, creates jobs, injects liquidity into markets, and improves the lives of people in developing countries.

supported, particularly in infrastructure. (See Box 2) Since inception, MIGA has issued \$7 billion in guarantees for more than 160 projects in Latin America and the Caribbean, covering all sectors and spanning 20 countries.

In fiscal year 2009, we provided \$34 million in guarantees, with the bulk going to an infrastructure project in Brazil that will support the construction, operation, and maintenance of new power lines along the northsouth axis of the country. This project is expected to help alleviate the imbalance of electricity supply and demand caused by the geographic distance and climate difference across regions. At the same time, a more consistent energy source will help ensure that Brazil continues on a path of economic growth.

We also issued a guarantee for a microfinance project in Uruguay to support small business and help bring banking services to underserved communities. The country's existing financial infrastructure is dominated by large banks and does not meet the needs of some of the most vulnerable groups. The project, through support for small entrepreneurs, should help generate employment, improve living standards, and may encourage new entrants to Uruguay's microfinance market.

MIDDLE EAST AND NORTH AFRICA

This region has been less severely affected by the global financial crisis hitting the banking sector in many regions, but the impact is still unfolding in the real economy. Over two decades, MIGA has issued nearly \$1 billion in guarantees for 19 projects

in 11 countries, covering investments in general banking, manufacturing, sanitation services, sewage systems, oil and gas, telecommunications, and tourism.

MIGA has also issued \$886 million in guarantees to locally-based companies and banks investing in developing countries outside the region, in keeping with our commitment to support South-South investments. In 2009, we worked on underwriting a number of such projects, but they were delayed due to the global financial crisis.

Last October we welcomed Iraq as a new member. We participated in a fact-finding trip to the country in April 2009 aimed at getting a better understanding of the development needs and investment opportunities and to underscore World Bank Group commitment to assisting Iraq in its sustainable economic recovery. We are also exploring other ways in which MIGA can help facilitate sound and productive investment into Iraq outside of the agency's guarantee program.

Also last year, the World Bank Group officially re-launched a trust fund, administered by MIGA and cosponsored by the EIB, the Government of Japan, and the Palestinian Authority. The fund is aimed at encouraging investment in the West Bank and Gaza and was expanded in fiscal year 2009 to offer coverage to local as well as foreign investors.

We also entered into discussions with the Dubai International Financial Center (DIFC) to identify a partnership arrangement that will work towards facilitating the development of regional securities markets. MIGA's

FINANCIAL CRISIS AND SUPPORT TO BANKS IN EUROPE

AS A RESULT OF THE GLOBAL FINANCIAL CRISIS, BANKS IN EMERGING ECONOMIES FACED THE CHALLENGES OF EBBING GLOBAL LIQUIDITY AND FREE-FALLING STOCK MARKETS. WE RESPONDED IN A NUMBER OF WAYS AIMED AT HELPING BANKS TO SUSTAIN AND EXPAND THEIR LENDING OPERATIONS.

The perception of commercial and noncommercial risk in the Europe and Central Asia (ECA) region increased as a result of the economic crisis. To help address the challenges, the largest multilateral investors and lenders in the region—the EBRD, the EIB Group, and the World Bank Group—agreed to provide up to €24.5 billion (\$31 billion) to support the banking sector in the region and to fund lending to businesses. The financial support includes equity and debt finance, credit lines, and political risk insurance. Within this package MIGA will provide political risk insurance capacity of up to \$3 billion to help the banking sector meet its pressing capital and liquidity needs and back financing from parent banks.

The international investor/lender initiative complements and supports national crisis responses: it will deploy rapid, large-scale, and coordinated financial assistance from the inter-



national financial institutions to support lending to the real economy through private banking groups, in particular to SMEs.

In fiscal year 2009 MIGA issued 12 guarantees totaling \$1.2 billion for ten projects in the financial sector in ECA.

Financial Sector Inve	Financial Sector Investments Supported in ECA in FY09						
Host Country	Investor Country	Project Name	Guarantee Amount (\$M)				
Bosnia and Herzegovina	Austria	Raiffeisen Leasing d.o.o. Sarajevo	47.7				
Hungary	Austria	UniCredit Bank Hungary Zrt.	133.8				
Kazakhstan	Austria	ATF Bank, Kazakhstan	190.0				
Latvia	Austria	AS "UniCredit Bank"	100.3				
Moldova	Romania	I.C.S. Raiffeisen Leasing Moldova (RLMD)	6.2				
Russian Federation	Austria	Closed Joint Stock Company UniCredit Bank Russia	90.3				
Russian Federation	Belgium	Absolut Bank Russia	120.0				
Serbia	Austria	UniCredit Bank Serbia JSC	134.2				
Ukraine	Austria	Joint Stock Commercial Bank for Social Development Ukrsotsbank	247.0				
Ukraine	Austria	Raiffeisen Leasing Aval LLC	142.5				

demonstrated flexibility will enable us to tailor our products and provide coverage under both traditional finance as well as Islamic finance guidelines.

SUB-SAHARAN AFRICA

Africa continues to be one of our strategic priorities, especially as the financial crisis threatens to undo so many of the continent's recent gains. Since its inception, MIGA has issued nearly \$2.6 billion in guarantees for investments in Africa, supporting over 100 projects in 29 countries. MIGA's support for projects on the continent also underscores our commitment to the poorest countries as well as our capacity to assist countries emerging from conflict and fragile states.

During the past year MIGA supported a number of projects in the region, from assisting the financial sector to agribusiness and tourism. Most of these projects were underwritten through the Small Investment Program. However, project size is not always an indicator of development impact, particularly in Africa where small investments can provide farreaching spin-off effects that create jobs and spur economic growth. Here we highlight a few of these projects, all of which are discussed in more detail within our Regional Activities section.

One of the initiatives already mentioned is an innovative contract signed with ADC, a business development company capitalized by German investors, to facilitate up to \$100 million of investments to SMEs in sub-Saharan Africa. As part of our ongoing response to the global financial crisis, this contract provides a blanket commitment of guarantee capacity and will help ADC raise risk capital at a critical juncture of limited global access to funds and slowdown in investment activity. We expect that this guarantee structure will be replicated for other similar funds or investors seeking to attract capital in today's difficult financial environment.

The first two ADC projects supported were in Rwanda, where fostering broad-based growth in economic activity and in the private sector is key to the country's continuing economic recovery. Both projects are expected to have a positive impact, especially at this critical time of financial turmoil, by injecting liquidity into the country's banking system.

We also issued a guarantee of \$4.3 million for an agribusiness project involving the installation and operation of a vegetable oil refinery in Boma, a port town in the Democratic Republic of Congo. This project is expected to have a positive impact on the country's economy by creating jobs for the local population, generating significant annual tax revenues for the government, and leading to local procurement of goods and services.

Another key area of MIGA's work in the region is the agency's Environmental and Social Fund for Africa. Funded by a grant from the Government of Japan, it enables MIGA to provide technical assistance to existing and prospective projects in Africa to improve their environmental and social performance. Several of the Trust Fund supported activities that began in fiscal year 2008 achieved results this fiscal year. For example, an agribusiness project in Uganda completed a successful audit of environment, health, and safety management for ISO 14001 certification and a mining company in Mozambique completed and is implementing its malaria-prevention action plan. The fund also supported the development of a toolkit for implementing the Voluntary Principles on Security and Human Rights for major project sites. The toolkit was launched in fiscal year 2009 and received very good feedback from investors.

The Trust Fund is also collaborating with wider World Bank Group initiatives to provide additional training to support implementation and monitoring of a resettlement and livelihood restoration action plan within the oil and gas sector.

Initiatives in Knowledge and Learning

The World Bank Group views knowledge as the key to development effectiveness and the driver for a successful development institution. One of the group's biggest assets is its cumulative "brain trust" of development expertise and on-the-ground experience. MIGA continues to be at the forefront of gathering and sharing knowledge among the broader insurance and investment communities on political risk and foreign direct investment. This fiscal year, we again sponsored with Georgetown University the biannual symposium on international political risk management that has established itself as a leading forum for cutting-edge assessments of needs and capabilities within the industry.

MIGA has also been delivering highquality information to the international investor community through its free online information services—FDI. net and PRI-Center. We are now intending to go a step further. In December 2009 we plan to launch our new report on world investment and political risk that will bring together experts in the field to analyze trends and conditions and provide an outlook on risk perceptions. We expect this report to become MIGA's annual flagship publication and a leading source of knowledge and information for our clients and the global investment community.

TOLL ROAD PAVES THE WAY IN COSTA RICA

The Latin America and Caribbean region has registered strong economic growth in RECENT YEARS—BUT THE GLOBAL FINANCIAL CRISIS HAS EXACTED A HEAVY COST. EVEN BEFORE THE CRISIS, INFRASTRUCTURE SPENDING BY COUNTRIES IN THE REGION HAD FALLEN SHARPLY. IN COSTA RICA, OUTMODED INFRASTRUCTURE HAS IMPEDED GROWTH. THE COUNTRY NEEDS TO SPEND AN AVERAGE OF \$75 MILLION ANNUALLY IN ROAD MAINTENANCE ALONE.

A MIGA-supported toll road corridor between the capital San José and the port of Caldera on the Pacific Ocean could help to change that in a number of ways. The tolls paid will be used for ongoing road maintenance to ensure top-quality condition of the road, allowing the government to redirect scarce public resources elsewhere. Added to that is a psychological impact that comes when people see development, a feeling of being on the move towards economic growth. And with growing demand comes opportunity and the potential for improved livelihoods.

In this 2008 project, MIGA's guarantees of \$158.5 million are covering an equity investment by FCC Construcción S.A. and Itinere Infraestructura S.A., and a loan by Caja Madrid. The partners associated with the project say it was MIGA's participation that helped negotiations between the government, the concessionaire, and the local councils achieve the first public-private partnership project in the country. According to David Gutierrez, a partner of BLP Abogados, the local law firm that represented Caja Madrid: "Everyone wanted the road and the partnership, but MIGA's contribution was critical to make it happen. It provided a degree of comfort and continues to do so, especially considering what has happened with financial markets."

Nonetheless, a complex infrastructure project can also face challenges, especially when it comes to people and their potential resettlement. In this project, according to all parties involved, MIGA's social and environmental safeguard practices helped create a new and innovative model for future infrastructure projects.

The new toll road will connect the industrial and business heartland of the country to one of the main ports and will provide easier access to the capital city. It is expected to ease transportation costs by reducing travel time by 1.5 hours for those who travel the full length of the corridor. The new road will lessen the costs associated with heavy traffic conditions, such as gasoline consumption and deterioration of vehicle parts and tires. By providing easier access to the port of Caldera, the investment will help improve the country's trade competitiveness and may reduce the price of imports.

The project is aligned with the government's own strategy, in partnership with the World Bank Group, of supporting, rehabilitating, and maintaining key trade corridors. It is also an important priority for MIGA given the estimated need for \$230 billion a year for new infrastructure investment to deal with rapidly growing urban centers and underserved rural populations in developing countries.



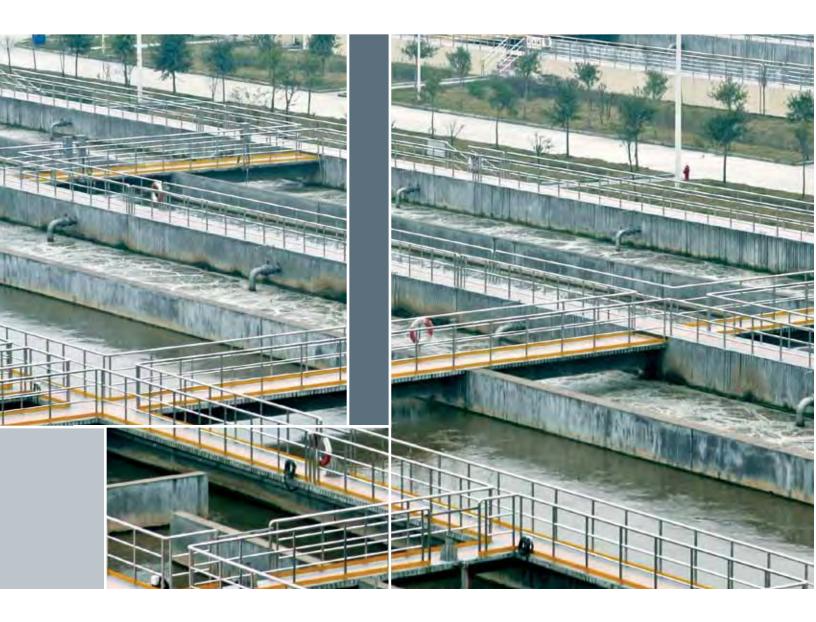


OPERATIONAL OVERVIEW

Guarantees

Online Investment Information and Knowledge Services

Technical Assistance



Guarantees

FOLLOWING A RECORD YEAR IN FISCAL YEAR 2008, NEW ISSUANCE OF GUARANTEES FELL FROM \$2.1 BILLION TO \$1.4 billion in 2009. The limited availability of credit had a significant impact on our portfolio as many PROPOSED INVESTMENTS REQUIRING LARGE AMOUNTS OF DEBT FINANCING WERE DELAYED. HOWEVER, AS A RESULT OF A SIZEABLE AMOUNT OF NEW GUARANTEES ISSUED AND A LOW AMOUNT OF PORTFOLIO RUN-OFF, MIGA'S OUTSTANDING gross portfolio grew by \$800 million last year, closing at \$7.3 billion, a record high. In addition, MIGA's SUPPORT FOR SOUTH-SOUTH AND SMALL EQUITY-DRIVEN INVESTMENTS GREW IN FISCAL YEAR 2009. MIGA ALSO PLAYED A SIGNIFICANT ROLE IN THE FINANCIAL SECTOR BY PROVIDING COVERAGE TO SUPPORT CONTINUED BANK LENDING IN EUROPE AND CENTRAL ASIA—A REGION THAT HAS BEEN HIT PARTICULARLY HARD BY THE FINANCIAL CRISIS.

FOREIGN DIRECT INVESTMENT (FDI) FALLS SHARPLY IN LIGHT OF THE FINANCIAL CRISIS

As mentioned earlier in this report, the financial crisis that began in 2008 deepened substantially in 2009. This has had a significant and far-reaching effect on FDI flows. In particular, many prospective deals in the infrastructure, oil and gas, and mining sectors have either been put on hold or cancelled entirely.

CRISIS ALTERS POLITICAL RISK INSURANCE (PRI) LANDSCAPE

Over the last several years, the PRI market was marked by increased flows of FDI into emerging markets and a decreased perception of political risk. Premium rates declined as a result of the decreased risk perception and greater capacity resulting from new players entering the industry. The financial crisis has altered the PRI landscape substantially as risk perceptions have increased and available PRI capacity has shrunk. This has led to a hardening of the PRI market, resulting in an increase in rates and more conservative underwriting. In this environment, MIGA's strong

financial position and our ability to write longer tenors and work in riskier countries, have helped the agency to continue to promote FDI into difficult environments. Through our reinsurance capacity we have also been able to play a critical role in adding to the capacity of the industry at large.

OPERATIONAL CHANGES UNDERSCORE FLEXIBILITY AND **EFFECTIVENESS**

As global conditions have deteriorated, we have recognized the increased need to be even more responsive to the changing environment and our clients' needs. Given the uncertainties surrounding the financial position of some private sector insurers and reinsurers, investors and lenders are seeking financially stable and reliable sources of PRI, especially in risky and high-exposure markets where private insurers are increasingly selective and consequently offer less capacity. MIGA can act as a stabilizing influence in the market and, with the introduction of a new cover and expansions to some of our existing products, we now have additional tools necessary to respond to the needs of investors and lenders. (See Box 3)

OPERATIONAL REGULATIONS

IN April 2009, MIGA'S BOARD OF DIRECTORS APPROVED SUBSTANTIAL CHANGES TO THE AGENCY'S OPERATIONAL REGULATIONS IN ORDER TO MEET CHANGING CIRcumstances and market conditions. The changes encompass a number of MEASURES THAT WILL ENABLE MIGA TO BRING GREATER VALUE FOR OUR CLIENTS AND TO MEET OUR OBJECTIVES OF PROMOTING DEVELOPMENTALLY BENEFICIAL FDI.

The 12 recommended and approved changes include one new form of coverage: non-honoring of sovereign financial obligations. This coverage—which, unlike traditional breach of contract coverage, does not require the investor to obtain an arbitral award—is applicable in situations when a sovereign's financial payment obligation is unconditional and not subject to defenses. We see considerable demand in the marketplace for this cover, and indeed it is the PRI market's fastest growing segment.

Further, two of MIGA's existing coverages have been enhanced. First, MIGA now has the ability to provide breach of contract cover to investors entering into contractual agreements with stand-alone state-owned enterprises (SOEs) for which the government has no legal financial obligation. Now, provided the SOE is controlled by the state, is performing a public service, and is creditworthy, MIGA can provide breach of contract cover to a foreign investor entering into contractual agreements with such an entity. Second, while MIGA has traditionally provided coverage against the inability to enforce an arbitral award, the agency will now provide all three "denial of justice" risks originally contemplated by MIGA's Convention, including when the investor does not have recourse to a dispute resolution forum, or when legal proceedings are taking an unreasonably long period of time.

In addition, under MIGA's war and civil disturbance coverage, MIGA is now able to offer coverage for temporary business interruption resulting from war and civil disturbance, including both costs and lost net income. MIGA's Board has also established that war and civil disturbance may encompass not only violence in the host country directed against a

host country government, but also against foreign governments or foreign investments, including the investor's government or nationality.

The Board also adopted three changes to expand MIGA's coverage for investments in existing assets, including projects that are in the development phase but are not yet complete. Under the new regulations, MIGA may consider a project as "new"—and therefore eligible for coverage—up until there has been a substantial expenditure of project funds. This will greatly enhance investors' ability to obtain MIGA PRI in projects where multiple investors are involved. It will also help keep projects on track in cases where one participant pulls out and the project sponsor wants to bring in a replacement, since a latearriving participant will now be able to obtain PRI. In addition, MIGA's ability to provide coverage for acquisitions of existing assets has in the past been restricted to those where there is an enhancement or improvement that results from an additional monetary investment; under the new guidelines, MIGA may now provide coverage for acquisitions where there are enhancements of existing assets resulting from intangible benefits, such as providing access to distribution networks, or providing cuttingedge sales and marketing practices. MIGA may now also prepare and file Preliminary Applications on behalf of clients, following their verification and authorization. This change addresses the problem that, quite frequently, MIGA's one-page, non-binding Preliminary Application form is not filed before the first funds are invested (despite the fact that potential clients may be discussing pending projects with MIGA at an early stage in the project development process), thus rendering the project not "new" and hence ineligible for coverage.

MIGA's Operational Regulations are drawn from the agency's Convention and govern how MIGA implements its day-to-day business. The agency's founders envisioned these would be periodically updated to ensure MIGA keeps pace with changing circumstances and market conditions.

And finally, a number of changes address eligibility and other largely procedural issues. MIGA is now able to treat debt capital market securities and assetbacked securities as separate classes of medium or long-term investments, for example, thereby enabling us to provide coverage for project bonds that do not have a related insurable equity interest. The minimum period for which MIGA may cover loans was also amended, from three years to more than one year, which corresponds to what the financial markets consider to be "long-term" liabilities. MIGA may now also provide guarantee holders with coverage in multiple jurisdictions, beyond the official project host country, which will be tremendously relevant in cases where essential project activities are taking place in neighboring countries. And, lastly, the Board agreed to eliminate upper and lower limits on premium rates formerly specified in the Operational Regulations,

thereby allowing MIGA flexibility to set premiums in line with the rest of the market.

These changes represent the largest and most significant expansion of MIGA's business toolkit since its inception in 1988. They demonstrate our commitment to adapting to changing market needs and finding improved ways to deliver on our—and World Bank Group's—development mandate, especially in our strategic focus areas: IDA countries and sub-Saharan Africa in particular, post-conflict countries, South-South investments, and complex projects. These strengthened capacities and more user-friendly procedures will help potential project sponsors better manage political risks, which will lead to greater interest in more projects, more deals getting done, and better terms for the host country.

AT A GLANCE

Changes to MIGA's Operational Regulations

New Coverage

Coverage for non-honoring of sovereign financial obligations

Enhancements to Breach of Contract cover

- Coverage for contractual risk with stand-alone state-owned enterprises
- Expanding breach of contract cover to include when the investor does not have recourse to a dispute resolution forum or legal proceedings are taking an unreasonably long time

Enhancements to War and Civil Disturbance cover

- Coverage against temporary business interruption
- Coverage against violence in the host country directed against a foreign gov-

Project Implementation and Acquisition of Existing Assets

- Clarification of "implementation" of new and restructured investments
- Coverage for acquisition of existing assets when enhancements result from intangible benefits
- Filing and registration of Preliminary Applications on behalf of clients

Eligibility and Other Issues

- Construing debt capital market securities and asset securitizations as separate eligible investments
- Changing the three-year minimum for covering loans to one year
- Coverage for projects in multiple jurisdictions
- Eliminating maximum and minimum premium rates

NEW ISSUANCE DECLINES WHILE INVESTORS RETAIN EXISTING COVERAGE

After four consecutive years of growth, the amount of new guarantees issued declined for the first time since fiscal year 2004. However, gross exposure increased substantially to \$7.3 billion due to a significant drop-off in the number of cancelled contracts—11 in fiscal year 2009 compared with 50 in fiscal 2008 and 54 in fiscal 2007. In addition, eight contracts expired. Cancellations generally take place when the investment was successful from a financial standpoint, and in most cases, the investor's perception of political risk had improved. Such cancellations illustrate that we are achieving our mandate of encouraging foreign investors and lenders into markets they perceive as risky and supporting them until they feel comfortable enough to bear the risks on their own. The dramatic decrease in cancellations in fiscal year 2009 is an indication that risk perceptions have increased as a result of the ongoing financial crisis, and that guarantee holders are more inclined to maintain existing coverage.

The fiscal year 2009 results bring total volume of guarantees issued

since MIGA's inception to \$21 billion, including amounts leveraged through the Cooperative Underwriting Program.

MIGA'S SUPPORT FOR SMALL PROJECTS CONTINUES

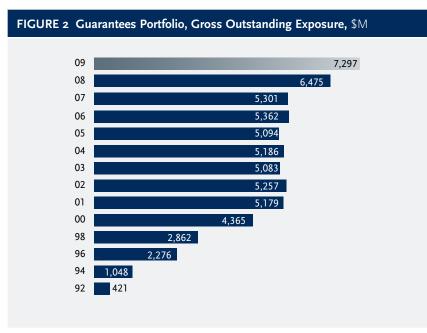
During the fiscal year we continued our support for small projects under the Small Investment Program (SIP). The SIP has played an important role in facilitating our engagement with smallscale projects and SMEs. The program offers streamlined underwriting and approval procedures and standardized discounted pricing to make the program more cost-effective for both investors and MIGA. There is no application fee for prospective investors, and MIGA can issue a guarantee within 8-12 weeks of receiving an application provided sufficient information on the investment is available.

We issued 12 contracts for ten projects totaling \$30.7 million under the SIP. The majority of the guarantees are supporting projects in IDA-eligible countries, including two in Sierra Leone, one in the Democratic Republic of Congo, and two in Rwanda. Nine of the contracts were South-South investments. (See Box 4)

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

One of MIGA's strengths is our ability to work with member countries and investors to help resolve disputes and claims that may have an adverse impact on investments guaranteed by the agency and on the ability of the host country to attract future investment. We have historically been very effective in resolving issues that may give rise to claims. Since MIGA's inception, proactive facilitation efforts such as these have been pivotal in the resolution of more than 60 disputes related to MIGA-guaranteed projects, ultimately keeping the project, and its development impact, on track. Our management of potential claims





enables MIGA-supported projects to continue operating in the host countries, preserving value for the investor and ensuring that they continue to contribute to the local economy.

MIGA's claims management procedures are designed to ensure prompt, thorough, and well-informed decisions on claims once filed. We paid two claims during fiscal year 2009, bringing the total amount of claims paid in MIGA's history to five. Both of the claims paid this year were related to losses under MIGA's war and civil disturbance coverage. A claim in the amount of \$491,100 was paid for losses incurred by Kenya's Kibos Sugar and Allied Industries Limited to cover damage sustained in the violence that followed that country's disputed election in December 2007. A second claim in the amount of €9,273 (\$12,824) was paid to Louvre International Ltd. due to losses resulting from political violence in Madagascar. The claim in Madagascar was filed this year and the claim in Kenya was filed in fiscal year 2008. No other claims were filed. We continue to work on two claims that had been filed before the start of the year, but for which the investors are attempting to find an amicable solution with the host government.

In addition, we are currently engaged with governments and guarantee holders in connection with situations in nine countries in which no claim has been filed. We are working to facilitate resolutions in those situations.

MIGA'S PORTFOLIO IN FISCAL YEAR 2009

Regional Diversification

The largest number of new projects we supported this fiscal year was in Europe and Central Asia, followed by sub-Saharan Africa.

Europe and Central Asia also made up the largest share in terms of volume of guarantees issued in fiscal year 2009. This was largely a result of MIGA's support to the region's banking sector (see Box 1). MIGA also provided reinsurance capacity to the Belgian Export Credit Agency (ONDD) to support ONDD's coverage to KBC Bank NV for its shareholder loans to its subsidiary Absolut Bank in the Russian Federation. This was the first time MIGA provided reinsurance capacity to ONDD.



FIGURE 3 Outstanding Portfolio Distribution by Host Region, Percent of Gross Exposure

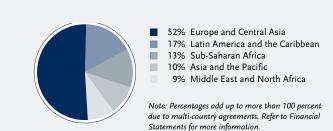


FIGURE 4 Guarantees Issued in FYo9, by Sector, Percent of Gross Exposure



During the year, MIGA guaranteed three projects, totaling \$77.1 million, in Asia. MIGA's guarantees totaling \$1.8 million supported the establishment of Kashf Microfinance Bank. In China, we continued supporting the country's infrastructure needs and issued our first guarantee in support of a project in southwest China—an area that has lagged behind the country in attracting foreign direct investment.

In Latin America and the Caribbean region, MIGA provided \$33 million in guarantees to support the construction, operation, and maintenance of a total of 675 kilometers of 500 kV transmission lines along the north-south axis in Brazil. The project is expected to help alleviate the imbalance of electricity supply and demand caused by the geographic distance and climate difference across regions.

During the fiscal year MIGA did not issue any new coverage in the Middle East and North Africa region, but it expanded the flexibility of the West Bank and Gaza Trust Fund. MIGA's guarantees will cover investments from both foreign and domestic sources for new projects, as well as expansions and privatizations of existing projects in the area.

MIGA provided \$50.1 million in guarantee support for ten projects in sub-Saharan Africa. The region accounted for 38 percent of new

projects supported by the agency in fiscal year 2009.

Supporting investment into sub-Saharan Africa is a strategic priority for MIGA. This year the agency's SIP program played a key role in supporting small investments on the subcontinent. Further, of these investments, seven of the investors were themselves from sub-Saharan Africa—also furthering MIGA's strategic priority of supporting South-South investments.

Sectoral Diversification

With a gross exposure of 47 percent, the financial sector surpassed the infrastructure sector accounting for the largest gross exposure in our portfolio. In addition to high-value guarantees supporting the banking sector in Europe and Central Asia, we supported microfinance institutions in Pakistan and Uruguay and smaller banking projects in Rwanda and South Africa.

Despite the decline in new guarantee issuance in the infrastructure sector. exposure in this sector remained high at 35 percent, illustrating that investors clearly believe that the agency has a comparative advantage in supporting complex infrastructure investments. This is especially true when it comes to cash-intensive investments that involve municipal governments, and when it comes to securing financing at better rates and for longer periods.



Table 5 Outstanding Portfolio Distribution, Percent by Sector							
	FYo ₃	FY04	FY05	FYo6	FY07	FYo8	FY09
Infrastructure	41	38	39	41	41	41	35
Financial	29	35	39	33	29	37	47
Oil, gas, and mining	12	11	9	14	13	9	7
Agribusiness, manufacturing, tourism, and services	18	16	13	13	17	13	11
Total	100	100	100	100	100	100	100

Note: Figures in table might not add up to 100 due to rounding.

SMALL INVESTMENTS LEAD TO DEVELOPMENT

MIGA LAUNCHED THE SIP IN 2005 TO FACILITATE FDI INTO SMES. THE SIP SUPPORTS SMALL PROJECTS IN THE FINANCE, AGRIBUSINESS, MANUFACTURING, AND SERVICES SECTORS THAT CAN HAVE A BIG IMPACT ON GROWTH AND DEVELOPMENT IN TARGETED AREAS, AND HAVE THE POTENTIAL TO BE SCALED UP.

In fiscal year 2008, the maximum size of eligible SIP projects was increased to \$10 million. This fiscal year, MIGA has supported a record number of SIP transactions spanning diverse sectors and regions.

In Pakistan, for example, MIGA guarantees totaling \$1.8 million supported the establishment of Kashf Microfinance Bank to make financial services available to the majority of the unbanked population. Over the next five years, the KMB will reach one million small depositors and 350,000 entrepreneurs through a network of over 100 branches across Pakistan. The network will be supplemented by 300 service posts closer to low income communities.

SIMTEL, Rwanda's electronic payments service provider, is hoping to reach one million ATM cardholders by 2010. Statistics indicate that currently only 12,000 people in Rwanda have ATM cards. To attract more card users, the company plans to increase the number of ATM machines and sale points. The SIMTEL consortium recently recapitalized with



the African Development Corporation (ADC) IT & Payment Solutions acquiring a 70 percent stake after receiving a \$9.5 million guarantee under MIGA's SIP.

Since the launch of the SIP in 2005, MIGA has issued more than \$67.2 million in SIP guarantees for 27 projects. This year, MIGA's issuance under the SIP program was \$30.7 million.

SIP Projects Supported in FY09						
Host Country	Investor Country	SECTOR	Guarantee Amount (\$M)			
Benin	Mali	Tourism	1.5			
Congo, Democratic Republic of	Lebanon	Agribusiness	4.3			
Madagascar	Mauritius	Tourism	0.7			
Pakistan	Cayman Islands, Netherlands	Financial	1.8			
Rwanda	Mauritius	Financial	9.5			
Rwanda	Mauritius	Financial	6.0			
Sierra Leone	Mauritius	Agribusiness	4.5			
Sierra Leone	Mauritius	Manufacturing	1.2			
South Africa	Mauritius	Financial	0.3			
Uruguay	Peru	Financial	1.0			

Host and Investor Country Diversification

The Russian Federation became the agency's largest single country exposure with outstanding gross coverage representing 14.3 percent of the total portfolio. Ukraine was second with 13.9 percent of gross exposure, followed by Turkey with 8.4 percent. This was largely the result of guarantees issued in support of financial sector operations. Diibouti retained the fourth largest exposure with the agency's support for the Doraleh Container Terminal project in fiscal year 2008. Despite the global economic slowdown, we continue to help middle-income countries on their path towards sustained economic growth with support for infrastructure development. Among these countries, Brazil and China retained their positions among the top ten host countries in terms of MIGA's current outstanding exposure. (See Table 6)

The five largest investor countries remained unchanged in fiscal year 2009. (See Figure 5)

REINSURING THE PORTFOLIO

MIGA uses reinsurance to increase the amount of coverage we can provide; to manage the risk profile of the portfolio; and to cooperate with other insurers as required under the agency's Convention. The primary benefits of reinsurance accrue to MIGA's clients, both the investors who gain access to increased capacity to insure eligible projects in developing

countries, and the recipient countries that benefit from higher levels of FDI.

Reinsurance arrangements with other insurers increase our capacity to support large projects. As a result of its risk mitigation effect, MIGA's involvement encourages other insurers to participate in projects in frontier markets. It also enables other insurers to underwrite transactions with longer tenors than they would normally do. These insurers benefit from MIGA's expertise in risk analysis, dispute resolution, and claims handling and recovery procedures. As of June 30, 2009, \$3.3 billion of MIGA's total gross exposure was reinsured.

Partners

MIGA continues to work with both facultative and treaty reinsurance providers. During fiscal 2009, we entered into facultative reinsurance agreements with ten private sector insurance partners and one public sector insurer. These agreements supported a number of important financial sector projects in Russia and Ukraine, which are consistent with the World Bank Group's initiative to stabilize the financial sector in Europe and Central Asia.

During the year, we continued to work with our treaty reinsurance partners, ACE Bermuda Insurance Co. Ltd. and XL Re Ltd. In addition, Hannover Re joined the panel of treaty reinsurers in the fall of 2008.

IDA eligible countries	Gross exposure (\$M)	% of Gross	Net exposure (\$M)	% of Net
Djibouti	407.4	5.6	121.0	3.1
Mozambique	196.4	2.7	138.6	3.5
Uganda	157.6	2.2	80.0	2.0
Bosnia and Herzegovina (blend) ⁷	155.8	2.1	124.7	3.1
Ghana	131.3	1.8	114.8	2.9
Nigeria	118.5	1.6	103.7	2.6
Vietnam	99.3	1.4	36.4	0.9
Nicaragua	91.7	1.3	45.9	1.2
Lao PDR	88.8	1.2	44.4	1.1
Pakistan (blend)	81.8	1.1	69.1	1.7
Bangladesh	78.3	1.1	70.4	1.8
Afghanistan	77.3	1.1	36.0	0.9
Moldova	74.5	1.0	44.0	1.1
Guinea	64.7	0.9	58.5	1.5
Kenya	46.7	0.6	40.3	1.0
Madagascar	35.4	0.5	34.1	0.9
Central African Republic	33.9	0.5	33.9	0.9
Nepal	30.0	0.4	14.1	0.4
Congo, Democratic Republic of	29.5	0.4	29.5	0.7
Guinea-Bissau	24.1	0.3	21.7	0.5
Rwanda	17.3	0.2	17.3	0.4
Mali	16.2	0.2	14.6	0.4
Angola	14.7	0.2	13.2	0.3
Bolivia	11.9	0.2	10.7	0.3
Sierra Leone	10.7	0.1	10.2	0.3
Côte d'Ivoire	10.1	0.1	10.1	0.3
Senegal	9.8	0.1	9.8	0.2
Kyrgyz Republic	6.7	0.1	6.1	0.2
Mauritania	5.4	0.1	4.9	0.1
Benin	2.4	0.0	2.3	0.1
Burkina Faso	1.8	0.0	1.6	0.0
Total	2129.9	29.2	1361.7	34.3

Note: Numbers may not agree due to rounding.

IDA-eligible but credit-worthy enough to borrow from IBRD.

Host Country	Guarantee Holder	Investor Country	Sector	Amount \$M (Gross exposure)	Priority/Area of Interest ⁷				
Asia and the Pacific									
China	Suez Environnement SAS	France	Infrastructure	72.2	INF				
China*	Darco Environmental, Pte., Ltd.	Singapore	Infrastructure	3.1	INF, S-S				
Pakistan	ShoreCap International Ltd., Stichting Triodos-Doen Triodos Custody, B.V.	Cayman Islands Netherlands	Financial	1.8	IDA (blend), SIF				
EUROPE AND	CENTRAL ASIA								
Bosnia and Herzegovina	Raiffeisen Zentralbank Österreich AG	Austria	Financial	47.7	IDA (blend)				
Hungary	UniCredit Bank Austria AG	Austria	Financial	133.8					
Kazakhstan	UniCredit Bank Austria AG	Austria	Financial	190.0					
Latvia	UniCredit Bank Austria AG	Austria	Financial	100.3					
Moldova*	Raiffeisen Bank SA (RBRO)	Romania	Financial	6.2	IDA, S-S				
Russian Federation	ONDD	Belgium	Financial	120.0					
Russian Federation	UniCredit Bank Austria AG	Austria	Financial	90.3					
Serbia	UniCredit Bank Austria AG	Austria	Financial	134.2					
Ukraine*	Can-Pack Poland	Poland	Manufacturing	4.0	S-S				
Ukraine*	UniCredit Bank Austria AG	Austria	Financial	247.0					
Ukraine*	Raiffeisen Zentralbank Österreich AG	Austria	Financial	142.5					
LATIN AMERI	CA AND THE CARIBBEAN								
Brazil	Cobra Concesiones S. L.	Spain	Infrastructure	33.0	INF				

Peru

Financial

S-S, SIP

1.0

Banco de la Microempresa S.A. (Mibanco) Grupo ACP Inversiones y Desarrollo (Grupo ACP)

Uruguay

Table 4 Projec	ts Supported in Fiscal 2009 (cont	d)			
Host Country	Guarantee Holder	Investor Country	Sector	Amount \$M (Gross exposure)	Priority/Area of Interest ¹
Sub-Saharan	AFRICA				
Benin	Société Malienne de Promotion Hôtelière	Mali	Tourism	1.5	IDA, SSA, S-S, SIP
Congo, Democratic Republic of	Mr. Ralph Freiha, Yousef Freiha & Sons, Freiha Feed Company SAL and African Company for Oil and Derivatives	Lebanon	Agribusiness	4.3	IDA, SSA, S-S, SIP, CA
Madagascar	Tamboho International Ltd.	Mauritius	Tourism	0.7	IDA, SSA, S-S, SIP
Nigeria*	State Bank of India	India	Manufacturing	12.8	IDA, SSA, S-S
Rwanda	ADC Financial Services and Corporate Development	Mauritius	Financial	6.0	IDA, SSA, S-S,SIP
Rwanda	ADC IT & Payment Solutions	Mauritius	Financial	9.5	IDA, SSA, S-S,SIP
Senegal	Cotecna Inspection SA	Switzerland	Services	9.3	IDA, SSA
Sierra Leone	Sierra Investment Fund LLC	Mauritius	Agribusiness	4.5	IDA, SSA, S-S, SIP, CA
Sierra Leone	Sierra Investment Fund LLC	Mauritius	Manufacturing	1.2	IDA, SSA, S-S, SIP, CA
South Africa	ADC IT & Payment Solutions	Mauritius	Financial	0.3	SSA, S-S,SIP

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 FY09.

 $Projects\ in\ priority\ areas\ and\ other\ areas\ of\ interest,\ as\ follows:\ CA:\ conflict-affected\ country;\ IDA:\ IDA-eligible\ country;\ INF:\ infrastructure;\ SSA:$ sub-Saharan African country; S-S: support to a South-South investment between MIGA's developing member (Category 2) countries; and SIP: project underwritten under MIGA's Small Investment Program.

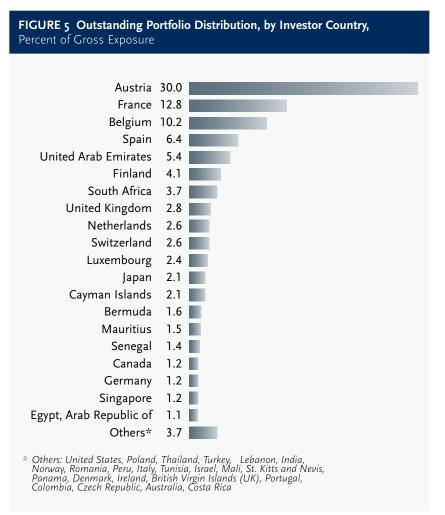




TABLE 6 Ten Largest Outstanding Country Exposures in MIGA Portfolio								
Host Country	Gross Exposure (\$M)	% of Gross	Net Exposure(\$M)	% of Net				
Russian Federation	1,044.0	14.3	421.3	10.6				
Ukraine	1,012.9	13.9	337.9	8.5				
Turkey	611.8	8.4	187.5	4.7				
Djibouti	407.4	5.6	121.0	3.1				
Uruguay	301.2	4.1	109.2	2.8				
China	248.2	3.4	220.6	5.6				
Brazil	244.2	3.4	162.5	4.1				
Kazakhstan	224.7	3.1	82.8	2.1				
Mozambique	196.4	2.7	138.6	3.5				
Costa Rica	158.5	2.2	71.0	1.8				

Online Investment Information and Knowledge Services

AS PART OF ITS MANDATE, MIGA CONDUCTS RESEARCH AND OFFERS KNOWLEDGE ON POLITICAL RISK AND FDI issues, mostly through its online services. DURING THIS FISCAL YEAR OUR ONLINE INVESTMENT Information and Knowledge Services embarked ON NEW INITIATIVES, WHILE FURTHER CONSOLIDATING AND REFOCUSING ITS ONLINE SERVICES TO BETTER SERVE USERS. IN ADDITION, WE HAVE SOUGHT TO UPGRADE AND STEP UP OUR KNOWLEDGE-CREATION EFFORTS THROUGH NEW RESEARCH-ORIENTED INITIATIVES THAT HIGHLIGHT OUR VALUE ADDED IN THE AREAS OF FDI AND POLITICAL RISK INSURANCE.



We undertook a number of key initiatives during this past fiscal year, most notably a comprehensive new report focusing on political risk and FDI. Another key initiative was MIGA's work in engaging Arab World partners in research and knowledge creation. Finally, we are continuing to disseminate knowledge, expertise, and high-quality information to the international investor community through the FDI.net portal site (www.fdi.net) and to the more specialized political risk management and insurance audience through PRI-Center (www.pri-center.com).

MIGA'S KNOWLEDGE MANAGEMENT INITIATIVES TO CULMINATE IN A NEW REPORT

As part of our ongoing effort to expand the focus of the online services from knowledge dissemination to knowledge creation, MIGA is developing a new publication on FDI and political risk. The report will provide a snapshot of political risk perceptions of the largest multinational enterprises in the context of the latest trends and developments in FDI flows, as well as the perspectives of the political risk insurance industry. Envisaged to become an annual publication, the report will also establish a number of benchmarks (e.g. investor perceptions, size of political risk insurance market) that will allow comparisons in subsequent years.

The principal inputs to the initial report were completed this fiscal year, including a global investor survey, a survey of 'South-based' investors, and a survey on the state of the political risk insurance industry. The report is expected to be launched before the end of calendar year 2009.

PRI-CENTER HIGHLIGHTS THE **EFFECTS OF THE FINANCIAL CRISIS** ON POLITICAL RISK

With a significant increase in the number of users since its launch in 2007, PRI-Center (www.pri-center.com) continues to provide free and timely information on the latest developments relating to political risk insurance and management. PRI-Center continued to collaborate with well-established partners and organizations to deliver timely analysis, including the impact of the financial crisis as it unfolded on political risk, sovereign risk ratings, and other key topics.

FDI.NET UNVEILS SPOTLIGHTS ON PUBLIC PRIVATE PARTNERSHIPS AND **TOURISM**

FDI.net, MIGA's investor-focused portal, continued to provide a single entry point for users wanting information on specific investment opportunities and on business resources needed for FDI decision-making. FDI.net uses its email alert service to deliver relevant and customizable information through monthly communication to registered users. Through its e-newsletter FDI.net highlights topics uppermost in the minds of the investor community, such as individual investment project opportunities, business resources, events and part-

nerships. A bi-monthly Privatization Alert column offers an overview of developments in national divestment programs and other topics of interest related to privatization.

MIGA SUPPORTS THE BANK'S ARAB WORLD AGENDA THROUGH INCREASED SUPPORT OF ARAB FDI

MIGA is actively collaborating with the World Bank Group in support of its strategic priority to strengthen development opportunities in the Arab World. Specifically, we have undertaken a number of initiatives aimed at supporting FDI flows into Arab enterprises with the objective of enhancing investor confidence in the region. (See Box 6)

MIGA'S ONLINE PRESENCE

www.miga.org

MIGA's corporate website, which is our primary vehicle for disclosing information, features:

- Projects being considered for MIGA's support (Summary of Proposed Guarantees), and environmental and social impact assessments
- Database of all projects supported by MIGA since its inception. Users may search by region, host country, investor country, sector, and project status
- News, feature stories, annual reports, sector briefs, and corporate marketing material
- MIGA policies and procedures on environmental and social safeguards, disclosure, and anticorruption
- MIGA's Convention and list of member countries
- Information on how to apply for a MIGA guarantee and an online application form
- Google search technology and sign-up for automatic RSS feeds

www.fdi.net

FDI.net is a free, investor-focused web portal offering:

- On-demand country analysis and information on FDI in over 160 countries
- E-mail alerts (FDI Xchange) on investment information customized by country, sector, and topic of interest
- Monthly e-newsletter (FDI.net briefing) that provides users with an overview of new investment opportunities, FDI news, market intelligence, events, and partnerships
- E-mail alerts on the latest analysis and trends in privatization, as well as upcoming sales of state-owned enterprises and recently completed transactions

www.pri-center.com

PRI-Center.com is a free risk-management information service providing:

- In-depth analysis on political risk environment and management issues affecting 160 countries including risk ratings and country analyses
- E-mail alerts (PRI Xchange) on political risk information customized by country, sector, and topic of interest
- Monthly e-newsletter providing an overview of the latest developments in risk-mitigation strategies, trends in the PRI industry, news, events, and partnerships

MIGA'S ARAB INVESTMENT INITIATIVE

AS ARAB CORPORATES AND INVESTORS FACE THE TURMOIL OF THE GLOBAL FINANCIAL CRISIS, RISK MANAGEMENT AND ACCESS TO INFORMATION ON COUNTRY AND PROJECT RISK-MITIGATION INSTRUMENTS BECOME INCREASINGLY IMPORTANT. THESE DIFFICULT CIRCUMSTANCES ARE COMPOUNDED BY THE ALREADY COMPLEX ENVIRONMENT OF DEVELOPING WORLD INVESTMENTS—WHERE PROJECT IDENTIFICATION AND COUNTRY-SPECIFIC RESEARCH AND DATA CAN BE DIFFICULT TO FIND, OR UNAVAILABLE.

In partnership with regional organizations such as the Dubai International Financial Center (DIFC) and the Islamic Development Bank, we will address these challenges by supporting potential investors through an integrated set of activities designed to increase private sector activity and investments with positive development impact.

PRI Products

Together with its regional partners, MIGA is exploring the provision of customized political risk insurance products and knowledge transfer to facilitate the development of regional securities markets that could stimulate portfolio investment and provide financing opportunities to local enterprises. Some of these enterprises are located in countries with a low sovereign rating, which may have severely constained their ability to access cross-border financing. PRI can play a crucial role in bringing in foreign financing for credit-worthy projects in the Arab World through collaboration with regional partners such as DIFC.

Research and Knowledge

We seek to engage Arab World partners in research and knowledge-creation initiatives and thus increase the regional voice and understanding of the Arab World. In the context of the global financial crisis, these efforts will look at examining Arab investment trends, specifically the sensitivities and appetite for developing world investments as well as the prevalence of (and preferences for) risk-mitigation tools.

Information Exchange

In an effort to support the exchange and sharing of knowledge, and also to increase information on investment climates and project opportunities in key target markets for Arab investment, we will be launching an Arab investment portal.

This portal will leverage and build upon the existing databases of country and project specific information that is available through MIGA's FDI.net and PRI-Center online portals.





Technical Assistance



FOLLOWING ITS SUCCESSFUL INTEGRATION WITH THE WORLD BANK GROUP'S FOREIGN INVESTMENT ADVISORY SERVICES (FIAS) IN FISCAL YEAR 2007, MIGA'S TECHNICAL ASSISTANCE RE-FOCUSED ON SCALING UP AND INCREASING ITS DEVELOPMENT IMPACT. THE NEW INVESTMENT GENERATION (IG) UNIT HAS MIGA'S MANDATE TO PROVIDE TECHNICAL ASSISTANCE TO INCREASE FOREIGN INVESTMENT FLOWS TO DEVELOPING COUNTRIES THROUGH REDUCING POLICY IMPEDIMENTS AND PROVIDING SUPPORT TO GOVERNMENTS TO ATTRACT NEW INVESTORS AND RETAIN AND EXPAND EXISTING INVESTMENTS.

Through FIAS, MIGA's technical assistance is facilitating new investments in some of the most challenging business environments in the world, and is setting the stage for innovative investments in sectors such as tourism, agribusiness, and services. FIAS's strategy aligns with MIGA's, including emphasizing development of IDA-eligible and conflictaffected countries, and a special focus on sub-Saharan Africa.

The portfolio of the IG unit included some 34 projects in fiscal year 2009. Increasingly, these projects are part of larger country programs, which include regulatory simplification components, and often collaboration with the Bank Group's Private Sector Development initiatives.

HELPING CLIENTS RESPOND TO THE RECESSION

The telltale signs of a slowdown in global investment flows emerged early in 2008 and the IG unit moved to put in place aftercare and investor retention programs. In the Philippines, for example, the team helped the Board of Investments develop an aftercare program designed to work with investors at risk of closure or relocation and those with the potential to expand operations. Concentrating on 50 of the country's largest investors, the Philippine project has aided the Board of Investments in generating a pipeline of over \$1 billion in potential investments.

Several member countries with ongoing projects have registered important results despite the financial crisis. The Invest in the Western Balkans (IWB) project will be completed just after the close of this fiscal year. Funded by the Austrian government and the European Union, the project has worked extensively with seven Western Balkans countries, helping them to attract new investment. To date, IWB has helped client countries attract investments worth €140 million in the service and manufacturing sectors, as well as

facilitate site visits by some 60 other potential investors. This fiscal year, IWB has responded to the economic recession and the sharp fall in foreign investment coming into the Balkans by shifting its emphasis away from efforts to win new investments to activities such as enhancing investor servicing and aftercare capacity that support the retention of investments.

In Latin America, Invest in Bogota—a sub-national investment promotion agency established with MIGA's support in fiscal year 2007—doubled its new investments over fiscal year 2008 to \$270 million, accounting for over 7,200 new jobs. The agency has been responsible for substantial employment creation in the service sector as it seeks to promote and develop the region's highly skilled labor for back office and shared services operations and call centers.

HELPING CLIENTS PREPARE FOR THE **UPTURN**

In parallel with the emphasis on aftercare, FIAS has leveraged its traditional expertise in policy reform and regulatory simplification to help clients attract new FDI and to diversify into higher value-added sectors once the current recession abates.

The Global Investment Law and Policy Research and Advisory Project has achieved notable results in upgrading investment laws throughout Africa. Through FIAS's work, this project produced new legislation in Southern Sudan, Guinea-Bissau, and Burundi. The new laws send a strong signal to foreign investors that countries are serious about attracting investment.

Under an initiative funded by the United Kingdom's Department for International Development (DFID), the FIAS IG unit successfully facilitated investment law reform in Yemen. paving the way for a wider reform of the tax system. This effort improved the way the country handles new investors and opens the possibility of increased foreign participation in the

economy of one of the Middle East's poorest countries.

SHOWING RESULTS IN THE MOST DIFFICULT BUSINESS **ENVIRONMENTS**

In fiscal year 2009, the IG unit had measurable impacts in several IDAeligible countries, including the Special Economic Zones Law passed in the Democratic Republic of Congo, a draft economic zone law in Nepal. and institutional reform in Sierra Leone and Liberia. FIAS has also published the Rough Guide to Investment Climate Reform in Conflict-Affected Countries. Developed in collaboration with USAID and a host of World Bank Group country-based practitioners, the guide includes valuable information on how to use guarantees to mitigate risk in these most difficult environments.

FOCUSING ON THE NEEDS OF INDUSTRIES AND SECTORS

The IG unit has also focused on the development of industrial zones and the growth of tourism investment in developing countries. A new guide designed to help practitioners establish industrial zones in conflictaffected countries is being tested and piloted in Liberia and the Democratic Republic of Congo.

A new IG team initiative has established a global practice group that addresses constraints in the tourism market—a major source of employment and tax revenues in developing countries. The tourism anchor program in Mozambique has taken a comprehensive approach with a long-term engagement that began with the consideration of multiple sites and is now working with three large anchor locations and two smaller ecotourism locations. IFC Advisory Services in Africa, in partnership with FIAS, provided assistance on all aspects of the sites' development and ultimate promotion.

DEVELOPING MEASUREMENT TOOLS TO GUIDE CLIENTS IN ATTRACTING

The IG team has continued to produce the MIGA Global Investment Promotion Benchmarking Report. The 2009 benchmarking study examines the ability of national government promotion intermediaries to influence foreign investments by providing timely and relevant country and industry information to potential new investors. Study findings indicate that over 70 percent of government investment promotion agencies miss out on potential investments. As the pool of FDI shrinks during the current recession, there will be more competition for fewer projects and the ability of promotion agencies to influence investment decisions with timely and relevant information will be more crucial than ever.

The Investing Across Borders project (www.iabindicators.org), a new initiative launched during the fiscal year, is designed to measure policy and legal constraints affecting FDI flows. It aims to stimulate and inform investment climate reforms in client countries, leading to a more businessconducive, transparent, and secure environment for FDI.



ASIA AND THE PACIFIC

AFGHANISTAN BANGLADESH CAMBODIA CHINA INDONESIA KOREA (REPUBLIC OF) LAO PEOPLE'S DEMOCRATIC REPUBLIC MALAYSIA MALDIVES MICRONESIA MONGOLIA NEPAL NEW ZEALAND PAKISTAN PALAU PAPUA NEW GUINEA PHILIPPINES SAMOA SINGAPORE SOLOMON ISLANDS SRI LANKA THAILAND TIMOR-LESTE VANUATU VIETNAM

Despite the effects of the global financial crisis, the Asia and Pacific region saw another year of solid growth, with the economies expanding by 8 percent in 2008 (down from 11.4 percent in 2007). Although the region had little direct exposure to the "toxic" securitized assets and other sources of financial turbulence which came from OECD financial centers, the global financial crisis was felt through the economies' trade linkages with high-income countries during the second half of the year. China's economy grew the most during the year at 9 percent (down from 13 percent in 2007). Indonesia and Vietnam grew at 6.1 percent and 6.2 percent, respectively.

Although net private capital flows into East Asia and the Pacific decreased in 2008 to \$203 billion (from \$281 billion in 2007), the region attracted more net FDI flows, which grew by \$10 billion in the year to \$185 billion (a 5.6 percent increase from 2007).

GDP in the South Asia region grew by 6.1 percent in 2008 (down from 8.4 percent in 2007), but remains more exposed to the global financial crisis as declines in exports and remittances begin to take hold. Led by decreases in debt and portfolio flows, net private capital flows to the region fell by 41 percent during 2008 although net FDI flows increased substantially reaching \$47.5 billion, with FDI to India doubling over the previous year.

During the fiscal year, MIGA provided guarantees for three projects in the Asia and Pacific region. At year-end, MIGA's gross guarantee exposure stood at \$754 million, or ten percent of the agency's outstanding portfolio.

Regional Development Indicators, Asia and the Pacific		
	East Asia and Pacific	South Asia
External debt, total (percent of GNI)	17	21
GDP (current US\$) (billions)	4,365	1,443
GNI per capita, Atlas method (current US\$)	2,182	880
Life expectancy at birth, total (years)	72	64
Population, total (millions)	1,912	1,522
Population growth (annual percent)	0.8	1.5
Surface area (sq. km) (thousands)	16,299	5,139

Guarantees	Guarantees		
Country	Activities		
CHINA	Project Name: Chongqing Water Project Guarantee Holder: Suez Environnement SAS		
	MIGA has issued two guarantees totaling \$72.2 million for Suez Environnement SAS ("SE"), a French company, covering its investments in Chongqing Water Group Co., Ltd ("CWG") and Chongqing Sino-French Tangjiatuo Wastewater Treatment Co., Ltd ("Tangjiatuo Wastewater Co.") for the Chongqing Water Project in China. The coverage is for a period of up to 15 years against the risks of transfer restriction and expropriation.		
	The project involves the acquisition of a minority stake in CWG by SE, the expansion of the existing Chongqing Tangjiatuo Wastewater Treatment Plant, and the installation of sludge dryers. Its major development impacts are to attract FDI to this under-developed region and sector and to restructure and improve the water and wastewater sector in Chongqing municipality by introducing SE as a strategic investor. The project will also increase the municipality's wastewater treatment capacity, help address the issue of sludge treatment, and contribute to the improvement of water quality in the Yangtze River. Under the expansion, the capacity of the Tangjiatuo wastewater treatment plant will be increased from 300,000 m³/d to 400,000 m³/d and sludge dryers will be installed to allow transportation and treatment of the sludge.		
	China's western provinces have experienced rapid growth, but they continue to lag behind in attracting foreign direct investment. Chongqing municipality, in southwest China, has a population of about 32 million. The fast urbanization and industrial growth in the region have resulted in serious wastewater issues. It is estimated that the municipality generates nearly one billion tons of wastewater a year. Most of the untreated wastewater is discharged directly into the Yangtze and Jialing rivers, threatening the quality of water supply. The wastewater treatment represents a major environmental challenge for Chongqing, one of the largest cities in China, situated upstream of the Three Gorges dam on the Yangtze River.		
	The Chongqing municipal government has actively encouraged participation and involvement of foreign companies in the water sector to address these challenges. SE and a Hong Kong co-investor NWS Holdings Limited will together bring in €154 million of investment. The involvement of foreign companies will also facilitate the introduction of advanced water and wastewater treatment technologies and management, including improvement of project management and corporate governance. This project is fully consistent with the World Bank Group's China Country Partnership Strategy (2006-2010) and the Chinese government's western development strategy. The project is also aligned with MIGA's strategy of promoting investment in infrastructure projects.		
CHINA	Project Name: Second Darco Water (Qianyuan Water) Project Guarantee Holder: Darco Environmental Pte., Ltd.		
	MIGA has issued additional coverage in the amount of \$3.12 million for the Second Darco Water (Qianyuan Water) Project in China. The additional coverage is for Darco Environmental Pte., Ltd. (Darco) of Singapore's equity investment in the project and covers the risk of expropriation.		
	MIGA's Board approved the issuance of guarantees to the project up to \$19.5 million in May 2007. The investor signed a contract in the amount of \$7.56 million in fiscal year 2007. The additional coverage of \$3.12 million is supporting the project's financial restructuring.		
	The project consists of the construction of a water treatment plant, on a build-operate-transfer (BOT) basis, that will supply 100,000 cubic meters per day of potable water to residents and industries in Deqing County. Raw water will be sourced from the Dui Hekou reservoir and piped to a water treatment facility 20 kilometers away.		
	Deqing is one of the fastest developing counties in Zhejiang province with an estimated population of 430,000. Due to its rapid growth, the county has been facing a serious shortage of potable water as well as degradation in water quality. The project will address the water supply shortage and is expected to contribute to local economic development, urbanization, and public health.		
	Managing resource scarcity and environmental challenge is one of the five themes of the World Bank Group's Country Partnership Strategy for China. Construction of water supply and wastewater treatment plants is a key element of this theme.		

Guarantees	
Country	Activities
Pakistan	Project Name: Kashf Microfinance Bank Guarantee Holders: ShoreCap International, Ltd.; Stichting Triodos-Doen; Triodos Fair Share Fund
	MIGA has issued guarantees totaling \$1.75 million to ShoreCap International, Ltd. (SCI) of the Cayman Islands and Stichting Triodos-Doen (Triodos-Doen) and Triodos Fair Share Fund (TFSF) of the Netherlands, covering their equity investment in Kashf Microfinance Bank (KMB) in Pakistan. The coverage is for a period of up to ten years against the risks of transfer restriction, expropriation, and war and civil disturbance.
	The project involves the establishment of the Kashf Microfinance Bank in conjunction with the Kashf Foundation, a foundation which uses group lending to provide finance to the country's poorest people. Kashf will transfer its individual lending portfolio (i.e., the upper end of microfinance in the local context) to KMB, as a base portfolio to the new bank. KMB aims to reach significant scale quickly by offering savings and deposit products, individual loans, and other value-added services to micro and small business owners, especially women.
	KMB intends to operate across Pakistan starting with branches in Punjab and Sindh, but expanding into Balochistan, Northwest Frontier Province, and Azad Jammu and Kashmir. Within five years, KMB expects to establish 100 branches and to have a loan portfolio of above \$270 million equivalent to approximately 375,000 borrowers and over one million small depositors.
	The project is expected to have a significant impact on the country's economic development as it will be providing financing and savings instruments to small enterprises, which form the largest underserved, yet productive, segment of the local economy. As newer financial products are introduced (savings, micro housing, microinsurance, etc.), clients will have access to a larger choice of financial products. Greater access to financial services will help reduce poverty and expand economic opportunity for low-income populations throughout Pakistan, especially women.
	MIGA's support in establishing a for-profit, national, and fully regulated microfinance bank will help demonstrate the profitability and sustainability of large-scale financial services to new microfinance providers. This will help encourage new entrants and greater overall penetration to meet the vast need for financial services for Pakistan's poor. The project was underwritten through MIGA's Small Investment Program.

EUROPE AND CENTRAL ASIA

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



GDP in Europe and Central Asia (ECA) is estimated to have grown by 4.0 percent in 2008, falling from 6.8 percent in 2007. The region's heavy reliance on increased trade linkages and investments from the European Union coupled with the abrupt reversal of capital flows, weaker demand, and falling commodities prices suggest that ECA may be the most at risk as the crisis unfolds, even though income levels are higher than those in other states or regions. Although the region is generally poised to experience a contraction in 2009, strong growth recorded in the months prior to the crisis led most of the economies to post healthy gains in 2008. Russia and Poland grew at 5.6 percent and

4.8 percent, respectively during 2008, while other economies, such as Albania, Belarus, and Moldova grew by 6 percent, 10 percent, and 7 percent respectively.

Although net private capital flows to the region fell 47 percent to \$250.5 billion in 2008, FDI flows remained resilient, growing 11 percent to \$170.8 billion.

During the fiscal year, MIGA provided guarantees for 11 projects in the region. At year-end, MIGA's gross guarantee exposure stood at \$3.8 billion, or 52 percent of the agency's outstanding portfolio.

Regional Development Indicators, Europe and Central Asia	
External debt, total (percent of GNI)	41.5
GDP (current US\$) (billions)	3,156
GNI per capita, Atlas method (current US\$)	6,052
Life expectancy at birth, total (years)	70
Population, total (millions)	446
Population growth (annual percent)	0.2
Surface area (sq. km) (thousands)	23,972

Guarantees Country **BOSNIA AND** Project Name: Raiffeisen Leasing d.o.o. Sarajevo Guarantee Holder: Raiffeisen Zentralbank Österreich AG HERZEGOVINA MIGA has issued guarantees of \$47.72 million to Raiffeisen Zentralbank Österreich A.G.(RZB) in Austria covering its €35 million shareholder loans to its subsidiary Raiffeisen Leasing d.o.o.Sarajevo (RLBH) in Bosnia and Herzegovina. The loans will fund RLBH's leasing portfolio. MIGA's coverage is for a period of up to six years against the risks of transfer restriction and expropriation of funds. RLBH leases vehicles, including cars, trucks and trailers, various types of equipment, including processing, packaging and construction equipment, as well as leasing of industrial and office buildings. Loan proceeds are expected to be used to finance vehicle leases to micro and small-size enterprises and car leases to individuals. This project is expected to contribute to the development of the financial sector in Bosnia and Herzegovina by improving access to finance, particularly to segments of the economy that are currently underserved. The shareholder loans support RLBH's ongoing leasing business, thereby contributing toward the continued development and strengthening of the country's leasing sector. The leasing sector in Bosnia and Herzegovina is still relatively small compared to West European countries. Small and medium-size enterprises (SMEs) are especially expected to benefit from the development of leasing in the country, as they often do not qualify for bank financing and lack the capital to purchase fixed assets to grow their businesses. SMEs and corporates account for more than 90 percent of RLBH's leasing volume. MIGA's support for this investment is aligned with the World Bank Group's country assistance strategy in Bosnia and Herzegovina for 2008-2011 and the country's development objectives, particularly with regard to improving the environment for private sector-led growth and convergence with Europe. HUNGARY Project Name: UniCredit Bank Hungary Zrt. Guarantee Holder: UniCredit Bank Austria AG MIGA has issued a guarantee of up to €95 million covering UniCredit Bank Austria AG's (UBA) €100 million shareholder loan to its wholly owned subsidiary, UniCredit Bank Hungary Zrt. (BACH). The coverage is for a period of up to six years against the risks of transfer restriction, expropriation, and war and civil disturbance. UBA's shareholder loan will provide BACH with long-term liquidity, help restructure BACH's operations by improving the bank's asset-liability management, and improve its structural liquidity. The loan is part of a broader funding strategy of the UniCredit Group to finance its subsidiaries and is particularly important in view of the current turmoil in financial markets worldwide, including Hungary. MIGA supports this project in conjunction with the Financial Sector Initiative framework recently presented to MIGA's Board of Directors as part of a coordinated international response to the ongoing global financial crisis. Hungary, like many other countries in the Europe and Central Asia region, is currently facing difficult fiscal adjustments along with the need for external financing. MIGA's support to the project will supplement the International Monetary Fund's stabilization program for Hungary by providing additional liquidity into the real economy. This investment will also provide the needed funding to BACH for continued support to its core client base, including small and medium-sized enterprises, large companies as well as private individuals.

Guarantees	Guarantees		
Country	Activities		
Kazakhstan	Project Name: ATF Bank, Kazakhstan Guarantee Holder: UniCredit Bank Austria AG		
	MIGA has issued a guarantee of up to \$190.0 million covering UniCredit Bank Austria AG's (UBA) \$200 million shareholder loan to its subsidiary, ATF Bank Kazakhstan. The coverage is for a period of five years against the risks of transfer restriction, expropriation, and war and civil disturbance.		
	The loan will improve ATF Bank's asset-liability management through better matching of maturities in light of the shortage of long-term financing available in the Kazakh market. The loan is part of a broader funding strategy of the UniCredit Group to finance its subsidiaries and is particularly important given the current turmoil in financial markets worldwide, including Kazakhstan.		
	MIGA's support for this project is in conjunction with the Financial Sector Initiative (FSI) framework recently developed by MIGA as part of a coordinated international response to the ongoing global financial crisis. MIGA's support will play a critical role in facilitating adequate long-term cross-border flows from UBA into its subsidiary in Kazakhstan by providing liquidity, and will help, in part, Kazakhstan's financial sector to stabilize. This shareholder loan will provide refinancing of existing liabilities in the Kazakh economy. The ultimate beneficiaries of this loan will be customers, mortgage borrowers, and municipalities in Kazakhstan.		
	One of the main pillars of the World Bank Group's country partnership strategy for Kazakhstan is enhancing competitiveness and private business. The project is consistent with the aforementioned pillar.		
LATVIA	Project Name: AS "UniCredit Bank" Guarantee Holder: UniCredit Bank Austria AG MIGA has issued a guarantee of \$100.34 million (or equivalent euro) covering UniCredit Bank Austria AG's (UBA) shareholder loan to its wholly owned subsidiary, AS "UniCredit Bank" (ASUB) in Latvia. The coverage is for a period of up to eight years against the risks of transfer restriction, expropriation, and war and civil disturbance. UBA's shareholder loan will enable the restructuring of ASUB's operations, especially in its asset/liability management and structural liquidity. The loan is part of a broader funding strategy of the UniCredit Group to finance its subsidiaries and is particularly important in view of the current turmoil in financial markets worldwide, including Latvia. MIGA supports this project in conjunction with the Financial Sector Initiative framework recently presented to MICA's Board of Directors as part of a coordinated international response to the ongoing global financial crisis. Latvia, like many other countries in the Europe and Central Asia region, is currently facing difficult fiscal adjustments along with the need for external financing. MICA's support to the project will supplement the International Monetary Fund's stabilization program for Latvia by providing additional liquidity into the real economy. This investment will also provide the needed funding to ASUB for continued support to its core client base. Corporate clients and SME's of ASUB's loan portfolio are concentrated in the manufacturing, trade, real estate and financial services industries in Latvia. Continued financial support to these industries is critical to Latvia's economic turnaround. ASUB has corporate offices and branches in Lithuania and Estonia. By extension, the investment also supports development in these countries.		

Guarantees MOLDOVA Project Name: I.C.S. Raiffeisen Leasing Moldova (RLMD) Guarantee Holder: Raiffeisen Bank SA (RBRO) MIGA has issued a guarantee of €4.75 million to Raiffeisen Bank SA in Romania (RBRO) covering its €5.0 million shareholder loan to I.C.S. Raiffeisen Leasing SRL in the Republic of Moldova (RLMD). The loan will support the expansion of RLMD's operations. MIGA's coverage is for a period of up to six years against the risks of transfer restriction and expropriation of funds. RLMD is expected to focus on leasing solutions for businesses, including the acquisition of machinery, equipment and vehicles. Fifty percent or more of the total number of borrowers supported by this investment are expected to be small and medium-size enterprises. (In FYo8, MIGA provided a \$7.34 million guarantee for the first loan to support the start-up of RLMD). Despite recent global financial turbulence, Moldova's financial sector appears to be better positioned to weather the impact of the ongoing crises in world financial markets than some other countries in the region. This project is expected to contribute to further development of the financial sector in Moldova by improving access to finance, particularly to segments of the economy that are currently underserved. The financial sector in Moldova is also expected to benefit from the presence of experienced foreign banking institutions like RZB Group, in terms of strengthening standards by establishing best practices, developing new products, and fostering competition among financial institutions. The World Bank Group's country assistance strategy for Moldova, covering fiscal years 2009-2012, places emphasis on the need to enhance competitiveness of the national economy, promote private investment and the expansion of the SME sector in the country. This investment fits well with the Bank Group's strategy and Moldova's development objectives. RUSSIAN Project: Absolut Bank Russia **FEDERATION** Guarantee Holder: Belgian Export Credit Agency (ONDD) MIGA has reinsured the Belgian Export Credit Agency's (ONDD) coverage to KBC Bank NV for its shareholder loans to its subsidiary Absolut Bank in the Russian Federation. MIGA's reinsurance for this investment is \$120 million. The coverage is for a period up to 10 years against the risks of transfer restriction and expropriation. KBC's shareholder loan investment is helping Absolut Bank enhance and strengthen its liquidity, taking into consideration the liquidity constraints in both the Russian and global financial markets. It will also help Absolut Bank continue its activity throughout Russia. MIGA's support to ONDD is in accordance with MIGA's mandate to cooperate with national entities of its member countries as stated in MIGA's Convention. This will be the first time MIGA has provided reinsurance support to ONDD. MIGA's reinsurance will free up ONDD's capacity to facilitate further investments into Russia. One of the main objectives of the World Bank Group's country partnership strategy for the Russian Federation is to support the development of the country's financial sector. The proposed project is consistent with this objective, as the project will support private investment in various sectors through the availability of credit at a time when it is becoming more constrained in the country and worldwide. In addition, given Absolut Bank's strategic goal to continue to support its banking network operations regionally, the project will help promote private investment at the regional level outside of the two main urban areas of the country, an objective which is also consistent with the country partnership strategy.

Guarantees	Guarantees		
Country	Activities		
Russian Federation	Project Name: Closed Joint Stock Company UniCredit Bank Russia Guarantee Holder: UniCredit Bank Austria AG		
	MIGA has issued a guarantee of \$90.25 million covering UniCredit Bank Austria AG's \$95 million shareholder loan to the Closed Joint Stock Company UniCredit Bank in Russia. The coverage is for a period of up to three years against the risks of transfer restriction, expropriation, and war and civil disturbance.		
	UBA's shareholder loan will help UBRU manage the balance of its assets and liabilities, maintain compliance with internal control requirements related to the liquidity crisis, and support UBRU's growth and regional expansion plan. The loan is part of a broader funding strategy of the UniCredit Group to finance its subsidiaries, and is particularly important in view of the current turmoil in financial markets worldwide, including the Russian Federation. It will also help enable small and medium-size enterprises in the region to receive credit at a time when financing is scarce for business growth. A significant portion of UBRU's lending activities support SMEs.		
	MIGA's support for the banking sector in Russia is consistent with the World Bank Group's efforts to help countries cope with the turmoil in the global financial markets. MIGA has supported several other guarantees in the Russian Federation in a wide range of sectors, including infrastructure at the sub-sovereign level, mining, manufacturing and financial sector. In the financial sector, MIGA supported various investments in leasing, banking and mortgage financing.		
SERBIA	Project: UniCredit Bank Serbia JSC Guarantee Holder: UniCredit Bank Austria AG		
	MIGA has issued a guarantee of up to €95 million covering UniCredit Bank Austria AG's (UBA) €100 million share-holder loan to its subsidiary, UniCredit Bank Serbia JSC (UBSR). The coverage is for a period of up to five years against the risks of transfer restriction, expropriation, and war and civil disturbance.		
	The loan will provide UBSR with long-term liquidity and improve UBSR's asset-liability management by matching assets and funding of similar maturities. The loan is part of a broader funding strategy of the UniCredit Group to finance its subsidiaries and is particularly important in view of the current turmoil in financial markets worldwide, including Serbia.		
	MIGA supports this project in conjunction with the Financial Sector Initiative framework recently presented to MIGA's Board of Directors as part of a coordinated international response to the ongoing global financial crisis. Serbia, like many other countries in the Europe and Central Asia region, is currently facing difficult fiscal adjustments along with the need for external financing. MIGA's support to the project will supplement the International Monetary Fund's program for Serbia by injecting liquidity into the UBSR, boosting confidence in Serbia's financial sector, and contributing to the improvement of the country's financial stability.		
	One of the main objectives of the World Bank Group's country partnership strategy for Serbia for 2008-2011 is to encourage dynamic private sector led growth. The proposed project is fully consistent with this objective.		

Guarantees UKRAINE Project Name: Can-Pack (Ukraine) Ltd. Guarantee Holder: Can-Pack S.A. MIGA has issued a \$4.0 million guarantee to Can-Pack S.A. of Poland covering its new investment in Can-Pack (Ukraine) Ltd. The new investment will be in the form of equipment and raw materials, to modernize an existing production line. MIGA is currently providing coverage to the project totaling \$49.4 million against the risks of transfer restriction, expropriation, and war and civil disturbance. Can-Pack S.A.—through subsidiary Can Pack (Ukraine) Ltd.—is the largest producer of beverage cans in Ukraine and fourth largest beverage can producer in Europe. The project involves the replacement of old can necking equipment, which produces 50-cl beverage cans, and extending line capability with machines and tooling for production of 33-cl cans. It also involves transfer into Ukraine of technical know-how in operating the new equipment. The plant has been operating since 2003. Can-Pack's decision to upgrade the equipment to produce the 33-cl aluminum beverage cans in Ukraine is driven by an increase in demand from the soft drink companies, such as Coca-Cola and Pepsi, as well as from the local and regional breweries. Additionally, the demand for 33-cl cans is also growing from neighboring countries, especially Russia, Kazakhstan and Belarus. The production of 33-cl cans in Ukraine will allow Can-Pack to maintain its competitiveness in the expanding beverage market in Ukraine in particular and the region in general. Can-Pack is currently addressing the need by procuring the 33-cl cans from Poland, in turn incurring high transportation costs, which impact its competitiveness. MIGA's continuing support to Can-Pack (Ukraine) is consistent with the World Bank Group Country Partnership Strategy (CPS) for Ukraine for 2008-2011. Enhancing technological updates in the manufacturing sector and promoting the modernization of production align with the first pillar of the CPS— sustaining growth and improving competitiveness. UKRAINE Project: Raiffeisen Leasing Aval LLC Guarantee Holder: Raiffeisen Zentralbank Österreich AG MIGA has issued a guarantee of \$142.5 million covering Raiffeisen Zentralbank Österreich AG's (RZB) \$150 million shareholder loan to its leasing subsidiary in Ukraine, Raiffeisen Leasing Aval LLC (RLAV). The coverage is for a period of up to seven years against the risks of transfer restriction and expropriation of funds. RZB's shareholder loan will enable RLAV to respond to rapidly growing demand for leasing products in Ukraine. RLAV will use the proceeds of the shareholder loan to extend leases of equipment and machinery to Ukrainian enterprises across various sectors. A substantial part of this funding is expected to benefit small and medium-size enterprises and support investments in agriculture. The SME sector is an underserved segment of the Ukrainian market as SMEs often do not qualify for bank financing and lack the capital to purchase fixed assets to grow their businesses. RZB's shareholder loan is also expected to help RLAV to increase the share of long-term leases in its portfolio. This is MIGA's second guarantee in support of RLAV. Ukraine is among the countries in the region hardest hit by the global economic crisis. Until September 2008, it was one of Europe's fastest-growing economies, with annual growth of more than 7 percent for eight years. The crisis has dried up foreign loans, crippled banks with defaults, and triggered massive layoffs. The World Bank Group's country partnership strategy for Ukraine emphasizes the need to support the development of non-bank financial institutions, including leasing companies, to deepen the financial sector, broaden the availability of financial instruments to Ukrainian enterprises, and support private investment. This investment fits well with the country partnership strategy. First, it promotes the involvement of strategic foreign investors, such as RZB, that are playing an important role in the development of the leasing industry in Ukraine in these difficult times. Second, this project is expected to support investments in the agribusiness sector, an important area for job creation and development of local industries.

Guarantees	
Country	Activities
UKRAINE	Project: Joint Stock Commercial Bank for Social Development Ukrsotsbank Guarantee Holder: UniCredit Bank Austria AG
	MIGA has issued a guarantee of \$247 million covering a \$260 million shareholder loan from UniCredit Bank Austria AG (UBA) to Joint Stock Commercial Bank for Social Development Ukrsotsbank (USB) of Ukraine. The coverage is for a period of up to seven years against the risks of transfer restriction, expropriation, and war and civil disturbance.
	UBA is a sub-holding company of UniCredit Group of Italy. USB, Ukraine's fourth largest bank, was acquired by UniCredit through UBA in January 2008. The long-term shareholder loan is expected to provide USB with liquidity at the time of limited availability of long-term funding. This is expected to improve USB's asset-liability management.
	Ukraine is among the Eastern European countries hardest hit by the global financial turmoil. Economic growth averaged above 7 percent in the country between 2000 and 2007, but the global downturn has seen investors and lenders withdraw. The country's stocks, banks, and currency have all suffered. MIGA's support to the country's banking sector is part of the Bank Group's efforts to help crisis-hit countries cope with the turmoil in the global financial markets.
	Over the medium to long-term, the World Bank Group's country partnership strategy for Ukraine places a strong emphasis on improving the environment for private sector development and identifies building financial institutions as a priority area. This project is consistent with the first pillar—sustaining growth and improving competitiveness—of the World Bank's country partnership strategy for Ukraine.



LATIN AMERICA AND THE CARIBBEAN

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

Real GDP in Latin America and the Caribbean (LAC) is estimated to have grown by 4.2 percent in 2008, down from 5.8 percent in 2007. Although the region entered the crisis bolstered by stronger fiscal, currency, and financial fundamentals than in the past, negative ripple effects from the crisis—declines in capital flows, remittances, exchanges rates, stock prices—have reverberated throughout the region. The economies of Brazil and Argentina grew at an estimated 5.1 percent and 6.8 percent, respectively.

Net private capital flows into the region decreased by 41 percent to \$127.2 billion in 2008, with FDI increasing by 16 percent to \$124.8 billion. The high commodity prices that persisted through most of 2008 continued to support FDI in resourcerich developing countries such as Brazil, Chile, and Peru.

During the fiscal year, MIGA provided guarantees for two projects in the region. At year-end, MIGA's gross guarantee exposure stood at \$1.3 billion, or 17 percent of the agency's outstanding portfolio.

Regional Development Indicators, Latin America and the Caribbean	
External debt, total (percent of GNI)	23.7
GDP (current US\$) (billions)	3,616
GNI per capita, Atlas method (current US\$)	5,801
Life expectancy at birth, total (years)	73
Population, total (millions)	561
Population growth (annual percent)	1.2
Surface area (sq. km) (thousands)	20,421

Guarantees		
Country	Activities	
Brazil	Project Name: Serra da Mesa Transmissora de Energia S.A Guarantee Holder: Cobra Concesiones S. L.	
	MIGA has issued a guarantee of €20.9 million to Cobra Instalaciones y Servicios S.A. of Spain to cover its equity investment in the Serra da Mesa Transmissora de Energia project in Brazil. The coverage is for a period of up to 15 years against the risks of transfer restriction and breach of contract.	
	The project consists of the construction, operation, and maintenance of a total of 675 kilometers of 500 kV transmission lines along the north-south axis of the country. The new lines will stretch from the Serra da Mesa hydropower plant on Rio Tocantins in the State of Goiás to the Embrocação hydropower plant on the Rio Paranaíba. The project also includes the construction of two new substations, one near the municipality of Luziâna in the State of Goiás, and the other near the Municipality of Paracatú in the State of Minas Gerais.	
	The project is expected to help alleviate the imbalance of electricity supply and demand caused by the geographic distance and climate difference across regions. Transmission lines in Brazil tend to cover large distances, resulting from the fact that most energy is produced in hydroelectric dams located far from major energy consumption centers. Interconnected transmission line systems allow for more consistent distribution of energy, as they permit regions of the country to continue receiving energy even if there is a dry spell.	
	A more consistent energy source will help ensure that Brazil continues on a path of economic growth. The proposed project is in line with the World Bank's country partnership strategy for Brazil, one of the key objectives of which is to help the country become more competitive by improving its infrastructure.	
JRUGUAY	Project Name: Sierra de Luna S.A. (Microfin)	
	Guarantee Holder: Banco de la Microempresa S.A. (Mibanco) MIGA has issued a guarantee of \$0.95 million to Banco de la Microempresa S.A. (Mibanco) of Peru for its investment in Microfinanzas del Uruguay S.A. of Uruguay. 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 consists of the establishment and operation of Microfin, a microlending organization in Uruguay. The organization is to be a subsidiary of Grupo ACP. The guarantee covers a non-shareholder loan by Mibanco. Microfin plans to focus on micro-loans between \$3,500 and \$10,000, but it will also provide loans below that range. It also plans to establish an estimated 100 service points throughout the country in order to reach underserved segments of the microfinance market.	
	One of Microfin's objectives is to close the existing gap between the demand and supply of financial services to low-income sectors in Uruguay. The country's existing financial infrastructure is dominated by large banks and does not meet the needs of some of the most vulnerable groups. Microfin intends to target microentrepreneurs (those with ten employees or less). By supporting small businesses, it should help generate employment and improve living standards and may encourage new entrants to Uruguay's microfinance market.	
	MIGA's participation in this project is consistent with the World Bank Country Assistance Strategy for Uruguay for 2005-2010 which focuses on helping the government attain equitable and sustainable economic development. This is a South-South investment. The project was underwritten through MIGA's Small Investment Program.	



MIDDLE EAST AND NORTH AFRICA

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

GDP in the Middle East and North Africa (MENA) is estimated to have grown by 6 percent in 2008, (up from 5.4 percent in 2007). While developing countries in the region have been less affected by the global financial crisis than other regions, local equity and property markets have come under pressure. Egypt and Iran grew the most during the year, with GDP increases of 7.1 percent and 6.2 percent, respectively.

MENA was the only regional economy that attracted more net private capital inflows in 2008 than in the year

before, growing by 11 percent to \$23 billion by year's end. This notwithstanding, FDI net inflows in 2008 decreased by 7 percent to \$22.5 billion in 2008.

During the fiscal year, MIGA did not issue any new guarantees in the region. At year-end, MIGA's gross guarantee exposure in MENA stood at \$677 million, or nine percent of the agency's outstanding portfolio.

Regional Development Indicators, Middle East and North Africa		
External debt, total (percent of GNI)	19	
GDP (current US\$) (billions)	850	
GNI per capita, Atlas method (current US\$)	2,820	
Life expectancy at birth, total (years)	70	
Population, total (millions)	313	
Population growth (annual percent)	1.7	
Surface area (sq. km) (thousands)	8,778	

SUB-SAHARAN AFRICA

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

GDP in sub-Saharan Africa is estimated to have grown by 4.8 percent in 2008, down from 6.2 percent in 2007. While not overly exposed to the initial losses related to mortgage backed securities and bank failures, the region has not been shielded from the world crisis. Lower commodity prices, stemming from reduced demand, have magnified the fallout and reduced incomes, even though production and trade volumes have performed somewhat better than in other regions.

Falling commodity prices and tightening credit conditions had a dampening effect on flows into extractive industries contributing to a significant decrease in total net private capital inflows to the region, which fell by 35 percent to \$35.9 billion in 2008. Although net FDI inflows to the region increased by 13 percent to \$32.4 billion, portfolio equity and debt flows fell by 76 percent and 83 percent respectively.

During the fiscal year, MIGA provided guarantees for ten projects in the region, representing 38 percent of all projects supported by the agency during the year. At year-end, MIGA's gross guarantee exposure stood at \$939 million, equivalent to 13 percent of the agency's outstanding portfolio.





Guarantees Country BENIN Project Name: Compagnie Hôtelière du Golfe S.A Guarantee Holder: Société Malienne de Promotion Hôtelière MIGA has issued a guarantee of \$1.5 million to Société Malienne de Promotion Hôtelière (SMPH) of Mali, covering its \$6.8 million equity investment in Compagnie Hôtelière du Golfe in Benin. The coverage is for a period of up to ten years against the risks of transfer restriction, expropriation, and war and civil disturbance. The project involves the acquisition of the Hotel de la Plage in Cotonou, following a competitively bid privatization process. The existing facility will be demolished and a new 100-room, four-star hotel of international standing will be built in its place. For the implementation of the project, SMPH will establish a local company—Compagnie Hôtelière du Golfe S.A. The existing facility is located along the Atlantic coast in the administrative heart of Cotonou. Despite its prime location, the condition and architectural layout of the existing hotel are not conducive to attracting business travelers and tourists. The newly designed facility will cater to the needs of business travelers and vacationing tourists. The project is expected to support the Government of Benin's efforts to reform the public sector, rehabilitate state-owned assets, and develop the tourism sector. It is expected to provide much-needed modern hotel facilities, increase the number of visitors and tourists, and contribute to tax revenues and foreign exchange earnings. The project will generate both skilled and unskilled jobs and transfer proven managerial and technical skills to locals. MIGA's participation in this project is aligned with its strategic priorities, as the issued guarantee supports a project in an IDA-eligible (among the world's poorest) African country and a South-South investment. The guarantee was underwritten through the agency's Small Investment Program. DEMOCRATIC Project Name: Congo Oils and Derivatives SARL REPUBLIC OF Guarantee Holders: Mr. Ralph Freiha, Yousef Freiha & Sons, Freiha Feed Company SAL and African Company for Congo Oil and Derivatives MIGA has issued a guarantee of \$4.32 million to Mr. Ralph Freiha, Yousef Freiha & Sons, Freiha Feed Company SAL and African Company for Oil and Derivatives of Lebanon covering their equity investment in Congo Oils and Derivatives SARL in the Democratic Republic of Congo. The coverage is for a period up to ten years against the risks of transfer restriction, expropriation, and war and civil disturbance. The project involves the installation and operation of a vegetable oil refinery in the port town of Boma. The plant will produce refined, bleached and deodorized palm oil, as well as degummed soya bean oil plant. It will have a capacity of 140 tons of oil per day and will largely serve the local market, which is partially dependent on imports. There is also a possibility of exporting to neighboring countries, in particular to Angola, a post-conflict economy with limited industrial capacity. The project is expected to have a positive impact on the country's economy by creating jobs for the local population, generating significant annual tax revenues (after year four) for the government, and local procurement of goods and services, mostly related to transportation, fuel, and utilities, as well as lodging and boarding for expatriate personnel. MIGA's support for this investment fits with the World Bank Group's country partnership strategy for DRC for 2008-2011, particularly with regard to laying the foundation for a medium-term poverty reduction effort. MIGA's participation in the project is aligned with its strategic priorities of supporting projects in the world's poorest countries and in conflicted environments. It is also a South-South investment. The project was underwritten through MIGA's Small Investment Program.

Guarantees MADAGASCAR Project Name: Tamboho S.A Guarantee Holder: Tamboho International Ltd. MIGA has issued a guarantee of €0.46 million to Tamboho International Ltd. of Mauritius covering its €0.52 million shareholder loan to Tamboho S.A. in Madagascar. The coverage is for up to six years against the risks of transfer restriction, expropriation, and war and civil disturbance. The investment relates to a hotel located in the Tana Water Front neighborhood in the capital city Antananarivo that will offer amenities for both tourists and business travelers, including conference and leisure facilities. It will meet international standards and accommodate a steady growth in the number of business and leisure travelers to Madagascar. The number of travelers to Antananarivo has been increasing for the past few years at an average annual rate of 15 percent and a further spike in the number of visitors is expected during the African Union Summit in 2009 and the Francophonie Summit in 2010. The supply of hotel rooms in the city does not meet the growing demand. The project is expected to have a demonstration effect as other hotels in Antananarivo will want to improve their own accommodations in order to remain competitive. It is expected that the hotel will generate local jobs as well as taxes for the government over the next five years. The hotel will also support the growth of related industries such as transportation, food and beverage providers, and tour operators. MIGA's participation in this project is aligned with its strategic priorities as the issued guarantee supports a project in an IDA-eligible (among the world's poorest) country, an investment in an African country; and a South-South investment. The project was underwritten through MIGA's Small Investment Program. NIGERIA Project Name: Aarti Steel Nigeria Ltd. Guarantee Holder: State Bank of India MIGA has issued additional coverage in the amount of \$12.8 million for the Aarti Steel Nigeria Ltd. (ASNL) Project in Nigeria. The additional coverage is for \$13.5 million in new non-shareholder loans to the project enterprise from the State Bank of India. The coverage is against the risks of expropriation, transfer restriction, and war and civil disturbance. MIGA issued guarantees of \$11.4 million to support the project in 2007. The additional coverage of \$12.8 million is supporting an expansion of an existing steel galvanizing facility located in Otta, Ogun State, Nigeria. Aarti Steel Nigeria Limited has constructed a greenfield manufacturing plant for steel galvanizing in Ogun State. This facility has a manufacturing capacity of 50,000 tons a year, and produces galvanized steel coils, galvanized plain steel sheets, and galvanized corrugated (roofing) steel sheets. The expansion entails an increase in the manufacturing capacity to 100,000 tons a year by setting up an additional galvanizing line. The increased capacity of the plant will allow ASNL to meet the growing demand for processed steel goods in Nigeria and neighboring countries. The expansion will deploy the latest state-of-the-art and environmentally friendly technology. When the facility is fully online, it is expected to be the largest local manufacturer. Nigeria's increasing wealth and population is driving market demand for galvanized plain and galvanized corrugated steel sheets. Galvanized corrugated sheets are used as roofing material on nearly all houses in Nigeria and the surrounding region. The plain metal sheeting will also be used in a variety of industries including agricultural implements, consumer durable goods, hardware for domestic and industrial construction, railways, and machinery manufacturing. The project will also bring modernized and efficient processes to Nigeria's emerging manufacturing This project is consistent with Nigeria's strategy to develop the non-oil private sector, as well as the World Bank Group's Country Partnership Strategy which identifies increased foreign direct investment in the non-oil private sector as a critical element of the country's reform efforts. The project also meets MIGA's priorities of supporting South-South investments and investments in sub-Saharan Africa.

Guarantees Activities Country RWANDA Project Name: Banque Rwandaise de Développement S.A. Guarantee Holder: ADC Financial Services and Corporate Development MIGA has issued a guarantee of \$6.04 million to ADC Financial Services and Corporate Development (ADC) of Mauritius covering its equity investment in Banque Rwandaise de Développement (BRD). The coverage is for a period of up to 15 years against the risks of transfer restriction, expropriation, and war and civil disturbance. BRD—Rwanda's development bank—is owned by the Government of Rwanda, bilateral development agencies and private investors. ADC has committed \$6.5 million equity to acquire a 25 percent stake in BRD through a capital increase. BRD has two main business lines: lending to small and medium-size enterprises and making equity investments in greenfield projects that are seen as central to Rwanda's growth. Fostering broad-based growth in economic activity and in the private sector is important for Rwanda's continuing economic recovery. BRD plays an important role in the creation and development of companies and products that can contribute to the economic development of Rwanda by providing capital as well as cash vouchers, subscribing to bonds, and granting short, medium and long-term credits. This project is expected to have a positive impact on Rwanda's economy by providing BRD with the necessary capital to increase its lending portfolio in the country, thereby helping it to increase its support for SMEs and greenfield businesses. MIGA's participation in this project is aligned with its strategic priorities. The guarantee supports a project in an IDA-eligible (among the world's poorest) African country and a South-South investment. It was underwritten through the agency's Small Investment Program. Project Name: Société Monétique et de Télé-Compensation au Rwanda (SIMTEL) S.A.R.L. RWANDA Guarantee Holder: ADC IT & Payment Solutions MIGA has issued a guarantee of \$9.5 million to ADC IT & Payment Solutions (ADC) of Mauritius covering its equity investment in the Société Monétique et de Télé-Compensation au Rwanda (SIMTEL) S.A.R.L. The coverage is for a period of up to 15 years against the risks of transfer restriction, expropriation, and war and civil disturbance. ADC has acquired a 70 percent stake in SIMTEL, the national electronic payment transactions provider, and operator of the credit card switch and cash systems in Rwanda. ADC's investment includes an equity stake and materials and equipment for the project. After the acquisition, SIMTEL is expected to transition from a subsidiary of the country's financial institutions to an independent, for-profit company providing services on a fee basis. Established in 2002, SIMTEL has made limited progress in developing its business model of providing cost efficient and effective payment systems for its shareholders and the Rwandan public. By 2007, SIMTEL had accumulated significant losses and was in financial difficulty. As a result of SIMTEL's difficulties, the Government of Rwanda launched a tender process to find a foreign investor who could provide the capital and expertise necessary to turn SIMTEL into a viable business. When the initial tender process did not produce a bidder able to provide the necessary operational expertise and capital, ADC was invited by the government to propose a solution to SIMTEL's operational and financial issues. ADC's action plan includes increasing the number of ATMs; replacing and improving SIMTEL's information technology hardware and software; improving service levels and functionality (i.e., accepting international VISA cards); defining a card strategy and executing the implementation of using national ID cards as credit/debit cards. Fostering broad-based growth in economic activity and in the private sector is important for Rwanda's continuing economic recovery. There is an estimated potential for 5 million credit cardholders in the country. SIMTEL's plan to bring a large segment of the population into the formal economy is expected to have a positive impact on the economy. (cont'd)

Guarantees	Guarantees		
Country	Activities		
Rwanda	(cont'd) Other expected benefits include the availability of more funds for lending in the banking system through the absorption of a large portion of the cash circulating outside of the banking sector; substantial savings on cash note printing; higher security on transactions and less counterfeit money in circulation; increasing the taxable base; and availability of reliable data and reduction of asymmetric information on trade. As the use of cash is minimized, tax evasion is also expected to decrease. Value Added Tax (VAT) will be collected directly and more efficiently as a result of the project—a significant benefit to the government. MIGA's participation in this project is aligned with its strategic priorities. The guarantee supports a project in an IDA-eligible (among the world's poorest) African country and a South-South investment. It was underwritten through the agency's Small Investment Program.		
SENEGAL	Project Name: Cotecna Inspection S.A., Senegal Branch Office		
JENEGAL	Guarantee Holders: Cotecna Inspection SA MIGA has issued a guarantee of \$9.29 million covering an investment by Cotecna Inspection S.A. (Cotecna) of Switzerland in its Senegal branch. The coverage is for a period of three years against the risks of transfer restriction, expropriation, breach of contract and war and civil disturbance. The project involves the provision of import verification services to importers on behalf of the Government of Senegal. Cotecna will provide the services under a three-year Build-Operate-Transfer concession, which will include the provision, installation, and operation of X-ray scanners and goods in-transit tracking equipment, as a key part of the import verification system for goods entering Senegal. The import verification services will consist of a risk assessment and the identification of the dutiable valuation and customs classification of each consignment. Where indicated by the risk assessment, an X-ray scanning of containerized imports at the main ports of entry will also be undertaken to verify their conformity with the import declaration. Destination Inspection (risk assessment followed by scanning and/or physical inspection) is expected to significantly reduce the clearance time of import consignments at the points of entry, as well reduce opportunities for pilferage or damage to goods on arrival. This will in turn contribute to lowering the cost of doing business for importers and their clients. A more rapid and effective assessment of the customs value of imports is expected to result in protecting or even raising government revenues from import duties and taxes. Moreover, the transparent audit trail provided by the import verification system can be effective in fighting duty evasion and issues in governance, which will also contribute to increasing revenue from duties and taxes. The project will create jobs for the local population, provide transfer of technology and skills, and contribute to better governance and enhanced fiscal management in the country by cre		
	This project is aligned with MIGA's strategic objective of promoting investment in sub-Saharan Africa.		

Guarantees	Guarantees	
Country	Activities	
SIERRA LEONE	Project Name: Ice Ice Baby Limited Guarantee Holder: Sierra Investment Fund LLC	
	MIGA has issued a guarantee of \$1.21 million to the Sierra Investment Fund (SIF) of Mauritius covering its investment in Ice Ice Baby Ltd (IIB) of Sierra Leone. The SIF is managed by MANOCAP LLC, also of Mauritius. The MIGA coverage is for a period of up to ten years against the risks of transfer restriction, expropriation, and war and civil disturbance.	
	SIF will acquire 100 percent of the equity shares of the existing owners of IIB and finance modernization and expansion of the firm's operations. IIB is a Sierra Leone limited liability company engaged in the manufacture of crushed and cubed ice for the fishing (artisanal and commercial) and consumer (beverage) segments of the Sierra Leonean market.	
	This project involves the acquisition and modernization of an existing ice manufacturing operation, and is expected to yield positive developmental impacts with respect to introduction of managerial best practices, operational efficiencies, and quality control processes to the target company, resulting in significant growth in its operations and market reach.	
	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. The project is also aligned with MIGA's priorities to encourage investment in post-conflict and IDA-eligible countries. The project was underwritten through the agency's Small Investment Program.	
SIERRA LEONE	Project Name: Sierra Fishing Company Limited Guarantee Holder: Sierra Investment Fund LLC	
	MIGA has issued a guarantee of \$4.5 million to the Sierra Investment Fund LLC (SIF) of Mauritius, via fund manager, Manocap LLC (Manocap). The coverage is for a period of up to ten years against the risks of transfer restriction, expropriation, and war and civil disturbance.	
	SIF's investment will be to acquire Sierra Fishing Company Limited (SFC) equity, and to finance the modernization and expansion of the firm's operations.	
	SFC is a Sierra Leone-based limited liability company engaged in commercial fishing and onshore fish processing activities for the domestic Sierra Leone and regional West African markets.	
	The project is expected to yield positive developmental impacts with respect to introduction of managerial best practices, operational efficiencies, and quality control processes to the target company, resulting in significant growth in its operations and market reach.	
	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. The project is also aligned with MIGA's priorities to encourage investment in post-conflict and IDA-eligible countries. The project was underwritten through the agency's Small Investment Program.	

Guarantees	
Country	Activities
SOUTH AFRICA	Project Name: Iveri Payment Technologies Guarantee Holder: ADC IT & Payment Solutions MIGA has issued a guarantee of \$0.32 million for ADC IT & Payment Solutions (ADC) of Mauritius covering its equity investment in Iveri Payment Technologies of South Africa. ADC has committed €250,000 to purchase a 51 percent share in Iveri Payment Technologies. The coverage is for a period of ten years against the risks of transfer restriction, expropriation, and war and civil disturbance. Iveri Payment Technologies is a provider of technology for virtual and mobile commerce. The Iveri system conforms to international card association requirements, focusing on products that allow the merchant to aggregate transactions from all available media, including online real-time transactions, in a cost-effective manner. Iveri will enable merchants to profitably process transactions in places with minimal infrastructure, thereby increasing their access to revenue. As a result, financial institutions in the country will be able to expand their services to rural populations. The expansion of financial services to these communities offers many benefits, including a more secure and convenient way of transacting business and storing capital; increases the ability of the government to collect taxes; and solves the problem of insufficient cash points in remote areas. Private sector development is an important priority for the World Bank Group in South Africa, as set out in the 2008-2012 Country Partnership Strategy. South Africa is not only a middle-income country with inherent strengths and opportunities, but a huge engine of growth for Africa. Ensuring that growth continues in South Africa is therefore vital not only for the country itself, but the continent as a whole. MIGA's participation in the project is aligned with the Bank Group's priority of supporting investments in middle-income countries. The guarantee supports a South-South investment. It was underwritten through the agency's Small Investment Program.

INDEPENDENT EVALUATION GROUP



MIGA'S INDEPENDENT EVALUATION GROUP (IEG-MIGA) ASSESSES THE EFFECTIVENESS OF MIGA STRATEGIES, PROGRAMS, AND GUARANTEE PROJECTS. THE GROUP, ESTABLISHED IN 2002, REPORTS TO MIGA'S BOARD OF DIRECTORS AND IS INDEPENDENT FROM MIGA MANAGEMENT AND OPERATIONS.

The Independent Evaluation Group's objectives are to generate lessons learned from MIGA's operations and to ensure accountability for results. It aims to provide relevant and timely evaluations to inform MIGA management and staff, the Board of Directors, and other stakeholders about important issues of MIGA's development and operational effectiveness. A core function of IEG-MIGA is the independent evaluation of guarantee projects. Project evaluations are the basic building blocks for IEG-MIGA reports and special studies, and a source of lessons learned.

MIGA management has begun to implement an approach for the selfevaluation of guarantee projects by MIGA operational staff in fiscal 2009. A rigorous self-evaluation system can strengthen MIGA's ability to track the development results of its projects, and enhance learning from prior guarantee projects. IEG-MIGA is assisting the implementation of this new initiative and has supported the development of a method and guidelines for self-evaluation. To ensure the consistent application of the method and comparability of results. IEG-MIGA will validate each self-evaluation prepared by MIGA staff.

IEG-MIGA's annual flagship report, the Independent Review of MIGA's

Development Effectiveness 2009, focused on enhancing MIGA's effectiveness in IDA and conflict-affected countries, two of MIGA's current operational priorities. The report assesses key aspects of the role of political risk insurance, the development outcome of MIGA projects, and the quality of delivery of MIGA guarantees in IDA and conflict-affected countries.

IEG-MIGA increasingly works with the evaluation groups of the World Bank and IFC on joint evaluations to provide a common perspective on World Bank Group activities. In fiscal year 2009, the Board of Directors discussed a joint IEG study, World Bank Group Guarantee Instruments 1990-2007, which reviews the Bank Group's experience with guarantee instruments including those provided by MIGA. The study responded to three questions: (1) should the World Bank Group be in the guarantee business? (2) have World Bank Group guarantees been used to their potential? and (3) is the World Bank Group appropriately organized to deliver its range of products?

The evaluation found that guarantees have been effective in facilitating investments to high-risk countries and in filling gaps in providing political risk insurance. The study also concluded that there was potential to enhance the use of guarantees, and that the

World Bank Group was not optimally organized to deliver them, mainly due to competition among products, weak marketing, and policy and mandate restrictions limiting the scope of products. IEG recommended that the Bank Group take a strategic approach and decide whether to maintain the existing organizational structure in which guarantees are delivered, or propose an alternative organizational structure. IEG also made specific recommendations to MIGA to enhance the effectiveness of its guarantee products. It recommended that MIGA update its Convention in order to remain relevant and to meet market demand and client need, to alleviate constraints derived from MIGA's Operational Regulations and policies, and to address internal weaknesses in its processes and business development to increase responsiveness to market demand.

IEG-MIGA's annual flagship reports and recommendations, as well as joint IEG evaluation studies, are disclosed and can be accessed at www.miga. org/ieg.

COMPLIANCE ADVISOR/ OMBUDSMAN



THE IFC/MIGA COMPLIANCE ADVISOR/OMBUDSMAN (CAO) IS AN INDEPENDENT RECOURSE MECHANISM THAT REPORTS DIRECTLY TO THE President of the World Bank Group. Its mandate is to help MIGA AND THE INTERNATIONAL FINANCE CORPORATION ADDRESS COMPLAINTS BY PEOPLE AFFECTED BY PROJECTS IN A MANNER THAT IS FAIR, OBJECTIVE AND CONSTRUCTIVE, AND TO ENHANCE THE SOCIAL AND ENVIRONMENTAL OUTCOMES OF PROJECTS IN WHICH THESE ORGANIZATIONS PLAY A ROLE.

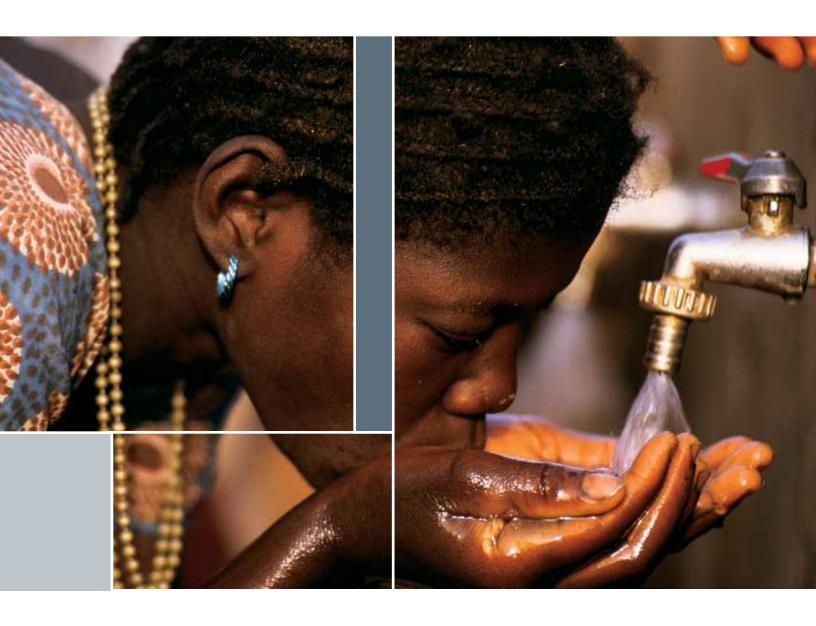
> The CAO has three distinct roles: the Ombudsman role, which responds to complaints by people affected by projects and assesses stakeholders' opportunities for resolving concerns through an assisted negotiation process; the Compliance role, which oversees appraisals and audits of IFC's and MIGA's social and environmental performance, particularly in relation to sensitive projects, to ensure compliance with policies, guidelines, procedures, and systems; and the Advisory role, which provides independent advice to the President and management of IFC and MIGA in relation to broader environmental and

social policies, guidelines, procedures, strategic issues, trends and systemic issues.

During FY09, the CAO continued its assessment of one complaint concerning a water project in Ecuador, which MIGA underwrote in 2001. Details of the complaint and the CAO's activities may be found on the CAO website, www.cao-ombudsman.org.

MANAGEMENT'S DISCUSSION AND ANALYSIS (FY09)

FINANCIAL STATEMENTS



MANAGEMENT'S DISCUSSION AND ANALYSIS (FY09)

Overview **Development Activities** Summary of Business Segments Outlook and Challenges **Funding Sources** Capital Management Investment Management Critical Accounting Policies Results of Operations Corporate Governance

FINANCIAL STATEMENTS AND INTERNAL CONTROL REPORTS

Management's Report Regarding Effectiveness of Internal Controls Over External Financial Reporting Report of Independent Auditors on Management Assertion Regarding Effectiveness of Internal Controls Over External Financial Reporting Independent Auditors' Report Balance Sheet Statement of Income Statement of Comprehensive Income Statement of Changes in Shareholders' Equity Statement of Cash Flows Statement of Subscriptions to Capital Stock and Voting Power Statement of Guarantees Outstanding Notes to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS FY09

OVERVIEW

Established in 1988, the Multilateral Investment Guarantee Agency (MIGA or "the Agency") is a member of the World Bank Group. The 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 174, 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 peoples' lives. To this end, the agency acts as a multilateral 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. In addition, as part of its mandate, the agency carries out complementary activities such as providing dispute resolution, technical assistance, and online investment information and knowledge services 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 political risk insurance (PRI) for foreign direct investment in developing countries, MIGA is able to play a critical role in supporting the World Bank Group's broad strategic priorities.

An important milestone for MIGA was the approval of the amendments to MIGA's Operational Regulations granted by the agency's Board of Directors in the fourth quarter of FY09. The amendments will enable MIGA to better respond to market needs and provide additional PRI products already available in the marketplace.

Since its inception, MIGA has issued \$21 billion of guarantees (including amounts issued under the Cooperative Underwriting Program), in support of 600 projects in approximately 100 member countries. The agency has also conducted hundreds of 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 robust capital base and a comprehensive risk management framework. The agency prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (US GAAP) and International Financial Reporting Standards (IFRS).

DEVELOPMENT ACTIVITIES

Summary of Business Segments

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

Political Risk Insurance (PRI)

MIGA provides investment guarantees against certain non-commercial risks (i.e., political risk insurance) to eligible foreign investors for qualified investments in developing member countries. MIGA covers against the risks of 1) transfer restriction and inconvertibility, 2) expropriation, 3) breach of contract, 4) war and civil disturbance, and, as a result of the Board of Directors' April 14, 2009 decision to amend MIGA's Operational Regulations, 5) the non-honoring of a sovereign financial obligation. Investors may choose any combination of these covers¹ (see Box 1). MIGA insures new crossborder 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 three years). 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.

TABLE 1 Cumulative Guarantees Issued in Member Countries						
	FY09	FYo8	FY07	FYo6	FY05	
Cumulative Guarantees Issued (\$B) ¹	20.9	19.5	17.4	16.0	14.7	
Host Countries	99	99	96	95	91	

Includes amounts from Cooperative Underwriting Program.

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

During FY09, MIGA supported 12 projects in IDA-eligible countries and ten projects in sub-Saharan Africa, which are areas of special focus for the agency. In terms of exposure, IDA-eligible countries accounted for 34 percent of the net portfolio as of June 30, 2009, while coverage for projects in sub-Saharan Africa accounted for 19 percent.

Table 2 details the regional distribution of MIGA's gross and net guarantee exposures over the past three years. The total gross and net exposures at June 30, 2009 amounted to \$7.3 billion and \$4.0 billion compared to \$6.5 billion and \$3.6 billion respectively at the end of FY08. The percentage of net exposure in the Europe and Central Asia region increased by 6.7 percent in FY09, as a result of supporting financial sector clients in the region.

TABLE 2 Regional Distribution of Gross and Net Exposure (\$M)									
	Gross			Net		% of Total Net Exposure			
	FY09	FYo8	FY07	FY09	FYo8	FY07	FY09	FYo8	FY07
Africa	939	1,015	964	752	798	711	19.0	22.3	22.2
Asia	754	689	757	541	470	523	13.6	13.1	16.3
Europe and Central Asia	3,802	2,898	1,941	1,658	1,254	902	41.8	35.1	28.1
Latin America and the Caribbean	1,256	1,321	1,484	711	748	876	17.9	20.9	27.3
Middle East and North Africa	677	682	285	369	373	262	9-3	10.4	8.2
Adjustment for Master Agreement	-130	-130	-130	-65	-65	-65	-1.6	-1.8	-2.0
Total	7,297	6,475	5,301	3,966	3,578	3,209	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. 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. An example of this is the recent Treaty Agreement for reinsurance between Hannover Re and MIGA. 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.

RISKS COVERED BY MIGA'S GUARANTEES

MIGA provides political risk insurance 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
- **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 may fail 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.

Technical Assistance (TA)

MIGA's technical assistance (TA) program was integrated with that of the World Bank Group's Foreign Investment Advisory Service (FIAS) in FYO7 to achieve operational synergies. The agency continues to provide budgetary support for the TA program as well as guidance on its work program, which focuses on sub-Saharan African countries, IDA countries, and frontier regions in middle income countries.

Online Dissemination of Investment-related Information

MIGA's online information services include FDI.net (www.fdi.net) and PRI-Center (www.pri-center.com). These help the Agency fulfill its mandate of conducting research and extending knowledge with regard to FDI and political risk-related issues.

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 FY09, MIGA assisted investors in Guinea-Bissau, Afghanistan, Guatemala, the Kyrgyz Republic, and Nicaragua.

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. MIGA has recently agreed, for example, to mediate a dispute between the Republic of Seychelles and private investors.

Outlook and Challenges

Market Trends

The disturbance in the financial markets stemming from the tightening of liquidity has had an effect not only on the availability of credit but also on the capacity of the PRI industry to underwrite coverage. At the same time, however, there has been a general increase in perceptions of global risk. Thus, the environment is one of countervailing forces: while there is on the one hand less credit to finance deals and a tightening within the PRI market, there is also a greater general perception of risk which means sponsors proceeding with projects will have a greater desire to identify effective risk mitigants.

Operational Priorities

In 2008, MIGA's Board of Directors endorsed an updated Operational Directions paper identifying areas of special strategic focus for the FY09-11 period. There are four main operational priorities that are coupled with three guiding principles to implement the strategy. The operational priorities are:

- 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.
- Investment 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 countries² (South-South investments), given the growing proportion of FDI coming from developing countries and the need to provide underserved corporations with political risk insurance.

MIGA's delivery of these operational priorities will be guided by the need to:

- Support and complement World Bank Group strategies articulated for specific countries, as well as its strategic themes.
- Be responsive to clients and the market through greater flexibility in service and product delivery across all markets.
- Promote financial sustainability which will require an efficient use of MIGA's capital and the maintenance of a balanced portfolio.

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 established MIGA's 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. As of June 30, 2009, the authorized shares increased to 106,291, equivalent to \$1,150.1 million, subscribed by 174 member countries, which now include Iraq and Kosovo who completed their membership requirements this fiscal year. Of the membership shares subscribed, 20 percent or \$230.0 million had been paid-in and the remaining 80 percent or \$920.1 million was subject to call when needed by MIGA to meet its obligations. At June 30, 2009, \$112.2 million was 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.

MIGA's distinction of developed and developing countries; see MIGA Member Countries list in the Appendices section of the Annual Report

On March 29, 1999, MIGA's Council of Governors approved a General Capital Increase (GCI) of 78,559 shares, equivalent to \$850 million. The subscription period ended on March 28, 2003. On March 17, 2003, the Council of Governors approved an amendment to the GCI resolution allowing eligible countries to reserve the GCI shares allocated to them by submitting an instrument of contribution before the end of the GCI subscription period, and requesting such countries to subscribe to their GCI shares as soon as possible. The reserved shares are issued and corresponding voting power accrues when the subscription process reaches completion, i.e. when the requisite payment has been received. No time limit has been set for the payment of the reserved shares. As of June 30, 2009, cumulative subscriptions to the GCI totaled 69,303 shares, equivalent to \$749.8 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.

TABLE 3 Summary of General Capital Increase (as of June 30, 2009)							
	Catego	Category One ¹		Category Two ¹		All Countries	
	Number	\$M	Number	\$M	Number	\$M	
Fully Subscribed	22	329.1	87	290.4	109	619.5	
Partly Subscribed	1	130.3			1	130.3	
Total Subscribed	23	459-4	87	290.4	110	749.8	
Reserved through Instrument of Contribution		38.9	24	36.4	24	75.3	
Total Subscribed and Reserved	23	498.3	111	326.8	134	825.1	
Allocated	23	498.3	138	351.7	161	850.0	
Subscribed (%)		92.2		82.6		88.2	
Subscribed and Reserved (%)		100.0		92.9		97.1	

¹ MIGA's classification of developed and developing countries; see Schedule A of the Convention.

As of June 30, 2009, MIGA's total subscribed capital amounted to \$1,899.9 million, of which \$362.3 million was paid-in and \$1,537.6 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, 2009 was \$900 million compared with \$891 million as of June 30, 2008. This amount consists of subscribed capital, less uncalled portions of subscriptions, plus retained earnings and accumulated other comprehensive income (loss). The increase of \$9 million in FY09 primarily reflects the increase in retained earnings of \$31 million which was offset by the decrease in accumulated other comprehensive income (loss) of \$26 million.

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, 90 percent of reinsurance obtained by MIGA with private insurers, and 100 percent of reinsurance obtained with public insurers. In other words, the maximum amount of net guarantee exposure is determined by the amount of available capital, and is expressed on a gross exposure basis by adding the current amount of portfolio reinsurance. As of June 30, 2009, MIGA's underwriting capacity was \$12,096 million, as follows:

Table 4 Current Underwriting Capacity (\$M)	
Subscribed Capital	1,900
Retained Earnings	540
Accumulated Other Comprehensive Income	(4)
Insurance Portfolio Reserve (net)	145
Total	2,581
350% of Subscribed Capital, Retained Earnings, Other Comprehensive Income and Reserve	9,035
90% of Reinsurance Ceded with Private Insurers	2,434
100% of Reinsurance Ceded with Public Insurers	627
Statutory Underwriting Capacity June 30, 2009	12,096

As of June 30, 2009, MIGA's gross exposure was \$7,297 million and represented 60.3 percent of MIGA's statutory underwriting capacity.

Capital Adequacy

Following the adoption of its formal Economic Capital-based capital adequacy framework in FY07, MIGA's measures of capital adequacy and riskbearing capacity include economic capital consumed by the guarantee portfolio. Modeled economic capital (EC) is the portion of MIGA's capital that is placed at risk by the guarantee portfolio exposure. It provides an analytically rigorous measure for assessing the agency's consumption of risk capital, and incorporates the effects from portfolio diversification and concentration. As of June 30, 2009, the economic capital consumed by the guarantee portfolio amounted to \$310 million, compared to \$250 million as of June 30, 2008.

Through an annual exercise of gauging the capital adequacy position, the current amount of EC 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 EC is projected to be utilized in the future under various scenarios of growth and development of the guarantee portfolio. These are stressed scenarios, estimating the EC 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 a measure of the current utilization of this capital by the guarantee portfolio, Table 5 shows the ratio of EC to operating capital over the past three years. This ratio has increased to 29.7 percent in FY09 compared with 24.6 percent in FY08. Table 5 also shows the ratio of EC to portfolio net exposure, to gauge year-on-year changes to the relative risk-level of the portfolio. As of end-FY09, this ratio stood at 7.8, percent compared to 7.0 percent at end-FY08. Due to increasing portfolio concentration in a few countries and a substantial number of country rating downgrades, this ratio reflected the slight increase in the risk level of the guarantee portfolio, taking into account the increased size of the portfolio. Together, the two ratios indicate a strong and stable capital position at the end of FYo9.

Table 5 Capital Adequacy Summary, FY07-09, (\$M)						
	FY09	FYo8	FY07			
Guarantee Portfolio Economic Capital (EC)	310	250	229			
Insurance Portfolio Reserve (net)	145	128	118			
Retained Earnings and Accumulated Other Comprehensive Income	536	530	472			
Paid-in Capital	362	361	360			
Operating Capital	1,044	1,019	950			
Net Exposure	3,966	3,578	3,209			
EC / Operating Capital	29.7%	24.6%	24.1%			
EC / Net Exposure	7.8%	7.0%	7.1%			

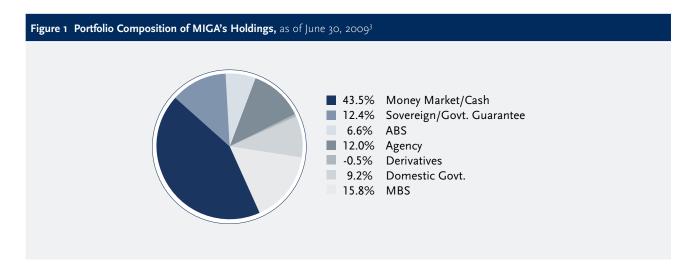
Note: numbers may not add up due to rounding.

INVESTMENT MANAGEMENT

MIGA's investment policy sets the objectives and constraints that must be considered in managing MIGA's investment strategy in light of its contingent liabilities, which are the investment guarantees it issues. As claims arise, MIGA's invested assets will be liquidated to pay claims on a pre-recovery basis. As such, a certain portion of the portfolio is held in highly liquid assets with the amount determined by MIGA's EC model. The amount is equal to the capital loss expected to occur within one year with 1 percent probability, plus the amount of MIGA's specific reserve on a gross pre-recovery basis.

At present MIGA's investment portfolio is managed in two tranches subject to the constraints in the Investment Authorization approved by the Board of Directors in June 2004. Tranche 1 is managed with a risk tolerance of 1 percent probability of annual capital loss over a one-year horizon, reflecting the main objective of this tranche to meet near-term liquidity needs described above. Tranche 2 is managed with a 1 percent probability of annual capital loss over a three-year horizon, reflecting the objective of providing more long-term capital growth. Portfolio management activities, including trading, risk analytics and reporting, are provided by IBRD's Treasury Department under an Investment Management Agreement and the associated Investment Management Guidelines between MIGA and IBRD.

The composition of MIGA's investment portfolio is shown in Figure 1. At the end of FY09, the portfolio held cash, treasury securities, agency securities, mortgage-backed securities (MBS), asset-backed securities (ABS), sovereign and government guaranteed securities and derivatives. Also, the portfolio held cash and government securities denominated in currencies other than USD. The portfolio yield was 4.1 percent in FY09 versus 5.3 percent in FY08. And the market value of MIGA's asset portfolio was \$951 million as of June 30, 2009, of which \$800 million resided in USD investments.



CRITICAL ACCOUNTING POLICIES

The footnotes to MIGA's financial statements contain a detailed summary of MIGA's accounting policies. Described below are those significant policies where MIGA management is required to form estimates when preparing the agency's financial statements and accompanying notes to conform to both IFRS and US GAAP. 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 its loss reserves.

Reserve for Claims

MIGA's provisioning methodology builds on portfolio risk quantification models which 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. 4 These components are defined based on the degree of probability and the basis of estimation.

Reserves are shown on a gross basis on the liability side of the balance sheet, and reinsurance assets on the asset side. A detailed summary of MIGA's provisioning policy can be found in the Notes to Financial Statements – Note A.

Derivatives asset holdings may include futures, options, covered forwards and swaps. At June 30, 2009 the market value of the overall swap position related to covered forward contracts is -\$5.2 million USD or -0.5% of the investment portfolio.

The Insurance Portfolio Reserve is calculated as the 95th percentile loss less the mean loss from the Economic Capital Model.

Claims Paid

In FY09, MIGA paid two claims in the Africa region. Both claims totaled \$0.5 million, with losses to projects arising from war and civil disturbance. For further details, please refer to the Notes to Financial Statements - Note E.

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.

RESULTS OF OPERATIONS

Operating Income and Net Income

FY09 operating income was \$50.6 million, a decrease of \$4.4 million versus FY08 primarily due to lower investment income offset by an increase in net premium income. FY09 net income of \$31.2 million decreased by \$34.5 million mainly on account of currency translation losses. Table 6 below shows the breakdown of MIGA's operating income and net income.

Table 6 Analysis of Operating Income and Net Income, \$N	1		
	FY09	FYo8	FY07
Total Guarantees Issued ¹	1,377	2,098	1,368
Gross Exposure	7,297	6,475	5,301
Net Exposure	3,966	3,578	3,209
Premium Income	64.1	54.4	49.0
Premium Ceded	(27.0)	(21.1)	(17.3)
Fees and Commissions	6.5	4.9	3.8
Net Premium Income	43.6	38.2	35-5
Income from Investments	36.9	45.3	42.8
Administrative and Other Expenses	(29.8)	(28.5)	(29.2)
Operating Income	50.6	55.0	49.0
Translation Gain (Loss)	(17.6)	19.7	8.8
Release of (Provision for) Claims	(1.9)	(9.0)	4.6
Net Income	31.2	65.7	62.3
Operating Capital	1,044	1,019	950
ROOC ² (before provisions)	3.2%	7-3%	6.1%
ROOC (after provisions)	3.0%	6.5%	6.6%

Note: numbers may not add up due to rounding.

FYo9 versus FYo8

MIGA issued \$1.4 billion in guarantees during FY09, \$721 million lower than in FY08. The lower volume of business issued was directly related to delays in concluding projects already in MIGA's business pipeline. Investors re-evaluated the viability of proceeding with their projects in light of challenging economic conditions. New issues when combined with lower policy cancellations resulted in growth of MIGA's guarantee portfolio and premium income. In FY09, gross exposure and gross premium income increased by \$822 million and \$9.7 million, respectively. Premium amounts ceded to

Including Cooperative Underwriting Program contracts.

Return on Operating Capital

The Insurance Portfolio Reserve is calculated as the 95th percentile loss less the mean loss from the Economic Capital Model.

reinsurers also increased to \$5.9 million as a result of increased average ceded exposure. Fees and commissions increased in FY09 in line with the increase in premium income.

MIGA's investment portfolio generated \$36.9 million of investment income in FYo9, compared with \$45.3 million in FYo8. The yield was 4.1 percent in FY09, compared with 5.3 percent in FY08. Investment income was lower this fiscal year to due to a lower overall interest rate environment.

Administrative and other expenses slightly increased to \$29.8 million in FY09, compared with \$28.5 million in FY08. Net income in FY09 was \$31.2 million compared with \$65.7 million in FYo8.

FYo8 versus FYo7

MIGA issued \$2.1 billion in guarantees during FY08, \$730 million higher than in FY07. Higher new business volumes coupled with a decline in cancellations, saw gross exposure and gross premium income increase by \$1.2 billion and \$5.4 million, respectively. Premium amounts ceded to reinsurers also increased by \$3.8 million in FYo8 as a result of increased volumes. Fees and commissions increased in FYo8 in line with the increase in premium income

During FYo8, MIGA's investment portfolio generated \$45.3 million of investment income, compared with \$42.8 million in FYo7. The yield was 5.3 percent in FYo8, compared with 5.4 percent in FYo7.

In FY08, administrative and other expenses decreased marginally to \$28.5 million, compared with \$29.2 million in FY07. Net income in FY08 was \$65.7 million compared with \$62.3 million in FY07.

CORPORATE GOVERNANCE

General Governance

Board Membership

In accordance with MIGA's Convention, members of MIGA's Board of Directors are appointed or elected by their member governments. Directors are neither officers, nor staff of MIGA. The President is the only management member of the Board of Directors, serving as a non-voting member (except when needed to cast a deciding vote in the case of an equal division) and as Chairman of the Board. The Directors have established several committees including:

- Committee on Development Effectiveness
- Audit Committee
- **Budget Committee**
- Personnel Committee
- **Ethics Committee**
- Committee on Governance and Administrative Matters

The Directors and their committees function in continuous session at the principal offices of MIGA, as business requires. Each committee's terms of reference establishes its respective roles and responsibilities. As committees do not vote on issues, their role is primarily to serve the full Board of Directors in discharging its responsibilities.

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 in the Audit Committee.

Key Responsibilities

The Audit Committee has a mandate to assist the Board of Directors in overseeing MIGA's finances and accounting, including the effectiveness of financial policies, the integrity of financial statements, the system of internal controls regarding finance, accounting and ethics (including mechanisms for dealing with fraud and corruption), and financial and operational risks. 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 and effectiveness of internal audit. The Audit Committee likewise reviews the annual internal audit plan, and discusses periodically with management as well as the external and internal auditors financial issues and policies which have an impact on the institution's financial position and risk-bearing capacity. The Audit Committee monitors the evolution of developments in corporate governance and reports regularly to the Board of Directors on the execution of its duties and responsibilities.

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, World Bank Group Senior Management, and the Senior Management of MIGA.
- "Statement(s) of the Chairman" and statements 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 regularly, as circumstances dictate. The Audit Committee may request any member of MIGA staff or management to attend one of its meetings. Furthermore, the Audit Committee meets periodically in separate executive sessions with management, the Auditor General, and the External Auditor to discuss matters it believes should be discussed separately.

Access to Resources and to Management

Throughout the year, the Audit Committee receives a large volume of information, with respect to financial condition, financial statement presentations, risk assessment, and risk management, as well as governance and controls. The Audit Committee meets both formally and informally throughout the year to discuss financial and accounting matters. Directors have complete 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 Ethics

MIGA strives to foster and maintain a positive work environment that supports the ethical behavior of its staff. To facilitate this effort, the World Bank Group has in place a Code of Professional Ethics—Living our Values. MIGA has adopted the code, which applies to all staff (including managers, consultants, and temporary employees) worldwide.

This code is available in nine languages on IBRD's website, www.worldbank.org. Staff relations, conflicts of interest, and operational issues, including the accuracy of books and records, are key elements of the code.

In addition to the code, an essential element of appropriate conduct is compliance with the obligations embodied in the Principles of Staff Employment, Staff Rules, and Administrative Rules, the violation of which may result in disciplinary actions. In accordance with the Staff Rules, senior managers must complete a confidential financial disclosure instrument 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 ethical goals. In support of its efforts on ethics, MIGA offers a variety of methods for informing staff of these resources. Many of these efforts are headed by the following groups:

- 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/resolu tion system, financial disclosure, ongoing training to both internal and external audi ences, and communication resources.
- The Integrity Vice Presidency (INT) is charged with investigating allegations of fraud and corruption in projects benefiting from World Bank Group funding or guarantees. The Department also investigates allegations of misconduct by MIGA staff and trains and educates staff and clients in detecting and reporting fraud and corruption in MIGA-guaranteed projects. The Department reports 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.

MIGA has in place procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal control and auditing matters, including close collaboration with EBC and INT.

Auditor Independence

In February 2003, the Board of Directors adopted a set of principles applicable to the appointment of the external auditor for the World Bank Group. Key features of those principles include:

- Prohibition of the external auditor from the provision of all non audit-related services
- Certain extremely and strictly limited audit-related consulting services must be pre-approved on a case-by-case basis by the Board of Directors, upon recom mendation by the Audit Committee
- Mandatory rebidding of the external audit contract every five years
- Prohibition of any firm serving as external auditors for more than two consecutive five-year terms
- Mandatory rotation of the senior partner after five years
- An evaluation of the performance of the external auditor at the mid-point of the five year term

External auditors are 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 Executive Directors. Following a mandatory re-bidding of the external audit contract during FY 2008, IBRD's Executive Directors approved the appointment of KPMG as the WBG's auditors for a five-year term commencing FY 2009.

As standard practice, the external auditor is present as an observer at virtually 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 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 COSO 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.

MANAGEMENT'S REPORT REGARDING EFFECTIVENESS OF INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING



Management's Report Regarding Effectiveness of Internal Controls Over External Financial Reporting

August 5, 2009

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 and, as such, 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 committees of the Board. Management believes that all representations made to the independent auditors during their audit of MIGA's financial statements and attestation of its internal controls over financial reporting were valid and appropriate. The independent auditors' report accompanies 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 controls over external financial reporting, which are subject to scrutiny by management and the internal auditors, and are revised as considered necessary, support 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 presentations in conformity with both accounting principles generally accepted in the United States of America and International Financial Reporting Standards as of June 30,

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MANAGEMENT'S REPORT REGARDING EFFECTIVENESS OF INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING (CONT'D)

2009. This assessment was based on the criteria for effective internal control over external financial reporting described in 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 external financial reporting presented in conformity with both accounting principles generally accepted in the United States of America and International Financial Reporting Standards, as of June 30, 2009. The independent audit firm that audited the financial statements has issued an attestation report on management's assessment of 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 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.

Izumi Kobayashi Executive Vice President

Kevin W. Lu Director and Chief Financial Officer

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REPORT OF INDEPENDENT AUDITORS ON MANAGEMENT ASSERTION REGARDING EFFECTIVENESS OF INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING



KPMG LLP 2001 M Street, NW Washington, DC 20036

Independent Auditors' Report

President and Board of Directors Multilateral Investment Guarantee Agency

We have examined management's assertion, included in the accompanying Report Regarding Effectiveness of Internal Controls Over External Financial Reporting, that Multilateral Investment Guarantee Agency (MIGA) maintained effective internal control over financial reporting as of June 30, 2009, based on criteria established in 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 Report Regarding Effectiveness of Internal Controls 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.

REPORT OF INDEPENDENT AUDITORS ON MANAGEMENT ASSERTION REGARDING EFFECTIVENESS OF INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING (cont'd)



In our opinion, management's assertion that MIGA maintained effective internal control over financial reporting as of June 30, 2009 is fairly stated, in all material respects, based on 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 balance sheet, including the statement of subscriptions to capital stock and voting power and statement of guarantees outstanding as of June 30, 2009, and the related statements of income, comprehensive income, changes in shareholders' equity, and cash flows, and our report dated August 5, 2009 expressed an unqualified opinion on those financial statements.



August 5, 2009



KPMG LLP 2001 M Street, NW Washington DC 20036

Independent Auditors' Report

President and Board of Directors Multilateral Investment Guarantee Agency:

We have audited the accompanying balance sheet of the Multilateral Investment Guarantee Agency (MIGA) as of June 30, 2009, including the statement of subscriptions to capital stock and voting power and statement of guarantees outstanding as of June 30, 2009, and the related statements of income, comprehensive income, changes in shareholders equity, and cash flows for the fiscal year then ended (2009 financial statements). These financial statements are the responsibility of the MIGA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying financial statements of MIGA as of June 30, 2008 and for the year then ended, were audited by other auditors whose report dated August 7, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of MIGA as of June 30, 2009, and the results of its operations and its cash flows for the fiscal year then ended in conformity with U.S. generally accepted accounting principles and International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also examined 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, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 5, 2009 expressed an unqualified opinion.



August 5, 2009

BALANCE SHEET		
June 30, 2009 and June 30, 2008, expressed in thousands of US dollars		
	FY09	FYo8
Assets		
CASH	\$16,965	\$6,301
INVESTMENTS—Note B	970,244	966,047
NONNEGOTIABLE, NONINTEREST-BEARING DEMAND OBLIGATIONS	112,242	113,203
OTHER ASSETS		
Receivable for investment securities sold	24,355	29,284
Estimated reinsurance recoverables	12,600	33,600
Prepaid premiums ceded to reinsurers	17,443	13,695
Net assets under retirement benefits plans—Note F	26,684	47,015
Miscellaneous	8,931	10,740
	90,013	134,334
TOTAL ASSETS	\$1,189,464	\$1,219,885
Payable for investment securities purchased Accounts payable and accrued expenses	\$56,524	\$85,434
Accounts payable and accrued expenses	21,962	18,918
Unearned premiums and commitments fees Reserve for claims—Note E	39,908	33,274
Specific reserve for claims	24,500	55,200
Insurance portfolio reserve	146,900	135,800
Reserve for claims—gross	171,400	191,000
Total liabilities	289,794	328,626
CONTINGENT LIABILITIES—Note D SHAREHOLDERS' EQUITY		
Capital stock—Note C		
Authorized capital (184,850 shares- June 30, 2009; 184,404 shares-June 30, 2008)		
Subscribed capital (175,594 shares- June 30, 2009; 174,779 shares- June 30, 2008)	1,899,927	1,891,109
Less uncalled portion of subscriptions	1,537,563	1,530,415
	362,364	360,694
Payments on account of pending subscriptions	1,357	67
	363,721	360,761
Retained earnings	539,717	508,545
Accumulated other comprehensive income (loss)	(3,768)	21,953
Total shareholders' equity	899,670	891,259
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,189,464	\$1,219,885
TO THE EMPIRITED MAD STIME TOEDERS EQUIT	¥1,109,404	Ψ1,Z19,005

STATEMENT OF INCOME		
For the fiscal years ended June 30, 2009 and June 30, 2008, expressed in thousands of US dollars		
	FY09	FYo8
INCOME		
Income from guarantees		
Premium income	\$64,107	\$54,371
Premium ceded	(27,011)	(21,062)
Fees and commissions	6,505	4,864
Total	43,601	38,173
Income from investments	36,869	45,335
Translation gains (losses)	(17,603)	19,697
TOTAL INCOME	62,867	103,205
EXPENSES Provision for claims—Note E	- 0	
Administrative expenses—Note F and G	1,853	9,000 28,449
Other expenses	29,784 58	28,449
TOTAL EXPENSES	31,695	37,484
. 6 11.12 2.11 2.1025	5.1095	3/1494
NET INCOME	\$31,172	\$65,721
STATEMENT OF COMPREHENSIVE INCOME		
For the fiscal years ended June 30, 2009 and June 30, 2008, expressed in thousands of US dollars		
	FY09	FYo8
NET INCOME	\$31,172	\$65,721
OTHER COMPREHENSIVE LOSS		
Change in unrecognized net actuarial losses on benefit plans	(25,791)	(7,006)
		, ,

116

(6,890)

\$58,831

70

(25,721)

\$5,451

Change in unrecognized prior service credits on benefit plans

Total other comprehensive loss

COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the fiscal years ended June 30, 2009 and June 30, 2008, expressed in thousands of US dollars							
	FY09	FYo8					
CAPITAL STOCK							
Balance at beginning of the fiscal year	\$360,761	\$359,651					
New subscriptions Receipts on account of pending subscriptions	1,670 1,290	1,110					
Ending Balance	363,721	360,761					
RETAINED EARNINGS	505,721	300,701					
Balance at beginning of the fiscal year	508,545	442,824					
Net income	31,172	65,721					
Ending Balance	539,717	508,545					
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	777717	,00,14)					
Balance at beginning of the fiscal year	21,953	28,843					
Other comprehensive loss	(25,721)	(6,890)					
Ending Balance	(3,768)	21,953					
0	(),, 00)	-11900					
TOTAL SHAREHOLDERS' EQUITY	\$899,670	\$891,259					
	+- / // ~	+-9.1-17					
STATEMENT OF CASH FLOWS							
For the fiscal years ended June 30, 2009 and June 30, 2008, expressed in thousands of US dollars							
	FY09	FYo8					
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income	\$31,172	\$65,721					
Adjustments to reconcile net income to net cash provided by operating activities:							
Net claims paid	(453)	-					
Provision for claims Translation losses (gains)	1,853	9,000					
Translation losses (gains)	17,603	(19,697)					
Net changes in: Investments - Trading	(43,853)	(32,646)					
	, ,						
Other assets, excluding investment receivables Accounts payable and accrued expenses	19,178	(4,145) (7,002)					
Unearned premiums and commitment fees	(23,557) 7,077	12,230					
Net cash provided by operating activities	9,020	23,461					
· · · · · · · · · · · · · · · · · · ·							
CASH FLOWS FROM FINANCING ACTIVITIES:							
Decrease in overdraft	-	(24,272)					
Capital subscription receipts	2,477	550					
Net cash provided by (used in) financing activities	2,477	(23,722)					
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(833)	457					
Net increase in cash	10,664	196					
Cash at beginning of the fiscal year	6,301	6,105					
222. 22.2-25	٥,٦٥٠	0,10)					
CASH AT END OF THE FISCAL YEAR	\$16,965	\$6,301					
POLIVIE FIAS OF THE HOOVE LEVIK	\$10,905	Φ 0,3C					

 ${\it See accompanying notes to the financial statements}.$

As of June 30, 2009, expressed in thousands of US dollars

		Subscriptio	ns—Note C		voring	power
Members	Shares ⁷	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
Afghanistan	118	\$1,277	\$255	\$1,022	371	0.17
Albania	102	1,104	210	894	355	0.16
Algeria	1,144	12,378	2,350	10,028	1,397	0.62
Angola	187	2,023	405	1,618	440	0.20
Antigua and Barbuda	50	541	108	433	303	0.12
Argentina	2,210	23,912	4,539	19,373	2,463	1.12
Armenia	80	866	173	693	333	0.15
Australia	3,019	32,666	6,201	26,465	3,272	1.48
Austria	1,366	14,780	2,806	11,974	1,619	0.7
Azerbaijan	115	1,244	249	995	368	0.17
Bahamas, The	176	1,904	362	1,542	429	0.20
Bahrain	136	1,472	279	1,193	389	0.18
Bangladesh	599	6,481	1,230	5,251	852	0.39
Barbados	120	1,298	246	1,052	373	0.17
Belarus	233	2,521	504	2,017	486	0.22
Belgium	3,577	38,703	7,347	31,356	3,830	1.73
Belize	88	952	181	771	341	0.16
Benin	108	1,169	222	947	361	0.16
Bolivia	220	2,380	452	1,928	473	0.22
Bosnia and Herzegovina	80	866	173	693	333	0.15
Botswana	88	952	181	771	341	0.16
Brazil	2,606			22,844		
Bulgaria	643	28,197	5,353	5,636	2,859	1.30
Ŭ .		6,957	1,321		896	0.4
Burkina Faso	61	660	132	528	314	0.12
Burundi Sanaha dia	74	801	160	641	327	0.1
Cambodia	164	1,774	337	1,437	417	0.19
Cameroon	107	1,158	232	926	360	0.16
Canada	5,225	56,535	10,732	45,803	5,478	2.48
Cape Verde	50	541	108	433	303	0.12
Central African Republic	60	649	130	519	313	0.12
Chad	60	649	130	519	313	0.12
Chile	855	9,251	1,756	7,495	1,108	0.50
China	5,530	59,835	11,359	48,476	5,783	2.63
Colombia	770	8,331	1,582	6,749	1,023	0.47
Congo, Democratic Rep. of	596	6,449	1,224	5,225	849	0.39
Congo, Republic of	115	1,244	236	1,008	368	0.17
Costa Rica	206	2,229	423	1,806	459	0.2
Côte d'Ivoire	310	3,354	637	2,717	563	0.26
Croatia	330	3,571	678	2,893	583	0.27
Dyprus	183	1,980	376	1,604	436	0.20
Zzech Republic	784	8,483	1,610	6,873	1,037	0.46
Denmark Denmark	1,265	13,687	2,598	11,089	1,518	0.69
Djibouti	50	541	108	433	303	0.12
Dominica	50	541	108	433	303	0.12
Dominican Republic	147	1,591	318	1,273	400	0.18
cuador	321	3,473	659	2,814	574	0.26
gypt, Arab Republic of	809	8,753	1,662	7,091	1,062	0.48
El Salvador	122	1,320	264	1,056	375	0.17
Equatorial Guinea	50		108		303	0.17
Eritrea	50	541 541	108	433 433	303	0.12
Estonia		541	236	1,008	368	
Ethiopia	115 123	1,244 1,331	253	1,008	376	0.17

See accompanying notes to the financial statements.

As of June 30, 2009, expressed in thousands of US dollars

		Voting power				
Members	Shares ¹	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
		50				
-iji	71	768	154	614	324	0.15
- -	1,057	11,437	2,171	9,266	1,310	0.60
rance	8,565	92,673	17,593	75,080	8,818	4.02
Gabon	169	1,829	347	1,482	422	0.19
Gambia, The	50	541	108	433	303	0.14
Georgia	111	1,201	240	961	364	0.17
Germany	8,936	96,688	18,355	78,333	9,189	4.18
Ghana	432	4,674	887	3,787	685	0.31
Greece	493	5,334	1,013	4,321	746	0.34
Grenada	50	541	108	433	303	0.14
Guatemala	140	1,515	303	1,212	393	0.18
Guinea	91	985	197	788	344	0.16
Guinea-Bissau	50	541	108	433	303	0.14
Guyana	84	909	182	727	337	0.15
Haiti	75	812	162	650	328	0.15
Honduras	178	1,926	366	1,560	431	0.20
Hungary	994	10,755	2,042	8,713	1,247	0.57
celand	90	974	195	779	343	0.16
ndia	5,371	58,114	11,032	47,082	5,624	2.56
ndonesia	1,849	20,006	3,798	16,208	2,102	0.96
ran, Islamic Republic of	1,659	17,950	3,590	14,360	1,912	0.87
raq	350	3,787	757	3,030	603	0.27
reland	650			5,698	-	
srael		7,033	1,335		903 1,088	0.41
taly	835	9,035	1,715	7,320		0.50
· '	4,970	53,775	10,208	43,567	5,223	2.38
amaica	319	3,452	655	2,797	572	0.26
apan	8,979	97,153	18,443	78,710	9,232	4.20
ordan	171	1,850	351	1,499	424	0.19
Kazakhstan	368	3,982	756	3,226	621	0.28
Kenya	303	3,278	622	2,656	556	0.25
Korea, Republic of	791	8,559	1,625	6,934	1,044	0.48
Kosovo	96	1,039	208	831	349	0.16
Kuwait	1,639	17,734	3,367	14,367	1,892	0.86
Kyrgyz Republic	77	833	167	666	330	0.15
ao People's Democratic Rep.	60	649	130	519	313	0.14
atvia	171	1,850	351	1,499	424	0.19
ebanon	250	2,705	514	2,191	503	0.23
esotho	88	952	181	771	341	0.16
iberia	84	909	182	727	337	0.15
ibya	549	5,940	1,188	4,752	802	0.37
ithuania	187	2,023	384	1,639	440	0.20
uxembourg	204	2,207	419	1,788	457	0.21
Macedonia, FYR of	88	952	181	771	341	0.16
Madagascar	176	1,904	362	1,542	429	0.20
//alawi	77	833	167	666	330	0.15
Лаlaysia	1,020	11,036	2,095	8,941	1,273	0.58
Maldives	50	541	108	433	303	0.14
Mali	143		294		396	0.14
Malta		1,547		1,253		0.18
Mauritania	132 111	1,428 1,201	271 228	1,157	385 364	0.18
		1.3()1	228	973	304	().17

 ${\it See accompanying notes to the financial statements}.$

As of June 30, 2009, expressed in thousands of US dollars

		Subscription	Voting power			
Members	Shares ¹	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
Micronesia, Fed. States of	50	541	108	433	303	0.14
Moldova	96	1,039	208	831	349	0.16
Mongolia	58	628	126	502	311	0.14
Montenegro	61	660	132	528	314	0.14
Morocco	613	6,633	1,259	5,374	866	0.39
Mozambique	171	1,850	351	1,499	424	0.19
Namibia	107	1,158	232	926	360	0.16
Nepal	122	1,320	251	1,069	375	0.17
Netherlands	3,822	41,354	7,850	33,504	4,075	1.86
New Zealand	513	5,551	1,110	4,441	766	0.35
Nicaragua	180	1,948	370	1,578	433	0.20
Nigeria	1,487	16,089	3,054	13,035	1,740	0.79
Norway	1,232	13,330	2,531	10,799	1,485	0.68
Oman	166	1,796	341	1,455	419	0.19
Pakistan	1,163	12,584	2,389	10,195	1,416	0.64
Palau	50	541	108	433	303	0.14
Panama						·
Papua New Guinea	231	2,499	474 208	2,025	484	0.22
•	96	1,039		831	349	0.16
Paraguay	141	1,526	290	1,236	394	0.18
Peru	657	7,109	1,350	5,759	910	0.41
Philippines	853	9,229	1,752	7,477	1,106	0.50
Poland	764	8,266	1,653	6,613	1,017	0.46
Portugal	673	7,282	1,382	5,900	926	0.42
Qatar	241	2,608	495	2,113	494	0.22
Romania	978	10,582	2,009	8,573	1,231	0.56
Russian Federation	5,528	59,813	11,355	48,458	5,781	2.63
Rwanda	132	1,428	271	1,157	385	0.18
St. Kitts and Nevis	50	541	108	433	303	0.14
St. Lucia	88	952	181	771	341	0.16
St. Vincent and the Grenadines	88	952	181	771	341	0.16
Samoa	50	541	108	433	303	0.14
Saudi Arabia	5,528	59,813	11,355	48,458	5,781	2.63
Senegal	256	2,770	526	2,244	509	0.23
Serbia	407	4,404	836	3,568	660	0.30
Seychelles	50	541	108	433	303	0.14
Sierra Leone		1,428			385	0.18
Singapore	132 272	2,943	271	1,157 2,384		0.10
Slovak Republic			559 803		525	
Slovenia	391	4,231		3,428	644	0.29
Solomon Islands	180	1,948	370	1,578	433	0.20
	50	541	108	433	303	0.14
South Africa	1,662	17,983	3,414	14,569	1,915	0.87
Spain	2,265	24,507	4,652	19,855	2,518	1.15
Sri Lanka	478	5,172	982	4,190	731	0.33
Sudan	206	2,229	446	1,783	459	0.21
Suriname	82	887	177	710	335	0.15
Swaziland	58	628	126	502	311	0.14
Sweden	1,849	20,006	3,798	16,208	2,102	0.96
Switzerland	2,643	28,597	5,429	23,168	2,896	1.32
Syrian Arab Republic	296	3,203	608	2,595	549	0.25
, Гаjikistan	130	1,407	267	1,140	383	0.17
, Tanzania	248	2,683	509	2,174	501	0.23

 ${\it See accompanying notes to the financial statements}.$

As of June 30, 2009, expressed in thousands of US dollars

		Subscription		Voting power		
Members	Shares ⁷	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
Thailand	742	8,028	1,524	6,504	995	0.45
Timor-Leste	50	541	108	433	303	0.14
Togo	77	833	167	666	330	0.15
Trinidad and Tobago	358	3,874	735	3,139	611	0.28
Tunisia	275	2,976	565	2,411	528	0.24
Turkey	814	8,807	1,672	7,135	1,067	0.49
Turkmenistan	66	714	143	571	319	0.15
Uganda	233	2,521	479	2,042	486	0.22
Ukraine	1,346	14,564	2,765	11,799	1,599	0.73
United Arab Emirates	656	7,098	1,347	5,751	909	0.41
United Kingdom	8,565	92,673	17,593	75,080	8,818	4.02
United States	32,564	352,342	67,406	284,936	32,817	14.94
Uruguay	202	2,186	437	1,749	455	0.21
Uzbekistan	175	1,894	379	1,515	428	0.19
Vanuatu	50	541	108	433	303	0.14
Venezuela, R.B. de	1,427	15,440	3,088	12,352	1,680	0.76
Vietnam	388	4,198	797	3,401	641	0.29
Yemen, Republic of	155	1,677	335	1,342	408	0.19
Zambia	318	3,441	688	2,753	571	0.26
Zimbabwe	236	2,554	511	2,043	489	0.22
Total—June 30, 20092	175,594	\$1,899,927	\$362,364	\$1,537,563	219,616	100.00
Total—June 30, 2008	174,779	\$1,891,109	\$360,694	\$1,530,415	220,187	100.00

Note: Amounts of \$1,290,000 and \$67,000 were received from Mexico and Niger, respectively. Mexico completed MIGA membership requirements on July 1, 2009 and was consequently declared a member of MIGA, while Niger is in the process of completing its membership requirements.

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.

May differ from the sum of individual figures shown because of rounding

STATEMENT OF GUARANTEES OUTSTANDING

As of June 30, 2009, expressed in thousands of US dollars, unless otherwise noted

		Gross Expos				
Host Country	US Dollars	Euro	Japanese Yen	Total	Reinsurance— Note D	Net Exposure ³
Afghanistan	76,203	1,059		77,262	41,231	36,031
Albania	1,565			1,565		1,565
Algeria		3,645		3,645		3,645
Angola	14,700			14,700	1,470	13,230
Argentina	34,540			34,540	16,062	18,478
Bangladesh	78,265			78,265	7,826	70,438
Belarus	6,706			6,706	671	6,035
Benin	1,026	1,335		2,361	103	2,258
Bolivia	11,875			11,875	1,188	10,688
Bosnia and Herzegovina		155,790		155,790	31,121	124,669
Brazil	54,185	190,048		244,233	81,711	162,522
Bulgaria		139,615		139,615	69,808	69,808
Burkina Faso		1,764		1,764	176	1,588
Central African Republic		33,901		33,901	, -	33,901
Chile	9,614	77, 70,		9,614		9,614
China	164,688	83,504		248,192	27,617	220,575
Congo, Democratic Republic of	29,470	03,304		29,470	2/,01/	
Costa Rica	158,525			158,525	87,540	29,470
Côte d'Ivoire	150,525	10.051			07,540	70,985
Croatia		10,051		10,051	2 (52	10,051
		5,218		5,218	3,653	1,565
Djibouti	407,437			407,437	286,477	120,960
Dominican Republic	115,618			115,618	14,945	100,673
Ecuador	102,053			102,053	34,719	67,334
Ghana	131,282			131,282	16,513	114,769
Guatemala	100,379			100,379	49,849	50,530
Guinea	2,462	62,282		64,744	6,228	58,516
Guinea-Bissau		24,100		24,100	2,410	21,690
Indonesia	50,000			50,000		50,000
Iran, Islamic Republic of	122,686			122,686	12,269	110,417
Hungary		134,168		134,168		134,168
Jamaica	72,191			72,191	14,438	57,753
Jordan	4,095			4,095	410	3,686
Kazakhstan	224,715			224,715	141,949	82,767
Kenya	46,722			46,722	6,446	40,276
Kuwait	50,000			50,000	7.1.	50,000
Kyrgyz Republic	6,676			6,676	579	6,097
Lao People's Democratic Rep.	88,825			88,825	44,413	44,413
Latvia	4,104	100,626		104,731	410	104,320
Madagascar	280	35,120		35,400	1,273	34,127
Mali	16,200	55,120		16,200	1,620	14,580
Mauritania	5,400					
Moldova		12 /17		5,400	540	4,860
	61,092	13,417		74,509	30,546	43,963
Mozambique	192,216		4,180	196,396	57,755	138,641
Nepal	30,001			30,001	15,941	14,061
Nicaragua	91,732			91,732	45,866	45,866
Nigeria	115,959	2,554		118,513	14,803	103,710
Pakistan	11,468	69,933	417	81,818	12,668	69,149
Peru	7,349			7,349	1,470	5,879
Romania		118,643		118,643	57,424	61,219
Russian Federation	970,206	73,753		1,043,959	622,696	421,263
Rwanda	17,344			17,344		17,344

 ${\it See accompanying notes to the financial statements}.$

STATEMENT OF GUARANTEES OUTSTANDING

As of June 30, 2009, expressed in thousands of US dollars, unless otherwise noted

		Gross Expo	sure—Note D			
Host Country	US Dollars	Euro	Japanese Yen	Total	Reinsurance— Note D	Net Exposure ³
Senegal		9,787		9,787		9,787
Serbia		158,319		158,319	85,575	72,744
Sierra Leone	10,715			10,715	500	10,215
South Africa	12,620			12,620		12,620
Swaziland	25,016		4,180	29,196	14,598	14,598
Syrian Arab Republic	88,871			88,871	8,887	79,984
Thailand	83,825			83,825	41,913	41,913
Turkey	611,750			611,750	424,250	187,500
Turkmenistan	2,826			2,826		2,826
Uganda	157,570			157,570	77,597	79,973
Ukraine	1,012,864			1,012,864	674,976	337,887
Uruguay	301,200			301,200	192,025	109,175
Venezuela, R.B. de	15,840			15,840	4,752	11,088
Vietnam	99,280			99,280	62,855	36,425
	6,112,233	1,428,634	8,777	7,549,643	3,452,760	4,096,884
Adjustment for Dual-Country	Contracts ¹					
Argentina/Chile	-9,614			-9,614		-9,614
Lao PDR/Thailand	-83,825			-83,825	-41,913	-41,913
Mozambique/Swaziland	-25,016		-4,180	-29,196	-14,598	-14,598
	-118,455		-4,180	-122,636	-56,511	-66,125
Adjustment for Master Agreen	nent²					
	-129,895			-129,895	-64,948	-64,948
Total—June 30, 2009³	5,863,882	1,428,634	4,597	7,297,113	3,331,301	3,965,811
Total—June 30, 2008	5,324,232	1,143,088	7,816	6,475,136	2,897,318	3,577,818

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 adjustment is made to correct for double-counting.

Adjustment for master agreement accounts for MIGA's maximum exposure to loss with a single investor being less than the sum of the maximum aggregate liabilities under the individual contracts.

May differ from the sum of individual figures shown because of rounding

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), and the International Development Association (IDA). 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.

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 5, 2009, MIGA's Board of Directors approved the financial statements for issue.

Accounting and Reporting Developments

The IASB issued IFRS 4, *Insurance Contracts* in March 2004 to achieve convergence of widely varying insurance industry accounting practices around the world. IASB has divided the insurance project into two phases. In line with the requirements of Phase 1, MIGA included additional disclosures beginning the quarter ended September 30, 2005 that identify and explain the amounts in the financial statements arising from insurance contracts. The IASB exposure draft on Phase 2 of the project is expected to come into effect in 2011. This will address issues relating to insurance accounting.

In March 2008, the Financial Accounting Standards Board (FASB) issued the Statement of Financial Accounting Standard No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (FAS 161). FAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to better understand their effects on an entity's financial position, financial performance, and cash flows. FAS 161 was adopted by MIGA during the quarter ended March 31, 2009.

In May 2008, the FASB issued the Statement of Financial Accounting Standards No. 163, Accounting for Financial Guarantee Insurance Contracts, an Interpretation of FASB Statement No. 60 (FAS 163). For certain financial insurance guarantee contracts, this statement addresses premium revenue recognition, claim liability recognition and disclosures related to each. Except for certain disclosures that are applicable for quarter ending September 30, 2008 onwards, this statement is effective for fiscal years beginning after December 15, 2008. FAS 163 will not impact MIGA's financial statements.

In April 2009, the FASB issued FSP FAS 115-2, *Recognition and Presentation of Other Than Temporary Impairments* (FSP FAS 115-2). FSP FAS 115-2 requires a company to recognize the credit component of an other-than-temporary impairment of a debt security classified as available–for-sale or held-to-maturity in income and the non-credit component in accumulated other comprehensive income when the company does not intend to sell the security and it is more likely than not the company will not be required to sell the security prior to recovery. FSP FAS 115-2 also changes the threshold for determining when an other-than-temporary impairment has occurred with respect to intent and ability to hold until recovery and requires additional disclosures. FSP FAS 115-2 will not impact MIGA's financial statements.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP FAS 157-4). FSP FAS 157-4 provides guidance for estimating fair value in accordance with FAS No. 157, Fair Value Measurement (FAS 157), when the volume and level of activity for an asset or liability have significantly decreased and for identifying circumstances that indicate a transaction is not orderly. FSP FAS 157-4 will not have a material impact on MIGA's financial statements.

In June 2009, the FASB issued the Statement of Financial Accounting Standard No. 166, Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140. The FASB's objective is to address (1) practices that have developed since the issuance of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, that are not consistent with the original intent and key requirements of that statement and (2) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This statement must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This statement must be applied to transfers occurring on or after the effective date. FAS 166 will not impact MIGA's financial statements.

In June 2009, the FASB issued the Statement of Financial Accounting Standard No. 167, Amendments to FASB Interpretation No. 46(R). The FASB's objective is to improve financial reporting by enterprises involved with variable interest entities. The Board undertook this project to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities, as a result of the elimination of the qualifying special-purpose entity concept in FASB Statement No. 166, Accounting for Transfers of Financial Assets, and (2) constituent

See accompanying notes to the financial statements.

concerns about the application of certain key provisions of Interpretation 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. This statement shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. FAS 167 will not impact MIGA's financial statements.

Differences between US GAAP and IFRS

On September 29, 2006, the FASB issued the Statement of Financial Accounting Standard No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (FAS 158). FAS 158 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 benefit obligation. 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, upon adoption, FAS 158 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, based upon the current amortization and recognition requirements of Statement of Financial Accounting Standard No. 87, Employers' Accounting for Pensions (FAS 87) and Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions (FAS 106). FAS 158 was adopted by MIGA effective June 30, 2007.

MIGA's accounting policy under International Accounting Standards (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. SFAS 158 requires prospective application of the standard, while the change in approach under IAS 19 requires retrospective application. In addition, SFAS 158 and IAS 19 differ in the treatment of amortization of unrecognized actuarial gains or losses. SFAS 158 requires the unrecognized actuarial gains or losses to be amortized to the Statement of Income, and IAS 19 requires the unrecognized actuarial gains or losses to remain in Accumulated Other Comprehensive Income. MIGA does not believe the differences are material.

Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards and accounting principles generally accepted in the United States of America 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 determination of net periodic income from pension and other post retirement benefits plans, and the present value of benefit obligations.

The significant accounting policies employed by MIGA are summarized below.

Cash includes cash and cash equivalents which consist primarily of highly liquid investments with insignificant interest rate risk and remaining maturities of three months or less at the date of purchase.

Investments

MIGA manages its investment portfolio both for the purpose of providing liquidity for potential claims and for capital growth. MIGA invests in time deposits, mortgage/asset-backed securities and government and agency obligations based on its investment policy 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 limited 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. Securities purchased that could not be settled before the reporting dates are recorded as liability. Similarly, securities sold that could not be settled before the reporting dates are recorded under Other Assets.

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

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 Management for contracts that have known difficulties. The Insurance Portfolio Reserve is calculated based on the long-term historical experiences of the political risk 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 riskdifferentiated 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 analyses are reviewed every three years. 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 discounts its reserves based on the 10-year U.S. Treasury rate.

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 reserve is shown on a gross basis on the liability side of the balance sheet, while establishing reinsurance 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 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 Income.

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 reinsurance 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 (net of commission) follow the same approach as for direct insurance contracts and are recognized as expenses on a pro rata basis over the contract period.

Fees and commissions income for MIGA primarily consists of administrative fees, arrangement fees, annual fees, renewal fees, commitment (offer) fees, and ceding commissions.

NOTE B—INVESTMENTS

MIGA classifies all investment securities as trading. Investments classified as trading securities are reported at fair value with unrealized gains or losses included in earnings. The unrealized net gains included in Income from investments for the fiscal year ended June 30, 2009 and June 30, 2008 are \$6,240,000 and \$394,000 respectively.

Income from derivatives instruments amounted to \$2,831,000 for the fiscal year ended June 30, 2009. Income from derivative instruments mainly relate to interest rate futures, options and covered forwards and are recorded under Income from investments in the Statement of Income.

Fair Value Measurements (FAS 157)

FAS 157 defines fair value, establishes a consistent framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and expands 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. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves. To ensure that the valuations are appropriate where internally-developed models are used, MIGA has various controls in place, which include both internal and periodic external verification and review.

Fair Value Hierarchy

FAS 157 establishes 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, FAS 157 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 table presents MIGA's summary of the trading portfolio and the fair value hierarchy:

	Fair Value		
In thousands of US Dollars	June 30, 2009	June 30, 2008	
Government Obligations	\$305,149	\$82,701	
Time Deposits	411,908	624,964	
Asset Backed Securities	253,187	258,382	
	\$970,244	\$966,047	
Level 1 Assets	\$104,100	\$146,345	
Level 2 Assets	865,023	819,702	
Level 3 Assets	1,121	-	
	\$970,244	\$966,047	

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of June 30, 2009 and June 30, 2008 (in thousands of US Dollars):

	Fair Value			
	2009	2008		
Investments—trading	\$970,244	\$966,047		
Cash held in investment portfolio ⁷	10,370	123		
Receivable from investment securities sold	24,355	29,284		
Accrued Interest ²	2,484	4,470		
Payable for investment securities purchased	(56,524)	(85,434)		
Net Investment Portfolio	\$950,929	\$914,490		

- This amount is included under Cash in the Balance Sheet
- This amount is included under Miscellaneous assets in the Balance Sheet

Investments are denominated primarily in United States dollars with instruments in non-dollar currencies representing 15.88 percent (16.94 percentJune 30, 2008) of the portfolio.

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

Asset-backed securities (ABS) are diversified among credit cards, student loans, home equity loans, and mortgage backed securities. Since these holdings are primarily investment grade, neither concentration risk nor credit risk represents a significant risk to MIGA as of June 30, 2009. 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, 2009, the initial authorized capital stock increased to 184,850 (184,404 - June 30, 2008) 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, 2009, 815 shares were subscribed by member countries. At June 30, 2009, MIGA's authorized capital stock comprised 184,850 shares of which 175,594 (174,779 - June 30, 2008) 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, \$362,364,000 (\$360,694,000 – June 30, 2008) has been paid in; and the remaining \$1,537,563,000 (\$1,530,415,000—June 30, 2008) is subject to call. At June 30, 2009, \$112,242,000 is in the form of nonnegotiable, non interest bearing demand obligations (promissory notes). A summary of MIGA's capital stock at June 30, 2009 and June 30, 2008 is as follows:

	Initial Capital		Capital Increase		Total	
	Shares	(US\$000)	Shares	(US\$000)	Shares	(US\$000)
As of June 30, 2009						
Authorized	106,291	\$1,150,069	78,559	\$850,008	184,850	\$2,000,077
Subscribed	106,291	\$1,150,069	69,303	\$749,858	175,594	\$1,899,927
At June 30, 2008						
Authorized	105,845	\$1,145,243	78,559	\$850,008	184,404	\$1,995,251
Subscribed	105,845	\$1,145,243	68,934	\$745,866	174,779	\$1,891,109

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 four different categories of risk: currency inconvertibility and transfer restriction, expropriation, war and civil disturbance, and breach of contract. 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. Investors may insure projects by purchasing any combination of the four coverages. MIGA guarantees cannot be terminated unilaterally by the guarantee holder within the first three years from the date of issuance without payment of a termination fee except as provided in the contract. MIGA cannot terminate the contract unless the guarantee holder defaults on its contractual obligations to MIGA.

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 which at June 30, 2009 amounts to \$2,714,000 (\$3,517,000 - June 30, 2008).

Contingent Liability

The maximum amount of contingent liability of MIGA under guarantees issued and outstanding at June 30, 2009 totaled \$7,297,113,000 (\$6,475,136,000) - June 30, 2008). 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, 2009, MIGA's actual exposure to insurance claims, exclusive of standby coverage is \$6,477,848,000 (\$5,159,055,000 – June 30, 2008).

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 \$7,297,113,000 outstanding contingent liability (gross exposure) as at June 30, 2009 (\$6,475,136,000 - June 30, 2008), \$3,331,302,000 was ceded through contracts of reinsurance (\$2,897,318,000 - June 30, 2008). Net exposure amounted to \$3,965,811,000 as at June 30, 2009 (\$3,577,818,000 - June 30, 2008).

MIGA can also provide both public (official) and private insurers with facultative reinsurance. As of June 30, 2009, total insurance assumed by MIGA, primarily with official investment insurers, amounted to \$120,000,000 (\$0 – June 30, 2008).

Premiums relating to direct, assumed, and ceded contracts for the fiscal years ended June 30, 2009 and June 30, 2008 were as follows:

In thousands of US dollars		
	2009	2008
Premiums Written		
Direct	\$69,750	\$65,995
Assumed	272	-
Ceded	(30,759)	(26,640)
Premiums Earned		
Direct	64,083	54,260
Assumed	24	111
Ceded	(27,011)	(21,062)

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, 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 \$600 million in each host country and \$180 million 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, 2009, the maximum level of guarantees outstanding (including reinsurance) may not exceed \$12,096,000,000.

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, 2009 and June 30, 2008 are as follows:

In thousands of US dollars	June 30	, 2009	June 30, 2008	
	Exposure in Top Ten Top Five Countries Countries		Exposure in Top Five Countries	Exposure in Top Ten Countries
Gross Exposure	\$3,377,210	\$4,449,272	\$2,883,310	\$3,906,457
% of Total Gross Exposure	46.3	61.0	44.5	60.3
Net Exposure	\$1,329,748	\$1,962,955	\$1,131,058	\$1,757,518
% of Total Net Exposure	33.5	49.5	31.6	49.1

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, 2009 and June 30, 2008 is as follows:

In thousands of US dollars	June 30, 2009			June 30, 2008		
	Gross Net % of Total Net Exposure Exposure Exposure		Gross Exposure	Net Exposure	% of Total Net Exposure	
Africa	\$939,039	\$751,606	19.0	\$1,015,491	\$798,182	22.3
Asia	753,643	541,091	13.6	688,516	470,012	13.1
Europe and Central Asia	3,802,055	1,658,398	41.8	2,898,430	1,254,045	35.1
Latin America and Caribbean	1,255,536	710,971	17.9	1,320,969	747,393	20.9
Middle East and North Africa	676,735	368,692	9.3	681,625	373,134	10.4
Adjustment for Master Agreement *	(129,895)	(64,948)	(1.6)	(129,895)	(64,948)	(1.8)
	\$7,297,113	\$3,965,811	100.0	\$6,475,136	\$3,577,818	100.0

Adjustment for master agreement accounts for MIGA's maximum exposure to loss with a single investor being less than the sum of the maximum aggregate liabilities under the individual contracts.

The sectoral distribution of MIGA's portfolio at June 30, 2009 and June 30, 2008 is shown in the following table:

In thousands of US dollars	June 30, 2009			June 30, 2008		
	Gross Exposure	Net Exposure	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
Infrastructure	\$2,545,648	\$1,518,096	38.3	\$2,648,422	\$1,543,358	43.1
Financial	3,419,203	1,572,355	39.7	2,411,171	1,117,441	31.2
Tourism, Construction and Services	205,897	186,956	4.7	239,206	213,137	6.0
Manufacturing	507,547	296,014	7.5	495,385	282,560	7.9
Oil and Gas	300,946	243,363	6.1	329,519	256,910	7.2
Mining	241,570	80,675	2.0	269,069	90,885	2.5
Agribusiness	76,302	68,352	1.7	82,364	73,527	2.1
	\$7,297,113	\$3,965,811	100.0	\$6,475,136	\$3,577,818	100.0

NOTE E—CLAIMS

Reserve for Claims

MIGA's gross reserve for claims at June 30, 2009 amounted to \$171,400,000 (\$191,000,000-June 30, 2008) and estimated reinsurance recoverables amounted to \$12,600,000 (\$33,600,000-June 30, 2008).

An analysis of the changes to the gross reserve for claims for the fiscal year ended June 30, 2009 and for the fiscal year ended June 30, 2008 appears below.

In thousands of US dollars	June 30, 2009	June 30, 2008
Gross reserve balance	\$191,000	\$184,200
Less: Estimated reinsurance recoverables	33,600	35,800
Net reserve balance, beginning of the period	157,400	148,400
Provision for claims—net of reinsurance	1,853	9,000
Claims paid—net	(453)	-
Net reserve balance	158,800	157,400
Add: Estimated reinsurance recoverables	12,600	33,600
Gross reserve balance, end of the period	\$171,400	\$191,000

The charge of \$1,853,000 for provision for claims, net of reinsurance for the fiscal year ended June 30, 2009 (\$9,000,000- fiscal year ended June 30, 2008) has primarily resulted from an increase in the level of guarantee exposure and ratings downgrades for a number of countries which were partially offset by reduced estimated claims probability for one contract.

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, 2009, the specific reserves amounted to \$24,500,000 (\$55,200,000 - June 30, 2008).

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

In thousands of US dollars									
Reporting Period	FY02	FYo3	FYo4	FYo ₅	FYo6	FY07	FYo8	FY09	Total
Estimate of Cumulative Claims:									
At end of reporting period	121,800	9,900	37,800	27,610	1,062		2,800		
One year later	68,600	4,600	23,550	40,380					
Two years later	3,000	4,530	8,343	45,900					
Three years later	5,650	3,279	6,800	45,600					
Four years later	5,775	700	1,300						
Five years later	5,700	700							
Six years later	5,500								
Estimate of cumulative claims at June 30, 2009	7,200	700	1,200	15,100			1,491	13	25,704
Cumulative payments		(700)					(491)	(13)	(1,204)
Specific reserves at June 30, 2009	7,200		1,200	15,100			1,000	-	24,500

Pending Claims

On October 6, 2004, MIGA received claims for expropriation of projects in Kyrgyz Republic. The maximum aggregate liability under the contracts is \$0.9 million. A Settlement Agreement has been negotiated, but is not yet effective. Negotiations between the Guarantee Holders and the Government of Kyrgyz Republic are on-going. MIGA is maintaining the provision for this matter until the agreement is implemented. MIGA's ultimate liability for this claim has not yet been determined as the claim has not been settled.

Claims Paid

For the year ended June 30, 2009, MIGA paid two claims. MIGA paid \$491,000 for a war and civil disturbance claim received on January 24, 2008 for losses related to a project in Kenya. MIGA paid \$13,000 for a war and civil disturbance claim received on March 25, 2009 for losses related to a project in Madagascar. Reinsurance recovered on the claims paid amounted to \$51,000.

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 June 30 measurement date for its pension and other postretirement benefit plans. The amounts presented below reflect MIGA's respective share of the costs, assets, and liabilities of the 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 following table summarizes the benefit costs associated with the SRP, RSBP, and PEBP for MIGA for the fiscal years ended June 30, 2009 and June 30, 2008:

In thousands of US dollars	S	RP	RSBP		PEBP	
	2009	2008	2009	2008	2009	2008
Benefit Cost						
Service cost	\$2,646	\$2,777	\$521	\$464	\$245	\$210
Interest cost	5,577	4,879	770	644	182	144
Expected return on plan assets	(10,095)	(9,962)	(935)	(878)		
Amortization of prior service cost	90	85	85	85	6	5
Amortization of unrecognized net loss (gain)			39	(3)	110	39
Net periodic pension cost (income)	\$(1,782)	\$(2,221)	\$480	\$312	\$543	\$398

The expenses for the SRP, RSBP and PEBP are included in Administrative Expenses.

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, 2009 and June 30, 2008. The assets for the PEBP are included in IBRD's investment portfolio.

In thousands of US dollars	SI	RP	RS	RSBP		PEBP	
	2009	2008	2009	2008	2009	2008	
Projected Benefit Obligation							
Beginning of year	84,414	79,632	11,516	10,397	2,795	2,352	
Service cost	2,646	2,777	521	464	245	210	
Interest cost	5,577	4,879	770	644	182	144	
Participant contributions	824	740	98	89	(8)	8	
Retiree drug subsidy received	n.a	n.a	13	13	n.a	n.a	
Plan amendment	99	52			12	7	
Benefits paid	(3,669)	(3,392)	(312)	(265)	(161)	(213)	
Actuarial (gain) loss	(10,390)	(274)	(1,665)	174	2,005	287	
End of year	79,501	84,414	10,941	11,516	5,070	2,795	

In thousands of US dollars	SRP		RSBP		PEBP	
	2009	2008	2009	2008	2009	2008
Fair value of plan assets						
Beginning of year	131,429	129,147	11,119	10,500		
Participant contributions	824	740	98	89		
Actual return on assets	(22,990)	3,798	(1,970)	187		
Employer contributions	591	1,136	632	608		
Benefits paid	(3,669)	(3,392)	(312)	(265)		
End of year	106,185	131,429	9,567	11,119		
Funded status¹	26,684	47,015	(1,374)	(397)	(5,070)	(2,795)
Accumulated Benefit Obligation	64,295	68,149	10,941	11,516	4,540	2,462

Net amount recognized is reported as Assets under retirement benefits plans under Other Assets or Liabilities under accounts payable and accrued expenses under Total Liabilities on the Balance Sheet.

The \$26,684,000 relating to SRP at June 30, 2009 (\$47,015,000 - June 30, 2008) is included in Net assets under retirement benefits plans on the balance sheet.

The following tables present the amounts included in Accumulated Other Comprehensive Income relating to FAS158 application:

In thousands of US dollars				
	SRP	RSBP	PEBP	Total

Amounts included in Accumulated Other Comprehensive Income in fiscal year ended June 30, 2009									
Net actuarial loss	1,815	1,914	2,876	6,605					
Prior service cost	462	97	39	598					
Net amount recognized in Accumulated Other Comprehensive Loss	2,277	2,011	2,915	7,203					

Amounts included in Accumulated Other Comprehensive Income in fiscal year ended June 30, 2008									
Net actuarial (gain) loss	(20,880)	713	981	(19,186)					
Prior service cost	453	182	33	668					
Net amount recognized in Accumulated Other Comprehensive (Income)/Loss	(20,427)	895	1,014	(18,518)					

The estimated amounts that will be amortized from Accumulated Other Comprehensive Income into net periodic benefit cost in the fiscal year ending June 30, 2010 are as follows:

	SRP	RSBP	PEBP	Total
Net actuarial loss	562	114	180	856
Prior service cost	99	85	8	192
Amount to be amortized into net periodic benefit cost	661	199	188	1,048

Assumptions

In percent

The actuarial assumptions used are based on financial market interest rates, 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 AAA and 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

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, 2009 and June 30, 2008:

RSBP

PEBP

SRP

	2009	2008	2009	2008	2009	2008
Weighted average assumptions us	sed to determine p	rojected benefit ob	ligation			
Discount rate	7.00	6.75	7.00	6.75	7.00	6.75
Rate of compensation increase	6.70	7.00			6.70	7.00
Health care growth rates-at end of fiscal year			7.00	7.25		
Ultimate health care growth rate			4.75	5.50		
Year in which ultimate rate is reached			2017	2016		

Weighted average assumptions us	sed to determine n	et periodic pension	ı cost			
Discount rate	6.75	6.25	6.75	6.25	6.75	6.25
Expected return on plan assets	7.75	7.75	8.25	8.25		
Rate of compensation increase	7.00	6.50			7.00	6.50
Health care growth rates - at end of fiscal year			7.25	6.80		
Ultimate health care growth rate			5.50	4.75		
Year in which ultimate rate is reached			2016	2012		

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:

	One percentage point increase	One percentage point decrease
Effect on total service and interest cost	400	(200)
Effect on postretirement benefit obligation	2,000	(1,600)

Investment Strategy

The investment policy for the SRP and the RSBP is to optimize the risk-return relationship as appropriate to the respective plan's needs and goals, using a global diversified portfolio of various asset classes. Specifically, the long-term asset allocation is based on an analysis that incorporates expected returns by asset class as well as volatilities and correlations across asset classes and the liability profile of the respective plans, especially in the case of SRP. This analysis also provides estimates of potential future contributions and future asset and liability balances. In February 2009, the Pension Finance Committee approved an interim strategic asset allocation (reflected in the table below) for the RSBP based on the asset allocation as of December 2008, pending resumption of work on a detailed strategic asset allocation review after market conditions stabilize in the wake of the recent crisis. Plan assets are managed by external investment managers and monitored by IBRD's pension investment department. The pension plan assets are invested in diversified portfolios of public equity, fixed income, and alternative investments.

The following table presents the asset allocation as of June 30, 2009 and June 30, 2008 and the respective target allocation by asset category for the SRP and RSRP:

In percent	SRP			RSBP		
	Target Allocation (%)	% of Pla	n Assets	Target Allocation (%)	% of Plan Assets	
	2009	2009	2008	2009	2009	2008
Asset Class						
Fixed Income	26	37	33	32	34	30
Public Equity	14	16	23	24	23	27
Alternative Investments	60	47	44	44	43	43
Total	100	100	100	100	100	100
Alternative Investments include:						
Private Equity	15%	17.3%	14.8%	22%	23%	20%
Real Estate	12.5	7.5	7.3	6	6	6.1
Hedge Funds and Active Overlay	25	18.4	18.5	16.5	14	16.9
Timber	2.5	0.4	0.2	n.a.	n.a.	n.a.
Infrastructure	2.5	0.7	0.5	n.a.	n.a.	n.a.
Commodities	2.5	2.7	2.6	n.a.	n.a.	n.a.

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, 2009.

In thousands of US dollars	SRP	RS	ВР	PEBP
		Before Medicare Part D Subsidy	Medicare Part D Subsidy	
July 1, 2009—June 30, 2010	\$3,820	\$235	\$5	\$339
July 1, 2010—June 30, 2011	4,120	269	6	354
July 1, 2011—June 30, 2012	4,397	306	7	367
July 1, 2012—June 30, 2013	4,707	347	8	390
July 1, 2013—June 30, 2014	5,021	389	8	426
July 1, 2014—June 30, 2019	28,287	2,605	55	2,514

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, 2009 is \$1,716,000 and \$628,000, respectively.

NOTE G—RECEIVABLES AND PAYABLES FROM AFFILIATED ORGANIZATIONS

At June 30, 2009 and June 30, 2008, 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, 2009		June 30, 2008			
	Administrative Services	Pension and Other Postretirement Benefits	Total	Administrative Services	Pension and Other Postretirement Benefits	Total
IBRD	\$(2,914)	\$30,318	\$27,404	\$(2,217)	\$27,337	\$25,120
IFC	(78)	-	(78)	(2,236)	-	(2,236)
Total	\$(2,992)	\$30,318	\$27,326	\$(4,453)	\$27,337	\$22,884

NOTE H-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 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 I—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 Policy 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 Political risk assessment 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 order to prevent excessive risk concentration, MIGA sets exposure limits per country and per project. MIGA uses an Economic Capital model to evaluate concentration risk in MIGA's guarantee portfolio and to support decision making in pricing new large projects, or new projects in countries with large exposure. Its reinsurance program, including treaty and facultative reinsurance, helps manage the risk profile of the portfolio.

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 any 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 could impact the net income in FY09 by approximately \$7.5 million (FY08: \$9.6 million). 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 percent change in the USD/ Euro year end exchange rate could impact the net income in FYo9 by approximately \$12.2 million (FYo8: \$12.3 million) and net guarantee exposure by approximately \$105.8 million (FY08: \$74.0 million). This foreign exchange rate sensitivity is illustrative only and is based on simplified scenarios.

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 and corporate governance.

MIGA attempts to mitigate operational risks by maintaining a sound internal control system. Since 2000, MIGA has adopted 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 operational risk management system to strengthen monitoring of the operational risks and controls in the financial reporting process, and the effectiveness of key controls in the financial reporting process are assessed through the internal quality assurance review process. In FY08, MIGA conducted COSO Risk & Opportunity workshops and actions are being taken to address the recommendations.

MIGA's internal controls are regularly evaluated through independent review by the Internal Audit Department (IAD) of the World Bank Group. Most recently, MIGA's Entity Level Controls were reviewed by IAD. MIGA Management has been following up on the recommendations for further improvement of internal controls in these areas.

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. In addition, MIGA is currently undergoing a redesign of its core information system for managing and reporting data for activities supporting the guarantee process and its migration to a more robust SAP-based platform. The replacement system will allow for a more efficient and reliable database functionality to manage all key guarantee data, and enable the entire underwriting process to be done online. This is intended to be more efficient and to enhance the quality and the ability to share information internally and externally with the World Bank Group.

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 risks 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.

Economic Capital and Portfolio Risk Modeling

For portfolio risk management purposes, MIGA currently utilizes an Economic Capital Model, based on the latent factor model of the Merton framework in credit risk modeling. The Economic Capital (EC) concept is a widely recognized risk management tool in the banking and insurance industries, defining the amount of capital an organization needs to hold in order to sustain larger than expected losses with a high degree of certainty, 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.

MIGA employs the EC model to manage its insurance portfolio risks as the cornerstone of its capital adequacy framework. In addition, it provides the analytical basis for risk-based pricing of its products as well as quantification of the need for prudent technical provisions for claims and liquidity holdings. An extensive review of MIGA's EC and pricing models was completed in the first quarter of FY08, with the objective to validate critical parameters and to fully integrate the two models. This helps ensure consistency between pricing, portfolio exposure management, and provisioning. Moreover, beginning in FYo8, EC-based risk measures are combined with exposure and income information for a comprehensive portfolio overview report prepared for MIGA management on a monthly basis.

APPENDICES



APPENDICES

Governors and Alternates Directors and Alternates: Voting Power Signatories to MIGA Convention
Subscriptions to the General Capital Increase
MIGA Member Countries Facultative Reinsurance Obtained by MIGA Facultative Reinsurance Provided by MIGA Cooperative Underwriting Program Participants Guarantee Clients Contacts Abbreviations Photo Credits

Member	Governor	Alternate
Afghanistan	Omar Zakhilwal	Mohammad M. Mastoor
Albania	Ardian Fullani	Fatos Ibrahimi
Algeria	Karim Djoudi	Abdelhak Bedjaoui
ngola	Ana Dias Lourenco	Job Graca
Antigua and Barbuda	Harold Lovell	Whitfield Harris
Argentina	Carlos Fernandez	Martin Redrado
Armenia	Vahram Nercissiantz	Tigran Davtyan
ustralia	Wayne Swan	Bob McMullan
ustria	Josef Proell	Edith Frauwallner
zerbaijan	Elman S. Rustamov	Shahin Mustafayev
ahamas, The	Hubert A. Ingraham	Ehurd Cunningham
ahrain	Ahmed Bin Mohammed Al-Khalifa	Yousif Abdulla Humood
angladesh	Abul Maal A. Muhith	Mohammad Mejbahuddin
arbados	Darcy Boyce	Grantley W. Smith
elarus	Andrei V. Kobyakov	Andrei M. Kharkovets
elgium	Didier Reynders	Franciscus Godts
elize	Dean Barrow	Carla Barnett
enin	Pascal I. Koupaki	Idriss L. Daouda
olivia	Noel Aguirre Ledezma	Luis Alberto Arce Catacora
osnia and Herzegovina	Nikola Spiric	Boris Tihi
otswana	Baledzi Gaolathe	Solomon M. Sekwakwa
razil	Guido Mantega	Henrique de Campos Meirelles
ulgaria	Plamen Oresharski	Dimitar Kostov
urkina Faso	Frank Tabsoba	Lene Sebgo
urundi	Clotilde Nizigama	Leon Nimbona
ambodia	Keat Chhon	Aun Porn Moniroth
imeroon	Louis Paul Motaze	Dieudonne Evou Mekou
ınada	James Michael Flaherty	Margaret Biggs
ape Verde	Cristina Duarte	Leonesa Lima Fortes
entral African Republic	Sylvain Maliko	Bendert Bokia
nad	Ousmane Matar Breme	Bichara Doudoua
nile	Andres Velasco Branes	Alberto Arenas de Mesa
hina	Xie Xuren	Li Yong
olombia	Oscar Ivan Zuluaga	Esteban Piedrahita Uribe
ongo, Democratic Republic of	Athanase Matenda Kyelu	Jean-Claude Masangu Mulongo
ongo, Republic of	Pierre Moussa	Pacifique Issoibeka
osta Rica	Guillermo Zuniga Chaves	Francisco de Paula Gutierrez
ôte d'Ivoire	Paul Antoine Bohoun Bouabre	Koffi Charles Diby
roatia	Ivan Suker	Zdravko Maric
yprus	Charilaos Stavrakis	Christos Patsalides
zech Republic	Miroslav Kalousek	Miroslav Singer
enmark	Ulla Toernaes	Ib Petersen
ibouti	Ali Farah Assoweh	Simon Mibrathu
poduci	/ III I alali / 1330WCII	SITIOTI WIIDIALIIA

Governors and Alternates, as of	June 30, 2009 (cont'd)	
Member	Governor	Alternate
Dominica	Roosevelt Skerrit	Rosamund Edwards
Dominican Republic	Juan Temistocles Montas	Vicente Bengoa Albizu
Ecuador	Maria Elsa Viteri Acaiturri	Isela Sanchez
Egypt, Arab Republic of	Mahmoud Mohieldin	Fayza Abulnaga
El Salvador	Alexander E. Segovia	Juan Ramon Caceres Chavez
Equatorial Guinea	Jose Ela Oyana	Estanislao Don Malavo
Eritrea	Berhane Abrehe Kidane	Martha Woldegiorghis
Estonia	Jurgen Ligi	Kalle Killar
Ethiopia	Sufian Ahmed	Abi Woldemeskel Bayou
iji	Josaia Vorege Bainimarama	John Prasad
inland	Jyrki Katainen	Peter Nyberg
rance	Christine Lagarde	Ramon Fernandez
Gabon	Anacle Bissielo	Christian Bongo Ondimba
Gambia, The	Mousa G. Bala Gaye	Mod A.K. Secka
Georgia	Kakha Baindurashvili	Lasha Zhvania
Germany	Heidemarie Wieczorek-Zeul	Joerg Asmussen
Ghana	Kwabena Duffuor	Seth Terkper
Greece	Ioannis Papathanassiou	Panayotis Thomopoulos
Grenada	V. Nazim Burke	Timothy Antoine
Guatemala	Ruben Morales	Juan Alberto Fuentes
Guinea		
Guinea-Bissau	Helena Nosolini Embalo	Jose Carlos Varela Casimiro
Guyana	Bharrat Jagdeo	Ashni Singh
Haiti	Daniel Dorsainvil	Charles Castel
Honduras		
Hungary	Tamas Katona	Zsuzsanna Varga
celand	Ossur Skarphedinsson	Steingrimur J. Sigfusson
ndia	Pranab Mukherjee	Ashok Chawla
ndonesia	Sri Mulyani Indrawati	Boediono
ran, Islamic Republic of	Seyyed Shams Al-din Hosseini	Behrouz Alishiri
raq	Baker J. Al-Zubaidy	Ali Gh. Baban
reland	Brian Lenihan	David Doyle
srael	Stanley Fischer	Yaron Zelekha
taly	Mario Draghi	Carlo Monticelli
amaica	Audley Shaw	Wesley George Hughes
apan	Kaoru Yosano	Masaharu Kohno
ordan	Suhair Al-Ali	Nasser S.H. Shraideh
Kazakhstan	Erbol Orynbayev	Timur Suleimenov
Кепуа	Uhuru Kenyatta	Joseph Kanja Kinyua
Korea, Republic of	Jeung-Hyun Yoon	Seongtae Lee
Kosovo	Ahmet Shala	Bedri Hamza
Kuwait	Mustafa Al-Shamali	Bader Mohamed Al-Saad
Kyrgyz Republic	Marat A. Sultanov	Lada J. Orozbaeva

Einars Repse Artis Kampars ebanon Mohammad Safadi (yacant) esotho Timothy T. Thahane Mosito Khethisa baberia Augustine Kpehe Ngafuan Amara Konneh Alberia Abdel-Hafar Zleitni Ali Ramadan Shnebesh ithuania Algirdas Semeta Ramune Vilija Zabuliene uxembourg Luc Frieden Georges Heinrich Alacedonia, former Yugoslav Republic of Trajko Slaveski Zoran Stavreski Aladagascar Alalawi Ken Edward Kandodo Abi Marambika Shawa Alalawi Ken Edward Kandodo Abi Marambika Shawa Alalawi Ali Hashim Ahmed Asad Alali Sanoussi Toure Lassine Bouare Alalata Tonio Fenech Alfred S. Camilleri Alauritius Rama Krishna Sithanen Ali Michael Mansoor Alicronesia, Federated States of Finley S. Perman Rose Nakanaga Aloldova Igor Dodon Dumitru Ursu Alongolia Bayartsogt Sangajav Purevdorj Lihanaasuren Aloretenegro Igor Luksie Milorad Katric Alorecco Salaheddine Mezouar Rachid Talib Alami Alorecco Salaheddine Mezouar Alorectone Alore Notishishi Ericah Brave Shafudah Alepal Babu Ram Bhattarai Rameshore Prasad Khranal Alepal Mansour Muhtar Steve O. Oronsaye Aloroway Erik Solheim Hakon Arald Gulbrandsen Alauru Ramana Almed Macki Dawish bin Ismail Al Balushi Alakistan Salman Siddique Asif Bajwa Alaunu Kerai Mariur Rhinehart Silas Alamana Hoector E. Alecander Enelda M. de Gonzalez Parus Wouland Bair Alaunu Ramana Hector E. Alecander Enelda M. de Gonzalez Parus Pureva Gulinea Partick Pruatich Simon Tosali Pa	Member	Governor	Alternate
Einars Repse Artis Kampars Abdanon Mohammad Safadi (yacant) Abdanamad Safadi (yacant) Abderina Augustine Kpehe Ngafuan Arrara Konneh Aibya Abdel-Hafiz Zleitni Ali Ramadan Shnebesh Ramune Vilija Zabuliene Libya Abdel-Hafiz Zleitni Ali Ramadan Shnebesh Ramune Vilija Zabuliene Lucerhourg Lucerhourg Luc Frieden Ceorges Heinrich Madagascar Malawi Ken Edward Kandodo Abi Marambika Shawa Malaysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malajsia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malai Sanoussi Toure Lassine Bouare Malai Sanoussi Toure Lassine Bouare Maluritania Mauritania Mauritania Mauritania Maronesia, Federated States of Finley S. Perman Rose Nakanaga Micronesia, Federated States of Finley S. Perman Rose Nakanaga Mondella Bayartsogt Sangajav Purewdorj Likanaasuren Mongella Bayartsogt Sangajav Purewdorj Likanaasuren Mongella Bayartsogt Sangajav Purewdorj Likanaasuren Morozoo Salaheddine Mezouar Rachid Talbi Alami Mondozambique Aluba Cuereneia Ernesto Couvela Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Micrones Ahmed Macki Danwish bin Ismail Al Balushi Nelaragua Alberto Jose Guevara Obregon Antener Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Perk Solheim Hakon Araild Gulbrandsen Doman Ahmed Macki Danwish bin Ismail Al Balushi Palau Kerai Mariur Rhinehart Silas Palau Kerai Mariur Rhinehart S	_ao People's Democratic Republic	Somdy Douangdy	Somphao Phaysith
Lebanon Mohammad Safadi (vacant) Lesotho Timothy T. Thahane Mosito Khethisa Libria Augustine Kpehe Ngafuan Amara Konneh Libya Abdel-Hafiz Zleitni Ali Amaradan Shnebesh Lithuania Algirdas Serneta Ramune Vilija Zabuliene Liusembourg Luc Frieden Georges Heinrich Macedonia, former Yugoslav Republic of Trajko Slaveski Zoran Stavreski Madagasacar Malawi Ken Edward Kandodo Abi Marambika Shawa Malaysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malil Sanoussi Toure Lassine Bouare Malata Tonio Fenech Alfred S. Camillen Mauritania Mauritania Mauritania Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Likhanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talib Alami Montenegro Alubs Cuerenia Erresto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhatarai Rameshore Prasad Khanal Nepal Babu Ram Bhatarai Rameshore Prasad Khanal Nepal Babu Ram Bhatarai Rameshore Prasad Khanal Nekeraland Bill English John Whitehead Nicaragua Albero Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhlar Steve O. Oronsaye Palaua Bahan Sidique Asif Bajwa Palaua Salman Sidique Asif Bajwa Palaua Kerai Mariur Rhinehart Silas Papanama Hector E. Alexander Enelda M. de Gonzalez Papanama Hector E. Alexander Enelda M. de Gonzalez Papanama Hector E. Alexander Pere Beida M. de Gonzalez Papanama Hector E. Alexander Jeres Gouvein Colimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Partugal Perando Teixeira dos Santos Carlos Costa Pina Partagal Polnugal Perando Teixeira dos Santos Carlos Costa Pina Partagal Polnugal Perando Teixeira dos Santos Carlos Costa Pina	Latvia		Artis Kampars
Augustine Kpehe Ngafuan Armara Konneh Abdel-Hafiz Zieltni Ali Rarmadan Shnebesh Allirbania Algirdas Semeta Ramune Vilija Zabulliene Lucembourg Luc Frieden Georges Heinrich Macedonia, former Yugoslav Republic of Trajko Slaveski Zoran Stavreski Madagascar Malavi Ken Edward Kandodo Abi Marambika Shawa Malaysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malalysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malali Sanoussi Toure Lassine Bouare Malati Sanoussi Toure Lassine Bouare Malati Tonio Fenech Alfred S. Camilleri Mauritania Mauritus Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Likhanasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Montenegro Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Neleraland, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Niciaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Neleraland Baria Rameshore Prasad Khanal Niciaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Norway Erik Solheim Hakan Steve O. Oronsye Pornan Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Panama Hector E. Alexander Enelda M. de Gonzalez Panama Hector E. Alexander Enelda M. andrzej Clopinski Peru Luis Carranza Ugarte Jose Arista Arbildo Pelilippines Mangarito B. Teves Peter B. Favila Pelalad Michal Baj Andrzej Clopinski	_ebanon		
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Algirdas Semeta Ramune Vilija Zabuliene Luxembourg Luc Frieden Georges Heinrich Madagascar Malawi Ken Edward Kandodo Abi Marambika Shawa Malawi Malawi Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Maldives Ali Hashim Ahmed As-ad Malawi Sanoussi Toure Lassine Bouare Malil Sanoussi Toure Lassine Bouare Malil Sanoussi Toure Alfred S. Camilleri Mauritania Mauritania Mauritania Mauritania Mauritania Mauritania Mauritania Mauritania Mauritania Malawi Referated States of Finley S. Perman Rose Nakanaga Molodova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanasauren Monetenegro Igor Luksie Milorad Katnie Morocco Salaheddine Mezouar Rachid Talbi Alami Morocco Salaheddine Mezouar Morocco Salaheddine Mezouar Morocco Salaheddine Mezouar Morocambique Aiuba Cuereneia Erresto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Wetherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nikicrargua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Erik Solheim Hakon Arald Gulbrandsen Drana Ahmed Macki Darwish bin Ismail Al Balushi Pakatan Salman Siddique Asif Bajwa Palaua Kerai Mariur Rhinehart Silas Palaua Kerai Mariur Rhinehart Silas Palaua Kerai Mariur Rhinehart Silas Palaua New Guinea Patrick Pruaitch Simon Tosali Paragay Dionisio Borda Manuel Vidal Caballero Gimenez Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Paragay Dionisio Borda Paragarito B. Teves Peter B. Favila	Liberia		Amara Konneh
Luc Frieden Georges Heinrich Macedonia, former Yugoslav Republic of Madagascar Walawi Ken Edward Kandodo Abi Marambika Shawa Malaysia Mohd, Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Maldiwes Ali Hashim Ahmed As-ad Mali Sanoussi Toure Lassine Bouare Maluritania Mauritania Mauritius Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Molodova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanaasuren Morocco Salaheddine Mezouar Rachid Talbi Alami Morocco Salaheddine Mezouar Morocco Salaheddine Mezouar Moroschique Aiuba Cuereneia Erresto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Welterlands, The Wouter Bos Bert Koenders Nikiraragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nikigeria Mansur Muhtar Steve O. Oronsaye Erik Solheim Hakon Arald Gulbrandsen Doman Ahmed Macki Darwish bin Ismail Al Balushi Palaua Kerai Mariur Palana Salman Siddique Asif Bajiwa Palaua Kerai Mariur Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Prusitch Simon Tosali Paraguay Dionisio Borda Mansur Jugate Portugal Fernando Teixeira dos Santos Portugal Fernando Teixeira dos Santos Portugal Fernando Teixeira dos Santos Carlos Costa Prina Portugal Fernando Teixeira dos Santos Carlos Costa Prina Pouse Hussain Kamal	Libya	Abdel-Hafiz Zleitni	Ali Ramadan Shnebesh
Madagascar Malawi Ken Edward Kandodo Abi Marambika Shawa Malaysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malaysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Malaysia Ali Hashim Ahmed As-ad Mali Sanoussi Toure Lassine Bouare Malita Tonio Fenech Alfred S. Camilleri Mauritania Mauritania Mauritius Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Molishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nebepal Babu Ram Bhattarai Rameshore Prasad Khanal Nekeherlands, The Wouter Bos Bert Koenders Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Erik Solheim Hakon Arald Gulbrandsen Orman Ahmed Macki Darwish bin Ismail Al Balushi Pakaistan Salman Siddique Asif Bajwa Parama Hector E. Alexander Enelda M. de Conzalez Parama Dionisio Borda Manuel Vidal Caballero Gimenez Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbido Portugal Fernando Teixeira dos Santos Carlos Costa Pina Potatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Lithuania	Algirdas Semeta	Ramune Vilija Zabuliene
Malawi Ken Edward Kandodo Abi Marambika Shawa Malawi Malawi Ken Edward Kandodo Abi Marambika Shawa Malawi Malawi Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Mali Sanoussi Toure Lassine Bouare Malia Tonio Fenech Alfred S. Camilleri Mauritania Mauritania Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Molodova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Likanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Erik Solheim Hakon Arald Gulbrandsen Dman Ahmed Macki Darwish bi Israail Al Balushi Palasia Salman Siddique Asiriur Renama Hector E. Alexander Enelda M. de Gonzalez Paraua Nervay Dionisio Borda Manuel Vidal Caballero Gimenez Paraguay Dionisio Borda Mangarito B. Teves Peter B. Favila Portugal Peter B. Favila Portugal Peter B. Pavila Portugal Peter B. Favila Portugal Peter B. Pavila Portugal Port	Luxembourg	Luc Frieden	Georges Heinrich
Malaysia Mohd. Najib Abdul Razak Wan Abdul Aziz Wan Abdullah Maldives Ali Hashim Ahmed As-ad Asad Mali Sanoussi Toure Lassine Bouare Malta Tonio Fenech Alfred S. Camilleri Mauritania Mauritania Picare S. Perman Rose Nakanaga Mohdova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lthanaasuren Morceco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Goweia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Nepal Bill English John Whitehead Bill English John Whitehead Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhatar Steve O. Oronsaye Pornan Ahmed Macki Darwish Ismail Al Balushi Asarama Hector E. Alexander Enelda M. de Gonzalez Paraguay Dionisio Borda Mangart B. Peter B. Favila Paraguay Dionisio Borda Margarito B. Teves Peter B. Favila Paraguay Dionisio Borda Margarito B. Teves Peter B. Favila Portugal Peter B. Favila Michal Baj Andreze Octogal Peter B. Favila Portugal Peter B. Favila Pottugal	Macedonia, former Yugoslav Republic of	Trajko Slaveski	Zoran Stavreski
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Mauritania Mauritius Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Erik Solheim Hakon Arald Gulbrandsen Doman Ahmed Macki Darwish bin Ismail Al Balushi Palaiau Kerai Mariur Rhinehart Silas Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Margarito B. Teves Peter B. Favila Poland Michal Baj Portugal Portugal Portugal Fernando Teixeira dos Santos Carlos Costa Pina Abdullah Bin Soud Al-Thani	Mali	Sanoussi Toure	Lassine Bouare
Mauritius Rama Krishna Sithanen Ali Michael Mansoor Micronesia, Federated States of Finley S. Perman Rose Nakanaga Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Oman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Peru Luis Carranza Ugarte Jose Arista Arbildo Portugal Fernando Teixeira dos Santos Carlos Costa Pina Portugal Portugal Fernando Teixeira dos Santos Carlos Costa Pina Abdullah Bin Soud Al-Thani	Malta	Tonio Fenech	Alfred S. Camilleri
Micronesia, Federated States of Finley S. Perman Rose Nakanaga Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Pornan Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Ardzej Giopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Mauritania		
Moldova Igor Dodon Dumitru Ursu Mongolia Bayartsogt Sangajav Purevdorj Lkhanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Oman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Pereu Luis Carranza Ugarte Jose Arista Arbildo Pehilippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Mauritius	Rama Krishna Sithanen	Ali Michael Mansoor
Mongolia Bayartsogt Sangajav Purevdorj Lkhanaasuren Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Oman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Pohlippines Margarito B. Teves Peter B. Favila Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Micronesia, Federated States of	Finley S. Perman	Rose Nakanaga
Montenegro Igor Luksic Milorad Katnic Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Poman Ahmed Macki Darwish bin Ismail Al Balushi Darkistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Polalad Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Moldova	Igor Dodon	Dumitru Ursu
Morocco Salaheddine Mezouar Rachid Talbi Alami Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Porana Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Papua New Guinea Paraguay Dionisio Borda Luis Carranza Ugarte Doland Margarito B. Teves Peter B. Favila Portugal Possed Hussain Kamal Podullah Bin Soud Al-Thani	Mongolia	Bayartsogt Sangajav	Purevdorj Lkhanaasuren
Mozambique Aiuba Cuereneia Ernesto Gouveia Gove Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Oman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Pohlippines Margarito B. Teves Peter B. Favila Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Montenegro	Igor Luksic	Milorad Katnic
Namibia Andrew Ndishishi Ericah Brave Shafudah Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Oman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Portugal Fernando Teixeira dos Santos Carlos Costa Pina Quatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Morocco	Salaheddine Mezouar	Rachid Talbi Alami
Nepal Babu Ram Bhattarai Rameshore Prasad Khanal Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Dman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Mozambique	Aiuba Cuereneia	Ernesto Gouveia Gove
Netherlands, The Wouter Bos Bert Koenders New Zealand Bill English John Whitehead Nicaragua Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Norway Erik Solheim Hakon Arald Gulbrandsen Oman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Quatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Namibia	Andrew Ndishishi	Ericah Brave Shafudah
New Zealand Bill English Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Prik Solheim Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Papua New Guinea Paraguay Dionisio Borda Dionisio Borda Dionisio Borda Paru Dionisio Borda Dion	Nepal	Babu Ram Bhattarai	Rameshore Prasad Khanal
Alberto Jose Guevara Obregon Antenor Rosales Bolanos Nigeria Mansur Muhtar Steve O. Oronsaye Erik Solheim Hakon Arald Gulbrandsen Darwish bin Ismail Al Balushi Pakistan Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Patrick Pruaitch Paraguay Dionisio Borda Dionisio Borda Dionisio Borda Deru Luis Carranza Ugarte Dioland Margarito B. Teves Poland Michal Baj Portugal Portugal Pernando Teixeira dos Santos Carlos Costa Pina Ander O. Oronsaye Antenor Rosales Bolanos Steve O. Oronsaye Hakon Arald Gulbrandsen Darwish bin Ismail Al Balushi Darwish bin Ismail Al Ba	Netherlands, The	Wouter Bos	Bert Koenders
Mansur Muhtar Steve O. Oronsaye Parik Solheim Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Papua New Guinea Parick Pruaitch Paraguay Dionisio Borda Luis Carranza Ugarte Philippines Margarito B. Teves Peter B. Favila Portugal Portugal Portugal Portugal Portugal Portugal Pound Mansur Muhtar Steve O. Oronsaye Hakon Arald Gulbrandsen Darwish bin Ismail Al Balushi	New Zealand	Bill English	John Whitehead
Norway Erik Solheim Hakon Arald Gulbrandsen Dman Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Nicaragua	Alberto Jose Guevara Obregon	Antenor Rosales Bolanos
Ahmed Macki Darwish bin Ismail Al Balushi Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Portugal Pousef Hussain Kamal Abdullah Bin Soud Al-Thani	Nigeria	Mansur Muhtar	Steve O. Oronsaye
Pakistan Salman Siddique Asif Bajwa Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Norway	Erik Solheim	Hakon Arald Gulbrandsen
Palau Kerai Mariur Rhinehart Silas Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Oman	Ahmed Macki	Darwish bin Ismail Al Balushi
Panama Hector E. Alexander Enelda M. de Gonzalez Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Pakistan	Salman Siddique	Asif Bajwa
Papua New Guinea Patrick Pruaitch Simon Tosali Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Peru Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Palau	Kerai Mariur	Rhinehart Silas
Paraguay Dionisio Borda Manuel Vidal Caballero Gimenez Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Portugal Fernando Teixeira dos Santos Carlos Costa Pina Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Panama	Hector E. Alexander	Enelda M. de Gonzalez
Luis Carranza Ugarte Jose Arista Arbildo Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Papua New Guinea	Patrick Pruaitch	Simon Tosali
Philippines Margarito B. Teves Peter B. Favila Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Paraguay	Dionisio Borda	Manuel Vidal Caballero Gimenez
Poland Michal Baj Andrzej Ciopinski Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Peru	Luis Carranza Ugarte	Jose Arista Arbildo
Portugal Fernando Teixeira dos Santos Carlos Costa Pina Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Philippines	Margarito B. Teves	Peter B. Favila
Qatar Yousef Hussain Kamal Abdullah Bin Soud Al-Thani	Poland	Michal Baj	Andrzej Ciopinski
· ·	Portugal	Fernando Teixeira dos Santos	Carlos Costa Pina
Romania Gheorghe Pogea Cristian Popa	Qatar	Yousef Hussain Kamal	Abdullah Bin Soud Al-Thani
	Romania	Gheorghe Pogea	Cristian Popa
Russian Federation Aleksei Kudrin Elvira S. Nabiullina	Russian Federation	Aleksei Kudrin	Elvira S. Nabiullina

Member	Governor	Alternate
. Kitts and Nevis	Denzil Douglas	Janet Harris
Lucia	Stephenson King	Isaac Anthony
/incent and the Grenadines	Ralph E. Gonsalves	Laura Anthony-Browne
oa	Nickel Lee Hang	Hinauri Petana
di Arabia	Ibrahim A. Al-Assaf	Muhammad S. Al-Jasser
egal	Abdoulaye Diop	Mamadou Abdoulaye Sow
oia	Mladjan Dinkic	Diana Dragutinovic
chelles	Ahmed Afif	Joseph Nourrice
ra Leone	Samura Mathew Wilson Kamara	Sheku S. Sesay
gapore	Tharman Shanmugaratnam	Peter Ong
vak Republic	Jan Pociatek	Viliam Ostrozlik
venia	Franc Krizanic	Andrej Kavcic
omon Islands	Snyder Rini	Shadrach Fanega
ıth Africa	Pravin J. Gordhan	Elias Lesetja Kganyago
ain	Elena Salgado Mendez	Jose Manuel Campa Fernandez
Lanka	Mahinda Rajapaksa	Sumith Abeysinghe
dan	Awad Ahmed Elgaz	Lual A. Deng
name	Humphrey S. Hildenberg	Adelien Wijnerman
aziland	Khangeziwe Glory Mabuza	Sicelo M. Dlamini
eden	Anders Borg	Gunilla Carlsson
itzerland	Beatrice Maser Mallor	Olivier Chave
an Arab Republic	Amer Husni Lutfi	
istan	Maruf Saifiev	Djamoliddin Nuraliev
zania	Mustafa Haidi Mkulo	Ramadhani Mussa Khijjah
land	Korn Chatikavanij	Sathit Limpongpan
or-Leste	Emilia Pires	Joao Goncalves
go	Gilbert B. Bawara	Simfeitcheou Pre
iidad and Tobago	Karen Nunez-Tesheira	Alison Lewis
nisia	Mohamed Nouri Jouini	Kamel Ben Rejeb
key	Ibrahim H. Canakci	Memduh Aslan Akcay
kmenistan	Annamuhammet Gochyev	Gochmyrat A. Myradov
anda	Syda N. Bbumba	C. M. Kassami
raine	Hryhoriy Nemyrya	Boghdan Danylishin
ited Arab Emirates		Obaid Humaid Al Tayer
ited Kingdom	Douglas Alexander	Alistair Darling
ted States	Timothy F. Geithner	
iguay	Alvaro Garcia	Enrique Rubio
pekistan	Fakhritdin A. Saidakhmedov	Bakhrom B. Ashrafkhanov
nuatu	Sela Molisa	George Maniuri
ezuela, Republica Bolivariana de	Jorge Giordani	Ali Rodriguez Araque
tnam	Nguyen Van Giau	Nguyen Van Binh
nen, Republic of	Abdulkarim I. Al-Arhabi	Mutahar Abdulaziz Al-Abbasi
mbia	Situmbeko Musokotwane	Likolo Ndalamei
babwe	Tendai Biti	Gideon Gono

Director	Alternate	Casting votes of	Total votes	% of tota
Floated by the votes of	f the six largest sharehold	lars		
E. Whitney Debevoise	(Vacant)	United States	32,817	15.04
Toru Shikibu	Michihiro Kishimoto	Japan	9,232	4.23
Michael Hofmann	Ruediger Von Kleist	Germany	9,189	4.21
Ambroise Fayolle	Frederick Jeske- Schonhoven	France	8,818	4.04
Susanna Moorehead	Stewart James	United Kingdom	8,818	4.04
Zou Jiayi	Yang Yingming	China	5,783	2.65
Florand books control	£ -4h -			
Elected by the votes o	Claudiu Doltu	Armenia, Bosnia and Herzegovina, Bulgaria,	11.042	F 47
(Netherlands)	(Romania)	Croatia, Cyprus, Georgia, Israel, Macedonia (former Yugoslav Republic of), Moldova, Montenegro, Netherlands, Romania, Ukraine	11,942	5.47
Gino Alzetta (Belgium)	Konstantin Huber (Austria)	Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey	11,441	5.24
Toga McIntosh (Liberia)	Hassan Ahmed Taha (Sudan)	Botswana, Burundi, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	10,855	4.98
Samy Watson (Canada)	Ishmael Lightbourne (The Bahamas)	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines	10,327	4.73
Merza H. Hasan (Kuwait)	Ayman Alkaffas (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)	8,757	4.01
Svein Aass (Norway)	Jens Haarlov (Denmark)	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden	7,990	3.66
Giovanni Majnoni (Italy)	Nuno Mota Pinto (Portugal)	Albania, Greece, Italy, Malta, Portugal, Timor-Leste	7,938	3.64
Louis Philippe Ong Seng (Mauritius)	Agapito Mendes Dias (Sao Tome and Principe)	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Congo (Democratic Republic of), Congo (Republic of), Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritius, Rwanda, Senegal, Togo	7,874	3.61
Carolina Renteria (Colombia)	Rogerio Studart (Brazil)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago	7,720	3.54
James Hagan (Australia)	Do-Hyeong Kim (Republic of Korea)	Australia, Cambodia, Korea (Republic of), Micronesia (Federated States of), Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu	7,674	3.52
Pulok Chatterji (India)	Kazi M. Aminul Islam (Bangladesh)	Bangladesh, India, Sri Lanka	7,207	3.30
Sid Ahmed Dib (Algeria)	Javed Talat (Pakistan)	Afganistan, Algeria, Ghana, Iran (Islamic Republic of), Morocco, Pakistan, Tunisia	7,175	3.29

Directors and Alternates: Voting Power, as of June 30, 2009 (cont'd)				
Director	Alternate	Casting votes of	Total votes	% of total
Elected by the votes of	of other shareholders (cont'd	d)		
Sun Vithespongse (Thailand)	Irfa Ampri (Indonesia)	Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Nepal, Singapore, Thailand, Vietnam	6,548	3.00
Michel Mordasini (Switzerland)	Michal Krupinski (Poland)	Azerbaijan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan	6,401	2.93
Jose A. Rojas (Rep. Bol. de Venezuela)	Marta Garcia Jauregui (Spain)	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Spain, Venezuela (Republica Bolivariana de)	6,289	2.88
Dante Contreras (Chile)	Felix Alberto Camarasa (Argentina)	Argentina, Bolivia (Plurinational State of), Chile, Paraguay, Peru, Uruguay	5,803	2.66
Abdulrahman M. Almofadhi (Saudi Arabia)	Abdulhamid Alkhalifa (Saudi Arabia)	Saudi Arabia	5,781	2.65
Alexey Kvasov	Eugene Miagkov	Russian Federation	5,781	2.65

In addition to the directors and alternates shown in the foregoing list, the following also served after November 1, 2008.

(Russian Federation)

(Russian Federation)

Director	End of period of service	Alternate director	End of period of service
Jorge Humberto Botero (Colombia)	April 19, 2009	Mohamed Kamel Amr (Arab Republic of Egypt)	January 19, 2009
Dhanendra Kumar (India)	February 11, 2009	Ana Maria Guevara (United States)	April 17, 2009
		Zakir Ahmed Khan (Bangladesh)	January 31, 2009
		Chularat Suteethorn (Thailand)	May 14, 2009

Note: Angola (440 votes), Eritrea (303 votes) and Mauritania (364 votes) did not participate in the 2008 Regular Election of Directors. Kosovo (349 votes) became a member after that Election.

Signatories to MIGA's Convention, as of June 30, 2009

Afghanistan	Dominican Republic	Lesotho	St. Lucia
Albania	Ecuador	Liberia	St. Vincent and the Grenadines
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	Spain
Belarus	Germany	Mexico*	Sri Lanka
Belgium	Ghana	Micronesia, Fed. States of	Sudan
Belize	Greece	Moldova	Suriname
Benin	Grenada	Mongolia	Swaziland
Bolivia	Guatemala	Montenegro	Sweden
Bosnia and Herzegovina	Guinea	Morocco	Switzerland
Botswana	Guinea-Bissau	Mozambique	Syrian Arab Republic
Brazil	Guyana	Namibia	Tajikistan
Bulgaria	Haiti	Nepal	Tanzania
Burkina Faso	Honduras	Netherlands, The	Thailand
Burundi	Hungary	New Zealand	Timor-Leste
Cambodia	Iceland	Nicaragua	Togo
Cameroon	India	Niger*	Trinidad and Tobago
Canada	Indonesia	Nigeria	Tunisia
Cape Verde	Iraq	Norway	Turkey
Central African Republic	Iran, Islamic Republic of	Oman	Turkmenistan
Chad	Ireland	Pakistan	Uganda
Chile	Israel	Palau	Ukraine
China	Italy	Panama	United Arab Emirates
Colombia	Jamaica	Papua New Guinea	United Kingdom
Congo, Democratic Republic of	Japan	Paraguay	United States
Congo, Republic of	Jordan	Peru	Uruguay
Costa Rica	Kazakhstan	Philippines	Uzbekistan
Côte d'Ivoire	Kenya	Poland	Vanuatu
Croatia	Korea, Republic of	Portugal	Venezuela, R.B. de
Cyprus	Kuwait	Qatar	Vietnam
Czech Republic	Kyrgyz Republic	Romania	Yemen, Republic of
Denmark	Lao People's Democratic Rep.	Russian Federation	Zambia
Djibouti	Latvia	Rwanda	Zimbabwe
Dominica	Lebanon	St. Kitts and Nevis	

^{*} Non-member country

Subscriptions to the General Capital Increase, as of June 30, 2009

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
Spain	980	10,603,600
Slovenia	78	843,960
Sweden	800	8,656,000
Switzerland	1,143	12,367,260
	.,,-+)	13-71
United Kingdom	3,705	40,088,100
United Kingdom	3,705	40,088,100
United Kingdom United States	3,705 12,045	40,088,100
United Kingdom United States Subtotal:	3,705 12,045 42,461 Shares	40,088,100 130,326,900 459,428,020
United Kingdom United States Subtotal: CATEGORY 2	3,705 12,045 42,461 Shares Subscribed	40,088,100 130,326,900 459,428,020 Amount \$
United Kingdom United States Subtotal: CATEGORY 2 Albania	3,705 12,045 42,461 Shares Subscribed	40,088,100 130,326,900 459,428,020 Amount \$
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria	3,705 12,045 42,461 Shares Subscribed 44 495	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina	3,705 12,045 42,461 Shares Subscribed 44 495 956	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The	3,705 12,045 42,461 Shares Subscribed 44 495 956	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize Benin	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38 47	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160 508,540
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize Benin Bolivia	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38 47 95	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160 508,540 1,027,900
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize Benin Bolivia Botswana	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38 47 95 38	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160 508,540 1,027,900 411,160
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize Benin Bolivia Botswana Brazil	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38 47 95 38 1,127	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160 508,540 1,027,900 411,160 12,194,140
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize Benin Bolivia Botswana Brazil Bulgaria	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38 47 95 38 1,127 278	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160 508,540 1,027,900 411,160 12,194,140 3,007,960
United Kingdom United States Subtotal: CATEGORY 2 Albania Algeria Argentina Bahamas, The Bahrain Bangladesh Barbados Belize Benin Bolivia Botswana Brazil Bulgaria Cambodia	3,705 12,045 42,461 Shares Subscribed 44 495 956 76 59 259 52 38 47 95 38 1,127 278 71	40,088,100 130,326,900 459,428,020 Amount \$ 476,080 5,355,900 10,343,920 822,320 638,380 2,802,380 562,640 411,160 508,540 1,027,900 411,160 12,194,140 3,007,960 768,220

CATEGORY 2 (cont'd)	Shares Subscribed	Amount \$
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
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
Danama	100	0

Panama 100 1,082,000

CATEGORY 2 (cont'd)	Shares Subscribed	Amount \$
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 & 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 & 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

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 · 149

ASIA AND THE PACIFIC

Afghanistan · Bangladesh · Cambodia · China · Fiji · India · Indonesia · Korea (Republic of) · Lao People's Democratic Republic · Malaysia · Maldives · Micronesia (Federal 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 · Czech Republic · 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 · Barbados · Belize · Bolivia (Plurinational State of) • Brazil • Chile • Colombia • Costa Rica • Dominica • Dominican Republic • Ecuador • El Salvador • Grenada • Guatemala • Guyana • Haiti • Honduras • Jamaica • 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 · 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 · Congo (Democratic Republic of) · Congo (Republic of) · Côte d'Ivoire · Equatorial Guinea • Ethiopia • Eritrea • Gabon • Gambia (The) • Ghana • Guinea • Guinea Bissau · Kenya · Lesotho · Liberia · Madagascar · Malawi · Mali · Mauritania · Mauritius · Mozambique · Namibia · Nigeria · Rwanda · Senegal · Sierra Leone · Seychelles · South Africa · Sudan · Swaziland · Tanzania · Togo · Uganda · Zambia · Zimbabwe

Countries in the Process of Fulfilling Membership Requirements · 2

DEVELOPING COUNTRIES

Mexico and Niger

Facultative Reinsurance *Obtained* by MIGA

by MIGA	
Investment Insurer	Country
ACE Global Markets, Lloyd's Syndicate 2488	UK
A.F. Beazley, Esq., and Others, Lloyd's Syndicates 2623 and 623	UK
African Trade Insurance Agency	Kenya
Ark Syndicate Management Limited, Lloyd's Syndicate 4020	UK
Alleghany Consortium, Lloyd's Syndicate 376	UK
AXIS Specialty Ltd.	Bermuda
C.N.R. Atkin Esq., and Others, Lloyd's Syndicate 1183	UK
Coface North America	USA
Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE)	France
Cox Insurance Holdings PL C., Lloyd's Syndicate 2591	UK
Export Credits Guarantee Department (ECGD)	UK
Export Development Canada (EDC)	Canada
Export Finance and Insurance Corporation (EFIC)	Australia
Finnvera Plc	Finland
Garanti-Institutte for Eksportkreditt (GIEK)	Norway
Global Re, BV, captive insurer of Philips Electronics N.V.	Netherlands
Great Northern Insurance Company (Chubb & Son)	USA
Hannover Rückversicherung AG	German
Hiscox Syndicates Limited, Lloyd's Syndicate 33	UK
Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	Saudi Arabia
Israel Export Insurance Corporation Ltd (ASHRA)	Israel

Facultative Reinsurance *Obtained* by MIGA (cont'd)

Investment Insurer	Country
Liberty Syndicate Management, Lloyd's Syndicate 4472	UK
M.D. Reith and Others, Lloyd's Syndicate 1414	UK
Münchener Rückversicherungs- Gesellschaft	Germany
National Union Fire Insurance Co. of Pittsburgh (AIG)	USA
Nederlandse Financierings- Maatschappij voor Ontwikkelingslanden N.V. (FMO)	Netherlands
Oesterreichische Kontrollbank A.G. (OeKB)	Austria
Office Nationale du Ducroire (ON AD)	Belgium
S.J. Catlin, Esq., and Others, Lloyd's Syndicates 1003 and 2003	UK
Sovereign Risk Insurance Ltd.	Bermuda
Starr Underwriting Agents on behalf of Lloyd's Syndicate 1919	UK
Steadfast Insurance Company (Zurich)	USA
Swiss Reinsurance Company	Switzerland
Servizi Assicurativi del Commercio Estero (SACE)	Italy
Talbot Underwriting Limited, Lloyd's Syndicate 1183	UK
Wellington Underwriting Agencies Limited, Lloyd's Syndicate 2020	UK
XL London Market Ltd., Lloyd's Syndicate 1209	UK

Facultative Reinsurance Provided by MIGA

Investment Insurer	Country
Compañía Española de Seguros de Crédito a la Exportación (CESCE)	Spain
Export Development Canada (EDC)	Canada
Export Credit Insurance Organization (ECIO) of Greece	Greece
Nippon Export Investment Insurance (NEXI)	Japan
Nordia Insurance Company (Pan Financial, Inc.)	USA
Österreichische Kontrollbank A.G. (OeKB) ¹	Austria
Overseas Private Investment Corporation (OPIC)	USA
Office Nationale du Ducroire (ONDD)	Belgium
Slovenska izvozna in razvozna banka (SID)	Slovenia

MIGA's facultative reinsurance was from the EU trust fund for Bosnia and Herzegovina.

Cooperative Underwriting Program Participants	
Investment Insurer	Country
ACE Global Markets, Lloyd's Syndicate 2488	UK
A.D. Hicks, Esq. and M.H.Wheeler, Esq. and Others, Lloyd's Syndicate 1007	UK
A.F.Beazley, Esq. and Others, Lloyd's Syndicates 623 and 2623	UK
AXIS Specialty Limited	Bermuda
Compagnie Tunisienne pour l'Assurance du Commerce Extérieur (Cotunace)	Tunisia
Cox Insurance Holdings PLC., Lloyd's Syndicate 2591	UK
General Security Insurance Company (Unistrat)	USA
Great Northern Insurance Company (Chubb & Son)	USA
Gulf Insurance Company U.K. Limited (Citicorp/Travellers)	UK /USA
H.H. Hayward, Esq., and Others, Lloyd's Syndicate 1084	UK
Hiscox Syndicates Limited, Lloyd's Syndicate 33	UK
Kiln 510 Combined, Lloyd's Syndicate 510	UK
Liberty Syndicate Management, Lloyd's Syndicate 282	UK
M.D. Reith and Others, Syndicate 1414 at Lloyd's (Ascot)	UK
S.J.Catlin, Esq., and Others, Lloyd's Syndicates 1003 and 2003	UK
Pacific Indemnity Company (Chubb & Son)	USA
Steadfast Insurance Company (Zurich)	USA
The Goshawk War and Political Risks Consortium, Lloyd's Syndicate 9132	UK
XL London Market Ltd., Lloyds Syndicate 1209	UK

Guarantee Clients
Abengoa
ABN AMRO Bank NV
ADC Management Limited
AES Bulgaria Limited BV
Agro Industrial Investment and Development SA
Alstom Power Norway AS
Antoine and Gabriel Boulos
Autopistas del Nordeste (Cayman) Limited
Baltic American Enterprise Fund (BalAEF)
Banco Credito de Bolivia
Bank Hapoalim B.M.
Bank of Nova Scotia
Banque Nationale de Paris
Barloworld Equipment UK Limited
Bartrac Equipment GBL
Bergenshalvoens Kommunale Kraftselskap AS
Byblos Bank SAL
Caja Madrid
Calyon Corporate & Investment Bank
CAN-PACK S.A.
CCB Management Services G,bH
CDC Globeleq
Cementhai Chemicals Co., Ltd.
Cesur Packaging Corporation
Cobra Instalaciones y Servicios, SA
Compagnie Generale des Eaux
Control y Montajes Industriales CYMI, SA
Cotecna SA
Darco Environmental Pte.Ltd
Dole Food Company, Inc
Dow Europe Holding BV
DP World FZCO
Dragados Industrial SA
Dragados-Servicios Portuarios Y Logisticos

Guarantee Clients (cont'd)		
Dubai Islamic Bank	Klaus Nikolaus Kohler	SGS Societe Generale de Surveillance SA
East West Gold Corporation	Komatsu Limited	Shore Cap International Ltd.
EDF International	Kreditanstalt für Wiederaufbau	Sierra Investment Fund Ltd.
EFES Breweries International NV	Louvre International Limited	SN Power Holding Singapore PTE Ltd.
El Paso	Manaksia Limited	Société Générale
Elecnor, SA	Marubeni Corporation	Société Malienne de Promotion Hôtelière SA
Energy Engineering Investment Ltd	Mibanco - Banco Dela Microempresa SA	Société Malienne de Promotion Hôtelière, SMPH
Eskom	Millco Limited	Sonatel
FCC, Construcción, SA	Mitsubishi Corporation	Standard Chartered Bank
FINREP HANDEL Ges.m.b.H.	Mitsui & Co.	Standard Corporate and Merchant Bank
First Kazakh Securitisation Company BV	Mobile Telephone Networks International Ltd.	State Bank of India
Fortis Bank	New Age Beverages Limited	Société de Promotion Financière & Investissement
Fraport AG	New Energy Industrial Limited	Stichting Triodos-Doen
GE Energy (Norway) AS	Odinsa Holding Inc.	Suez Environment S.A.
GE.POR.TUR. s.a.s.	Office National de Telcomms – Tunisie Telecom	Sunnen Products Company
GEOCOTON S.A.	ONDD	Tamboho International Ltd
Golden State Water Group Corporation	Orange Participations SA	Teleinvest Limited
Grodco S.C.A.	Orascom Telecom	The Mauritius Commercial Bank Ltd.
Grupo Isolux Co. Corsan S.A.	Organization de Ingenieria Internacional SA	The Standard Bank of South Africa Limited
Habib Bank AG Zurich	Ormat International, Inc.	Tokyo Electric Power Company International BV
I.T.I. S.R.L.	Oy Metsa-Botnia Ab	Touton SA
ICICI Bank	POL-AM-Pack SA	Triodos Custody. BV(Custodian of TFSF)
Industrial Development Corp. of South Africa	Prodenvases Crown SA	UniCredit Bank Austria AG
Infilco Degremeont, Inc.	Promofin Outremer SA	UniCredit MedioCredito Centrale S.p.A.
ING Bank	Proparco	Union Fenosa Desarrolo Y Accion Exterior SA
International Home Finance & Development, LLC	PTT Chemical Public Company Ltd	West African Gas Pipeline Company Ltd.
International Water Services (Guayaquil) BV	Raghbir Sineh Chatthe	World Power Holdings Luxemborg S. a. r. l.
Intertek International Ltd.	Raiffeisenbank a.s.	WTE Wassertechnik GmbH
Investcom Global Ltd.	Rockland Steel Trading Ltd.	Yousef Freiha & Sons
Itinere Infraestructuras SA	Rodeo Power Pte Ltd.	
Itochu Corporation	Salvintur - Soc. de Investimentos Turísticos	
Kenmare Resources PLC	Sasol Gas Holdings (Pty) Ltd.	
Kingdom 5 KR 71 Limited	SembCorp Utilities Pte Ltd.	
Kjaer Group AS	Sena Development Limited	

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Abbreviations	
ADB	Asian Development Bank
AfDB	African Development Bank
AIGF	Afghanistan Investment Guarantee Facility
BOT	Build-Operate-Transfer
CABEI	Central American Bank for Economic Integration
CAF	Corporación Andina de Fomento
CAO	Compliance Advisor/Ombudsman
CAS	Country Assistance Strategy
CBD	Caribbean Development Bank
CPS	Country Partnership Strategy
DIFC	Dubai Islamic Financial Center
DRC	Democratic Republic of Congo
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia
EIB	European Investment Bank
FIAS	Foreign Investment Advisory Service
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNP	Gross National Product
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IG	Investment Generation
IIC	Inter-American Investment Corporation
IWB	Invest in Western Balkans
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
OECD	Organisation for Economic Co-operation and Development
PRI	Political Risk Insurance
SIP	Small Investment Program
SME	Small and Medium-Size Enterprise
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
USAID	United States Agency for International Development

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