



MIGA

Multilateral Investment
Guarantee Agency
WORLD BANK GROUP



2017

ANNUAL REPORT
INSURING INVESTMENTS,
ENSURING OPPORTUNITIES



DR. JIM YONG KIM

President of the World Bank Group and
Chairman of the Board of Executive Directors

Message from the President of the World Bank Group and Chairman of the Board of Executive Directors

As I travel around the world, I am continually reminded of how much smaller the world seems to be getting. Thanks to technology—especially the Internet, mobile phones, and social media—nearly everyone can see how everyone else lives. For many, living standards in the most developed countries, once unknown to the world’s poor, are now as familiar as their own communities.

This awareness has changed how people think about their lives, and it is raising expectations about what is possible. Aspirations, once rooted in local experiences, are converging around the world. And as people’s aspirations rise, so too will demands for education, jobs, and services like health care and transportation—opportunities for a better life for themselves and for their families. As the world is virtually shrinking, the divide between people is widening. Our role and our ambition at the World Bank Group is to bridge that divide. We need to use all of our energy, knowledge, creativity, and financing capacity to help countries meet the expectations of all their citizens.

This means accelerating progress on our two goals—ending extreme poverty by 2030, and boosting prosperity among the poorest 40 percent in low- and middle-income countries. To accomplish these goals, we

are supporting investments in countries that will lay the foundations for sustainable and inclusive economic growth. We are investing in people, in the youth in particular, so that individuals—and countries—can fulfill their potential and look toward a brighter future. And we are strengthening resilience to the global shocks that affect all of us—pandemics, climate change, refugees, and famine.

Yet while the world seems to be getting smaller, our challenges are multiplying. We must constantly evolve and adapt to meet them. At the World Bank Group, we are fundamentally rethinking our approach to development finance. We have billions of dollars to work with, but the world needs trillions in annual funding for development. We must now leverage our scarce resources even more to crowd in vastly more private capital, combine it with our expertise, and invest it in developing countries.

To spur that level of financing, we need to create markets and bring more private sector rigor and innovation to our client countries, especially the poorest and most fragile ones. We have to start by asking routinely whether private capital, rather than government funding or donor aid, can finance a project. If the conditions

are not right for private investment, we need to work with our partners to de-risk projects, sectors, and entire countries. Through dialogue and knowledge transfers, we can help governments reform laws and regulations, and improve economic practices. We can instill new, more efficient ways to finance development. This won't be easy, but it's the only way we can help countries at the scale that these times require.

This year, the World Bank Group committed more than \$61 billion in loans, grants, equity investments, and guarantees to its members and private businesses. The International Bank for Reconstruction and Development (IBRD) saw continued client demand for its services and made commitments totaling \$22.6 billion. And the International Development Association (IDA), our fund for the poorest, provided \$19.5 billion to support the countries most in need to face their toughest challenges.

We committed to drastically scaling up IDA's development interventions through innovative financing. For example, we are leveraging IDA's equity by blending donor contributions with internal resources and funds raised through debt markets. As a result of these efforts and the continued strong support of our partners, we achieved a record \$75 billion replenishment for IDA18. As we head into fiscal 2018, we're using new tools, such as the \$2.5 billion Private Sector Window, to mobilize

private capital for the poorest countries.

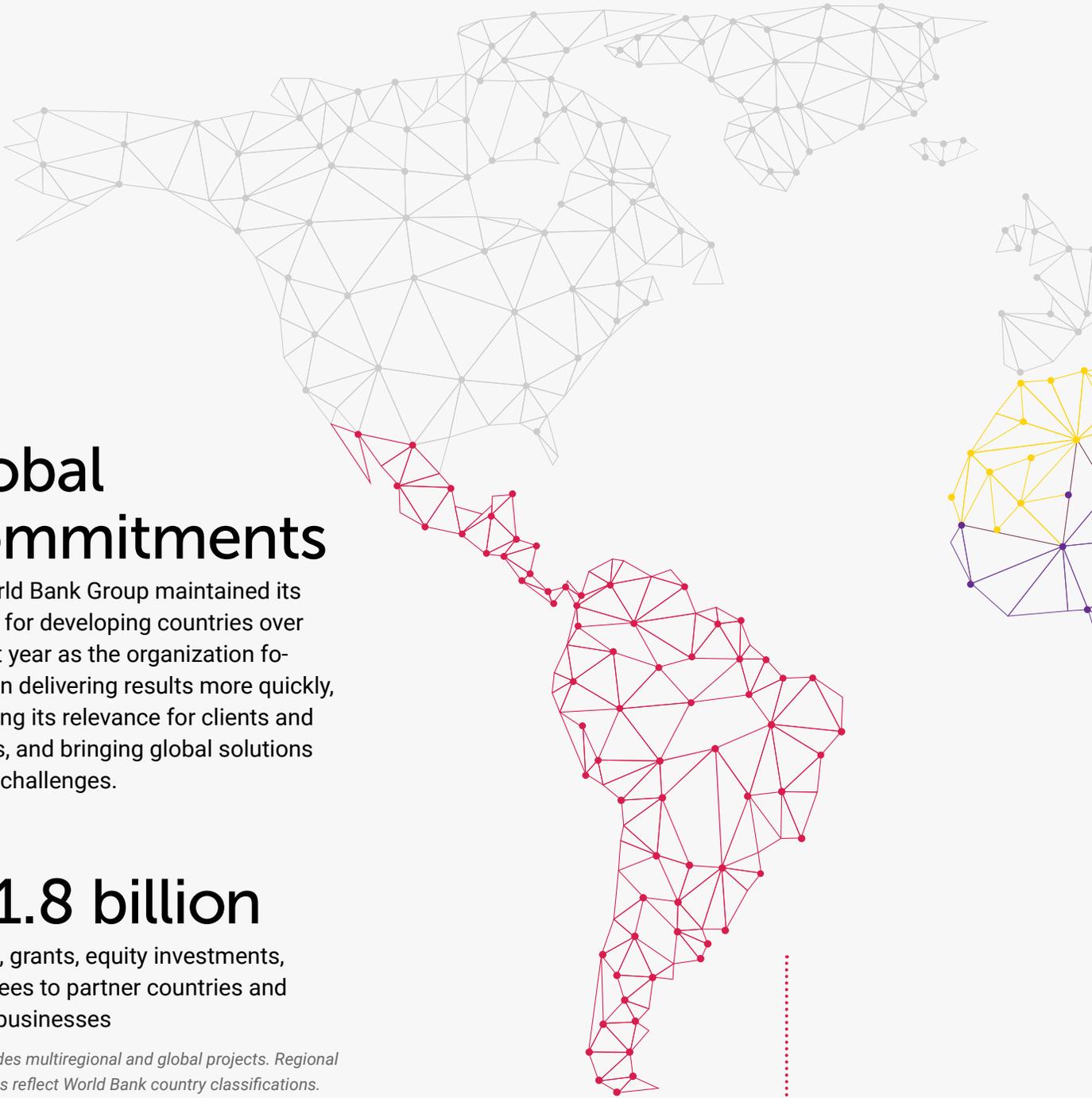
The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), our two institutions focused on private sector development, are leading our efforts to create markets and crowd in private sector investment in developing countries.

IFC delivered a significant amount of financing for private sector development— about \$19.3 billion, including nearly \$7.5 billion mobilized from investment partners. Nearly \$4.6 billion of this went to IDA countries, and nearly \$900 million went to fragile and conflict-affected areas.

MIGA issued \$4.8 billion using political risk insurance and credit enhancement guarantees to draw in private investors and lenders to developing countries. Forty-five percent of projects supported in fiscal 2017 were in IDA-eligible countries, and 21 percent were in countries affected by conflict and fragility.

Across the World Bank Group, we're working to ensure that we have the knowledge, resources, and tools to be effective and agile in the face of rapid change. We're ready to scale up and strengthen our engagement to help countries overcome their development challenges, create equality of opportunity, and give everyone the chance to meet their aspirations.

**MIGA'S MISSION IS TO END
EXTREME POVERTY AND BOOST
SHARED PROSPERITY BY PROMOTING
FOREIGN DIRECT INVESTMENT INTO
DEVELOPING COUNTRIES**



Global Commitments

The World Bank Group maintained its support for developing countries over the past year as the organization focused on delivering results more quickly, increasing its relevance for clients and partners, and bringing global solutions to local challenges.

\$61.8 billion

in loans, grants, equity investments, guarantees to partner countries and private businesses

Total includes multiregional and global projects. Regional breakdowns reflect World Bank country classifications.

\$9.7 billion

LATIN AMERICA & THE CARIBBEAN

\$7.1 billion

MIDDLE EAST & NORTH AFRICA

\$9.5 billion

EUROPE & CENTRAL ASIA

\$9.7 billion

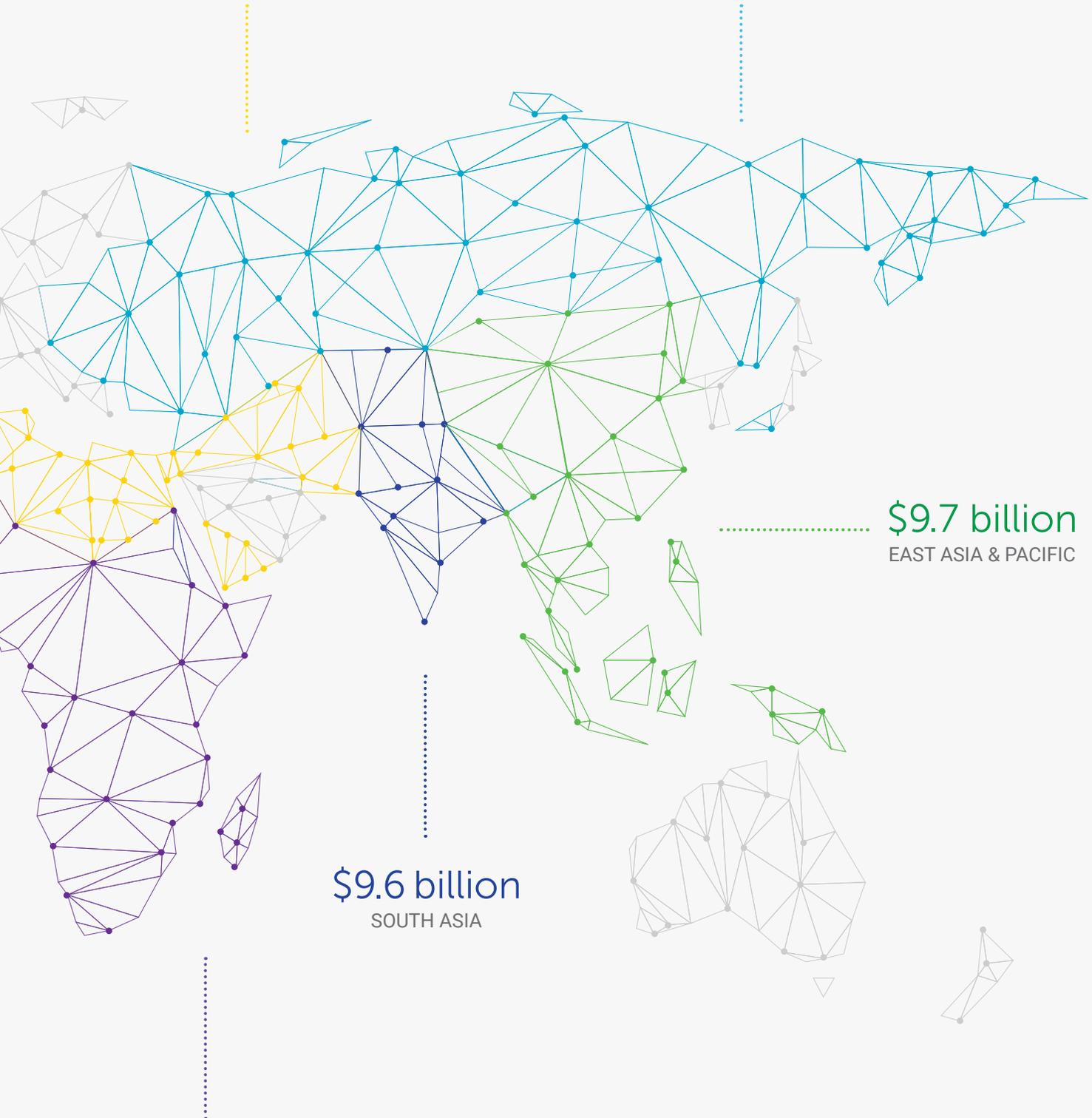
EAST ASIA & PACIFIC

\$9.6 billion

SOUTH ASIA

\$16.2 billion

SUB-SAHARAN AFRICA



World Bank Group Financing for Partner Countries

	2013	2014	2015	2016	2017
WORLD BANK GROUP					
Commitments ^a	50,232	58,190	59,776	64,185	61,783
Disbursements ^b	40,570	44,398	44,582	49,039	43,853
IBRD					
Commitments	15,249	18,604	23,528	29,729	22,611
Disbursements	16,030	18,761	19,012	22,532	17,861
IDA					
Commitments	16,298	22,239	18,966	16,171	19,513 ^c
Disbursements	11,228	13,432	12,905	13,191	12,718 ^c
IFC					
Commitments ^d	11,008	9,967	10,539	11,117	11,854
Disbursements	9,971	8,904	9,264	9,953	10,355
MIGA					
Gross issuance	2,781	3,155	2,828	4,258	4,842
Recipient-Executed Trust Fund					
Commitments	4,897	4,225	3,914	2,910	2,962
Disbursements	3,341	3,301	3,401	3,363	2,919

By fiscal year, millions of dollars

a. Includes IBRD, IDA, IFC, Recipient-Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient-executed grants, and therefore total World Bank Group commitments differ from the amount reported in the Bank Group Corporate Scorecard, which includes only a subset of trust-funded activities.

b. Includes IBRD, IDA, IFC, and RETF disbursements.

c. Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

d. Long-term commitments for IFC's own account. Does not include short-term finance or funds mobilized from other investors.

The Institutions of the World Bank Group

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries, consisting of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

IBRD

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Lends to governments of middle-income and creditworthy low-income countries.

IDA

INTERNATIONAL DEVELOPMENT ASSOCIATION

Provides interest-free loans, or credits, and grants to governments of the poorest countries.

MIGA

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.

IFC

INTERNATIONAL FINANCE CORPORATION

Provides loans, equity, and advisory services to stimulate private sector investment in developing countries.

ICSID

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

Provides international facilities for the conciliation and arbitration of investment disputes.



KEIKO HONDA

Executive Vice President and Chief Executive Officer,
Multilateral Investment Guarantee Agency

Message from Keiko Honda

In fiscal year 2017, MIGA continued to work on the WBG's twin goals of eradicating extreme poverty and promoting shared prosperity by focusing on IDA (low income) countries, Fragile and Conflict-affected States, Climate Change and Innovation.

Projects we supported will help 8.5 million people gain access to power, help avoid 1.1 million tons of greenhouse gas emissions, and enable access to healthcare for 8.7 million patients. We issued \$4.8 billion in guarantees to private investors - this is a record for MIGA.

Nearly half of our projects were in IDA countries. We also continued to work tirelessly to support investments in fragile and conflict-affected countries, which make up 10% of our portfolio.

We brought to the market an innovative project bond that segregates project risk from sovereign risk. We implemented this in Turkey, where we supported an ambitious national 'Health Public-Private Partnership' program with IFC. A 20-year MIGA guarantee and an

EBRD liquidity facility allowed an infrastructure bond to obtain a credit rating two notches above the sovereign rating.

We also scaled up our Gender CEO Award initiative. On International Women's Day, Helen Tarnoy, Managing Director of Aldwych International, was recognized for steering power projects in Africa for nearly two decades and playing a critical role in a 450MW power plant in Nigeria.

In an effort to increase development impact, the World Bank Group has called for a fundamental rethink of development finance, with an emphasis on bringing more private investors. MIGA will contribute to the Group's "Maximizing Financing for Development" initiative by closely working with the World Bank and IFC. We look forward to another ambitious year as we work to fulfill our mission of reducing poverty, supporting economic growth and improving people's lives worldwide.

MIGA Management



From left to right:

Aradhana Kumar-Capoor, *Director and General Counsel, Legal Affairs and Claims*

Sarvesh Suri, *Director, Operations*

Karin Finkelston, *Vice President and Chief Operating Officer*

Muhamet Bamba Fall, *Associate Director and Chief Underwriter, Operations*

Keiko Honda, *Executive Vice President and Chief Executive Officer*

Santiago Assalini, *Director, Corporate Risk*

Merli Margaret Baroudi, *Director, Economics and Sustainability*

Business and Operational Review

MIGA aims to draw cross-border investment to developing countries in support of the World Bank Group’s mission of ending extreme poverty and boosting shared prosperity. In FY17, the Agency mobilized substantial additional capacity for clients and governments by offering innovative products and solutions, and partnering with public and private insurance providers worldwide.

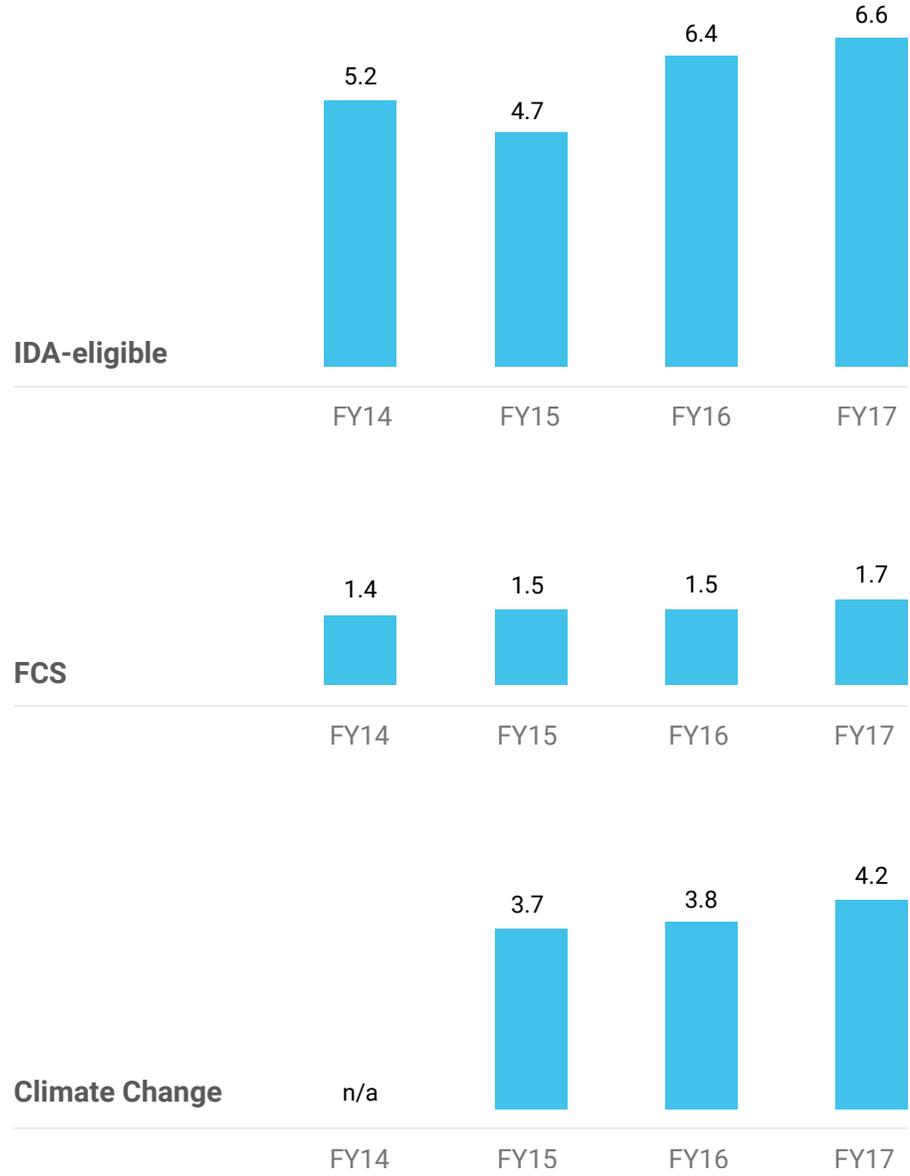
In fiscal year 2017, MIGA issued a record \$4.8 billion in guarantees. Projects spanned across all regions and sectors, with 61 percent of projects falling into at least one of four strategic priority areas (IDA countries, Fragile and Conflict-affected States (FCS), Climate Change, and Innovation). At the end of the year, MIGA’s gross exposure was a record-high \$17.8 billion, of which \$6.6 billion was in IDA-eligible countries and \$1.7 billion was in FCS countries. Of this, \$11 billion was ceded to our reinsurance partners.

Shareholders’ Equity to Gross Exposure: MIGA’s operating model leverages the full WBG, along with public and private reinsurers, to multiply the impact of its member countries’ investment.



Priority Areas: MIGA has grown its gross outstanding exposure in IDA-eligible countries, FCS, and climate change

Gross Outstanding Exposure in billions of dollars



Development Results Highlights

SDGs: Projects MIGA supported in FY17 are expected to advance the Sustainable Development Goals in powerful ways



POWER

8.5 million people with access



AIR TRANSPORT

563k passengers carried per year



HEALTHCARE ACCESS

8.72 million patient consultations per year



GREENHOUSE GAS REDUCTION

1.1 million metric tCO2e prevented





JOB
28k direct, full-time jobs supported



ACCESS TO FINANCE
\$1.8 billion in medium & long term lending for SMEs per year



GROWING ECONOMIES
\$328 million in locally procured goods per year



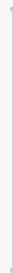
TAX REVENUE
\$692 million in local taxes and fees per year



MIGA is committed to strong development impact through promoting projects that are economically, environmentally and socially sustainable. Since its inception in 1988, MIGA has issued more than \$45 billion of guarantees, in support of over 800 projects in 110 of its member countries. The Agency has also supported multiple programs at regional and global levels in member countries.



\$326 million
in guarantees



1.2 million
outpatients to be consulted

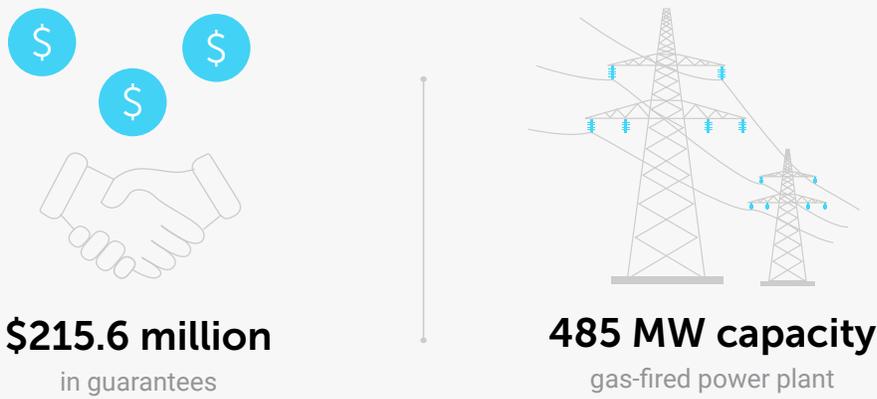
1 **TURKEY:** Innovative Application of Guarantees Separates Project and Sovereign Risk

A MIGA guarantee in support of a €288 million corporate bond helped separate project and sovereign risk, and in so doing, attracted a group of investors to finance the construction and operation of a new hospital in the Turkish city of Elazig, in Eastern Anatolia. The 20-year guarantee, along with a liquidity facility provided by the European Bank for Reconstruction and Development (EBRD), led Moody's to assign an investment grade rating of Baa2 to the bond, surpassing Turkey's sovereign rating. The new rating led to lower financing costs for project investors. This was also the first time an infrastructure bond was used to finance a greenfield hospital public-private partnership (PPP) project in Turkey, and support from MIGA and EBRD was critical to attracting long-term investors. The bond was certified "green and social" by Vigeo EIRIS.



2 GHANA: World Bank Group Supported Gas Project Help Shift Power Generation to Natural Gas

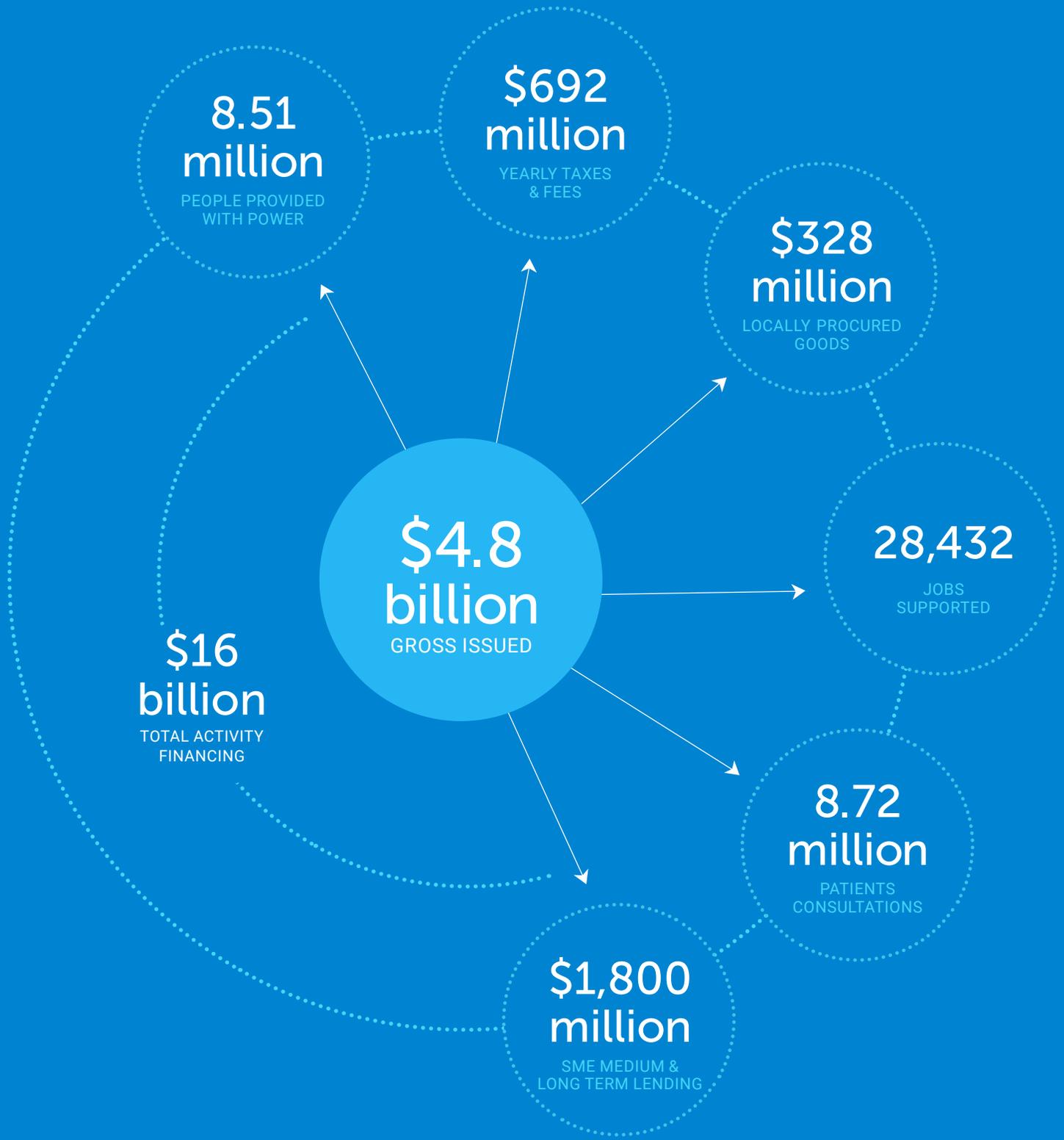
Building on a \$700 million guarantee package issued by the World Bank in 2015, MIGA and IFC committed \$517 million in debt and guarantees to support Ghana’s Sankofa Gas Project. Sankofa is an integrated offshore oil and natural gas project that will provide a source of reliable, affordable energy in the West African IDA country. The project will fuel up to 1,000 megawatts of power generation, helping Ghana meet its growing energy needs and displace oil-fired power generation with a cleaner-burning alternative. MIGA committed up to \$217 million in political risk guarantees to commercial lenders. IFC committed a loan of \$235 million, and arranged another \$65 million in debt.



3 JORDAN: MIGA and IFC Back Cost Effective, Eco-Friendly Power Plant to Meet Growing Power Demand

MIGA and IFC backed the design, construction, ownership and operation of a 485-megawatt gas-fired power plant in Jordan to increase the country’s power generation capacity, while mitigating the impact on the environment. The plant will replace one of the country’s oldest and least efficient fuel oil-fired power plants, which is currently being decommissioned, with one of Jordan’s most energy-efficient, eco-friendly gas-fired power plants. Once operational, the plant will generate power at about a third of the current average cost in Jordan. MIGA provided a guarantee for 19 years, covering up to \$215.6 million in commercial debt. IFC invested up to \$75 million in the combined cycle plant, and mobilized \$200 million of debt.

Expected Development Results



Highlights of the development results expected from projects supported by MIGA guarantees signed in fiscal year 2017

Governance

MIGA'S BOARD

A Council of Governors and a Board of Directors, representing 181 member countries, guide the programs and activities of MIGA. Each country appoints one governor and one alternate. MIGA's corporate powers are vested in the Council of Governors, which delegates most of its powers to a Board of 25 Directors. Voting power is weighted according to the share of capital each director represents. The Directors meet regularly at the World Bank Group headquarters in Washington, DC, where they review and decide on investment guarantee projects and oversee general management policies.

Visit the Board's website for more information:
<http://www.worldbank.org/en/about/leadership/governors>

Accountability

INDEPENDENT EVALUATION GROUP

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

Visit IEG's website for more information:
<http://ieg.worldbankgroup.org/>

COMPLIANCE ADVISOR OMBUDSMAN

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for MIGA and IFC and reports directly to the President of the World Bank Group. The CAO responds to complaints from people affected by MIGA and IFC-supported business activities, with the goal of enhancing social and environmental outcomes on the ground and fostering greater public accountability of both agencies.

Visit the CAO's website for more information:
<http://www.cao-ombudsman.org/>

MIGA's ambition is to support economic growth, reduce poverty, and improve people's lives. In order to monitor whether the projects the agency supports are indeed leading to these outcomes, MIGA has put in place a development outcome results system known as the Development Effectiveness Indicator System (DEIS). The DEIS collects a common set of indicators from clients to demonstrate results across all projects: volume of total project financing, direct employment, taxes paid, and value of locally procured goods. It also measures sector-specific indicators.

MIGA's \$4.8 billion issuance in fiscal year 2017 is expected to support total project financing of \$16 billion in public and private co-investment

On the left are the highlights of the development results expected from projects supported by MIGA guarantees signed in fiscal year 2017.

Financial Highlights

FINANCIAL HIGHLIGHTS (\$M)	FY13	FY14	FY15	FY16	FY17
Gross Premium Income	97.2	115.6	128.1	139.8	179.7
Net Premium Income ¹	66.3	72.5	79.0	86.4	93.2
Investment Income	33.6	53.4	24.1	22.9	4.8
Administrative Expenses ²	47.1	45.6	44.9	48.1	51.3
Operating Income ³	19.2	26.9	34.1	38.3	41.9
Administrative Expenses/ Net Premium Income Ratio	71%	63%	57%	56%	55%

1. Net premium income equals gross premium income and ceding commissions less premium ceded to reinsurers and brokerage costs.

2. Administrative expenses include expenses from pension and other post-retirement benefit plans.

3. Operating income equals net premium income minus administrative expenses.



FINANCIAL HIGHLIGHTS (\$M)	FY13	FY14	FY15	FY16	FY17
Total Economic Capital (EC) *	572	620	705	663	592
Shareholder's Equity	911	974	971	989	1,213
Operating Capital	1,178	1,262	1,312	1,329	1,398
Gross Exposure	10,758	12,409	12,538	14,187	17,778
Gross Exposure/Operating Capital	9.1	9.8	9.6	10.7	12.7

* Total economic capital equals capital consumption from the guarantee portfolio, plus capital required for operational risk and investment risk. The FY17 Economic Capital (EC) is based on a new EC model, and is not comparable with prior periods based on an older EC model.

Key Events

In fiscal year 2017, MIGA celebrated its collaboration with private sector investors in some of the most challenging markets through three high-profile events.

MIGA GENDER CEO AWARD

In its second year, MIGA’s Gender CEO Award recognized a woman leader among the Agency’s clients. Helen Tarnoy, MD at Aldwych Intl., won MIGA’s 2017 Gender CEO Award for steering several power projects in Africa for nearly two decades, and playing a critical role in Aldwych’s MIGA-backed equity investment in the 450MW Azura-Edo gas-fired open-cycle power plant located in Edo State, Nigeria.



ANNUAL MEETINGS

MIGA hosted Minister Abdoul Aziz Tall of Senegal, US Ambassador Isobel Coleman, and Rashmini Yogaratnam of Citigroup during the World Bank Group’s Annual Meetings for a panel discussion titled ‘De Risking in Order to Bring in Greater Private Investment.’ The panel, which also included EVP & CEO Keiko Honda, focused on bringing in private investment to developing countries at times of high uncertainty. Panelists discussed changing attitudes among private investors, the overlap between higher returns and reduced risk, and MIGA’s role in risk mitigation.



SPRING MEETINGS: DE-RISKING FOR PRIVATE INVESTORS

MIGA hosted Finance Minister Imad Fakhoury of Jordan, Thierry Deau (Meridiam Infrastructure), Phil Bennett (EBRD) and Julie Monaco (Citibank) during the World Bank Group’s Spring Meetings for a panel discussion titled ‘De-Risking for Private Investors.’ The panel, which included EVP & CEO Keiko Honda, focused on how political risk, and a scarcity of investable projects have too often prevented the private sector from investing in developing countries. The event showcased how political risk insurance from MIGA, and an assurance of liquidity from EBRD, contributed to a coveted two-notch bump in the rating of a bond issued to raise funds for a hospital PPP project in Turkey.



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