Disclosure Statement

Operating Principles for Impact Management

Multilateral Investment Guarantee Agency (MIGA)

March 27th 2023

The Multilateral Guarantee Agency (MIGA) (the "Signatory") hereby affirms its status as a Signatory to the Operating Principles for Impact Management. The Operating Principles for Impact Management provide a reference point against which the impact management systems of funds and institutions may be assessed. They draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions.

This Disclosure Statement affirms that MIGA's core/client business, including (a) impact management systems; (b) policies and practices; and (c) provision of political risk guarantees and credit enhancement products, are managed in alignment with the Operating Principles for Impact Management.

This Disclosure Statement applies to the following Covered Assets that align with the Operating Principles for Impact Management: gross guarantee portfolio of political risk insurance and credit enhancement guarantees. The total value of the Covered Assets in alignment with the Operating Principles for Impact Management is US$25,077 million[1,2] as of December 31st, 2022. [3 & 4]

Hiroshi Matano

MIGA EVP

March 27th 2023

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[1] This figure refers to the total portfolio of active gross guarantees. MIGA's guarantees are accounted for not as assets on the balance sheet but as contingent liabilities, through both Specific Reserves for Claims and Insurance Portfolio Reserve. This in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

[2] Excludes liquidity management.

[3] The sole purpose of this Disclosure Statement is to fulfill MIGA's obligations pursuant to Principle 9. This document shall not constitute and should not be construed as an offer, solicitation or invitation to buy or sell any securities, financial instruments or services whether described herein or otherwise, or as any prospectus or guarantee related advice in relation thereto, nor is it intended to form the basis of a decision to participate in any guarantee. MIGA makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this statement. While past performance may be analyzed in this Disclosure Statement, past performance should not be considered indicative of future performance. Accordingly, MIGA shall not have any liability to any of the recipients of this Disclosure Statement, nor to any other party in connection with or arising in any way from, or in relation to, the information or any opinions expressed in this Disclosure Statement, and MIGA does not accept any responsibility whatsoever for any action taken, or omitted to be taken by any party on the basis of any matter contained in, or omitted from, the Disclosure Statement.

[4] The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Principle 1[5] *– Define strategic impact objective(s), consistent with the investment strategy:* The Manager shall define strategic impact objectives[6] for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and guarantee strategy are consistent; that there is a credible basis for achieving the impact objectives through the guarantee strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the guarantee portfolio.

• MIGA is one of five institutions that comprise the World Bank Group (WBG) with the others being 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's mandate is to promote the flow of foreign investment to developing countries by providing guarantees against non-commercial risk (political risk insurance and credit enhancement) to investors including lenders. In 2013, the WBG adopted two goals: first, reduce global extreme poverty to 3 percent by 2030 and second, to promote shared prosperity - in a sustainable manner. (Shared prosperity is defined as the income growth of the bottom 40 percent of the population within a country). MIGA's FY21-23 Strategy and Business Outlook provides details on how MIGA plans to deliver against these WBG goals, given its unique business model and product line.

• As a member of the WBG, MIGA is committed to strong development impact and promoting projects that are economically, environmentally, and socially sustainable. MIGA offers a range of benefits to investors seeking protection and continuity for their projects in developing markets. Specifically, the Agency helps investors mitigate the risks of restrictions on currency conversion and transfer, breach of contract by governments, expropriation, war and civil disturbance by providing political risk insurance (PRI) and credit enhancement on sovereign and sub-sovereign financial obligations.

• To operationalize its broad goals, the WBG is collaborating across the WBG institutions to align WBG activities to enhance development impact. MIGA is fully integrated into the WBG Country Partnership Frameworks to define areas of focus and deployment of resources to maximize impact and address development challenges in individual countries. MIGA also participates in WBG global sector strategies to inform how the WBG engages in specific sectors, which then informs how MIGA focuses on these sectors at the country level for greatest impact. Underlying these WBG Country Partnership Frameworks and sector strategies are a suite of country and private sector diagnostic and analytical work undertaken by the World Bank (IBRD/IDA) and IFC—with participation from MIGA, as appropriate—which focuses on identifying constraints to private sector guarantee and operations – and which MIGA both contributes to and draws upon.

• Throughout the guarantee decision-making process, the delivery of development impact is a key factor in MIGA's project selection and assessment criteria.[7] Specifically, MIGA's ex-ante development impact

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[5] These Principles are drawn from the Operating Principles for Impact Management hosted by the Global Impact Investing Network (GIIN), - but slightly adjusted to match the MIGA business model as a guarantor.

[6] Impact objectives can be defined as the intended impact that contributes to financial, institutional, social, environmental, or other benefits to a society, community, or group of people via one or more guarantee. Adapted from OECD-DAC (www.oecd.org/dac/).

[7] See footnote 3.

rating system, the Impact Measurement and Project Assessment Comparison Tool (IMPACT) system[8], and environmental and social (E&S) risk management system, help the Agency assess the expected development impact from a prospective guarantee in the context of the relevant development gaps the country faces. IMPACT ratings, together with the Environmental and Social risk assessment and appraisal, are undertaken for each project MIGA considers supporting. These ratings and categorizations form an important part of MIGA's project prioritization process.

- An additional tool estimates the development outcomes of the project—the Development Effectiveness Indicator System ("DEIS"). Between 3 and 10 outcome indicators are identified for each project and then tracked and monitored throughout the life of the guarantee on an annual basis.

Principle 2 – Manage strategic impact on a portfolio basis: The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual guarantees in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

• MIGA pursues a "portfolio approach" that guides project selection and design. The portfolio approach allows MIGA to achieve its development objectives and maintain financial sustainability, recognizing possible trade-offs between these objectives across projects. The IMPACT system is an integral tool for MIGA to pursue the portfolio approach. The portfolio approach is embedded in the MIGA Scorecard for Fiscal Years 2021-2023 – which includes a target ex-ante IMPACT score of greater than 50 out of 100. There is Management-wide collective responsibility for meeting all the Scorecard targets. MIGA's Scorecard targets comprise metrics on: Average IMPACT Score; Gross Guarantee Issuance ($) per year; guarantees in IDA[9] and FCS[10] countries as a percentage of total guarantee issuance per year(%): Climate finance as a proportion of total guarantee issuance per year (%); Admin. Expenses/ Net Premium Income (%); Economic Capital/ Operating Capital (%); Median days from early project screening to guarantee signing (days); an employee engagement index (%); managerial effectiveness index (%); and staff diversity and inclusion index (%). By combining IMPACT scores—which measure impact—with financial return data, MIGA is strengthening its capacity to pursue the portfolio approach.

• To further align MIGA's guarantee processes with Principle 2, MIGA makes a concerted effort to learn from ex-post evaluations (Project Evaluation Reports). Project Evaluation Reports (PERs) are undertaken by MIGA staff after the project has reached operational maturity[11], and are validated by the WBG Independent Evaluation Group (IEG). Regular sessions are held between MIGA and IEG staff, to learn lessons from PERs .

- MIGA's awards system is linked to the achievement of scorecard targets, with a specific focus on the WBG core values: ***impact,*** integrity, respect, teamwork, and innovation.

[8] The IMPACT system has been fully operational since July 1st 2020. The IMPACT system continues to evolve and improve based on learning and feedback.

[9] International Development Association (IDA(. The countries eligible for assistance from IDA are those with the lowest per capita income – and therefore the countries most in need of assistance from the WBG , including MIGA. For a list of IDA countries see: http://ida.worldbank.org/

[10] Fragile and Conflict Affected Situations (FCS) will be home to 2/3 of the world's extreme poor by 2030. For a list of countries defined by the WBG as FCS see https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations

[11] Operational maturity is usually defined as being three-to-five years after the guarantee is signed. But it can be longer (e.g. for large infrastructure projects), when operational maturity is defined as being when the project is constructed and in active use.

Principle 3 – Establish the Manager's contribution to the achievement of impact: The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each guarantee. Contributions can be made through one or more financial and/or non-financial channels.[12] The narrative should be stated in clear terms and supported, as much as possible, by evidence.

• All MIGA guarantee operations must demonstrate "role and contribution,"[13] which refers to the unique contribution that MIGA brings to a guarantee project that is not typically offered by sources of guarantee that pursue only commercial objectives. The "role and contribution" of MIGA may take financial and/or non-financial forms. Together with the assessment of expected impact through the IMPACT system, these together establish MIGA's contribution to the achievement of impact. Examples of MIGA's unique "role and contribution" include: provision of guarantees to impactful projects in the highest risk environments; the 'halo effect' of MIGA and WBG involvement; thorough environmental and social due diligence; and, guarantees of sufficient and required tenor.[14]

• Role and Contribution is a threshold condition for MIGA involvement in a project; it is not a policy or an objective, but rather a requirement embedded in Article 21 of MIGA's Convention, which states that "The Agency will in particular seek to guarantee investments for which comparable coverage on reasonable terms is not available from private insurers and reinsurers." [15,16]

• MIGA promotes rigor and candor in its assessment and articulation of its role and contribution,[17] which is central to fulfilling MIGA's mandate under Article 21 of its Convention. Role and Contribution is determined following due diligence with the client and other project stakeholders. MIGA follows explicit guidelines in the assessment of role and contribution, which is a key part of project documentation reviewed by MIGA management, and the MIGA Board of Directors (through the Board Paper). All MIGA projects are reviewed and approved by the Board of Directors or in specific circumstances under the Board's authority as delegated to management.

• MIGA's Role and Contribution is also assessed ex-post, at the project-level through (PERs), for virtually all MIGA guarantee projects. The assessment examines the benefits and value-added that MIGA brings to the client, the project, the country or to the PRI industry. MIGA's contribution may be: (i) catalytic, in facilitating foreign investment in economically sound and sustainable businesses, especially in high-risk countries or challenging sectors; (ii) supporting the development of the PRI industry, for instance through partnerships for risk sharing with other insurers and financiers; or (iii) conveying non-financial value added, for instance by encouraging higher standards of environmental and social sustainability.

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[12] For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, assisting with further resource mobilization, providing technical/market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.

[13] See footnote 3.

[14] MIGA uses as its benchmark for role and contribution the 'Multilateral Development Banks' Harmonized Framework for Additionality in Private Sector Operations' released in 2018. https://www.adb.org/sites/default/files/institutional-document/456886/mdb-additionality-private-sector.pdf

[15] https://www.miga.org/sites/default/files/archive/Documents/MIGA%20Convention%20(April%202018).pdf

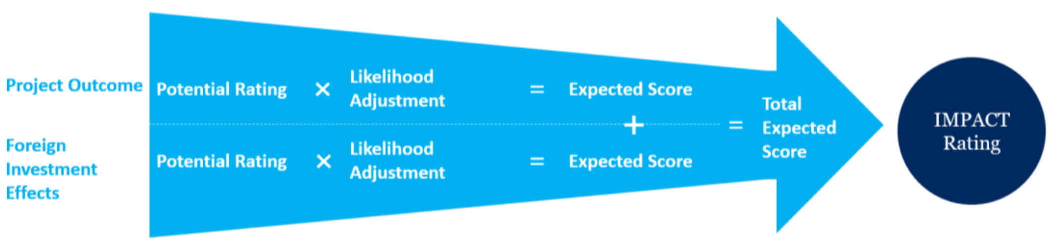
[16] See footnote 3.

[17] See footnote 3.

Principle 4 – Assess the expected impact of each investment, based on a systematic approach: For each guarantee the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact[18] potential deriving from the guarantee. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact?[19] The Manager shall also seek to assess the likelihood of achieving the guarantee's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the guarantee. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards[20] and follow best practice.[21]

• The IMPACT system is MIGA's project impact assessment tool which allows MIGA to estimate the expected development impact of its interventions at their initial stage, when they are still being developed.[22] This approach gives MIGA the capacity to set ambitious yet achievable targets, and prioritize projects with the greatest potential for development impact and financial sustainability.[23] IMPACT scores and associated ratings are initially estimated at the time of "Early Screening" – and then following detailed due diligence, final IMPACT ratings are assigned and confirmed at the time of MIGA's final project approval committee, and then communicated to the Board of Directors through the Board Paper.

Figure 1: Overall IMPACT Expected Score & Rating



Rating and Scoring Aggregation Table

Potential ratings		Likelihood Adjustments		IMPACT Score Ranges	
Very strong	56	High	90%	Excellent	≥ 68
Strong	32	Medium	75%	Good	43-67
Moderate	14	Low	60%	Satisfactory	23-42
Marginal	5			Low	≤ 22

[18] Impact is considered the material effect/s on people and the environment resulting from the guarantee, as outlined in Principle 1. Impacts assessed under Principle 4 may also include positive Environmental, Social and Governance (ESG) effects derived from the guarantee.

[19] Adapted from the Impact Management Project (www.impactmanagementproject.com).

[20] Industry indicator standards include HIPSO (indicators.ifipartnership.org/about/); IRIS (iris.thegiin.org); GIIRS (banalytics.net/giirsfunds); GRI (www.globalreporting.org/Pages/default.aspx); and SASB (www.sasb.org), among XX

[21] International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant, and Timely), and SPICED (Subjective, Participatory, Interpreted & communicable, Cross-checked, Empowering, and Diverse & disaggregated), among others.

[22] See: https://www.MIGA.org/our-impact.

[23] See footnote 3.

• The IMPACT system assesses impact along two dimensions: project outcome and foreign investment effects ; and assigns to each an estimate of the likelihood of achieving impact. Key dimensions for IMPACT framework include:

- Project Outcome
    - Stakeholder Effects
    - Economy-wide Effects
    - Environmental and Social Effects (including climate change)

- Foreign Investment Effects
    - Business & Sector Practices
    - Market Development
    - Sustainability
    - Development Reach (including gender equity)
    - Signaling Effects

• Each new MIGA guarantee is assigned an ex-ante IMPACT score that reflects the project's potential for delivering development outcomes, adjusted for the likelihood of achieving such potential (see Figure 1). The assessment requires MIGA guarantee teams, which include a dedicated economist, to articulate the extent of the development challenge to be addressed ("gap analysis"), the associated intended impact of the proposed guarantee ("intensity analysis"), the parties that are affected by such impact ("stakeholder analysis"), and the positive beyond-the-project effects which result from the influence of the behavior of other market participants.

• The IMPACT assessments also take into consideration country and market context. MIGA situates all development impact claims against defined development gaps or stage of market development (i.e., the relative size of the development challenge that MIGA is seeking to address with its intervention). The overall potential impact assessment is anchored by this context determination.

• The IMPACT system also connects with MIGA's results measurement system that tracks actual impact during implementation ("DEIS"—as discussed under Principles 3 and 6). By using project and market indicators identified ex-ante, MIGA measures progress against the achievement of project-level outcomes.

Principle 5 – Assess, address, monitor, and manage potential negative impacts of each guarantee: For each guarantee the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG)[24] and risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice.[25] As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- MIGA's Sustainability Framework[26] articulates MIGA's approach to environmental and social sustainable development and is an important component in the effort to achieve positive development outcomes in MIGA guarantee activities.

- MIGA's responsibilities under the framework are outlined in its Policy on Environmental and Social Sustainability ("Sustainability Policy" 2013) and Access to Information Policy ("AIP" 2013). The Sustainability Policy reflects the roles and responsibilities of the Agency in regard to addressing environmental and social (E&S) risks/impacts throughout the project life cycle while the AIP outlines MIGA's commitment to transparency and disclosure. MIGA's Environmental and Social Review Procedures (ESRP) are the implementation tool used to fulfil MIGA responsibilities under the Sustainability Framework.

- MIGA's client responsibilities under the Sustainability Framework are outlined in the Performance Standards ("PSs")[27] for managing the E&S risks and/or impacts of their operations. The PSs are supplemented by the WBG Environmental, Health and Safety (EHS) guidelines that cover several sectors (over 50 sectors) and provide good international industry practice (GIIP) in addition to the Guidance Notes for the PSs, Good Practice Notes and implementation tools.

- MIGA undertakes E&S due diligence on all its guarantees, assessing the client's ability and commitment to achieve E&S outcomes consistent with the PSs over a reasonable period. A summary report is made public through an "Environmental and Social Review Summary" ("ESRS"), as applicable, for a potential project along with the "Summary of Proposed Guarantee" that also includes an E&S section and provides a summary of the potential E&S risks/impacts for projects that do not require disclosure of an ESRS.

- MIGA uses a categorization system (e.g. A, B, C, FI-1, FI-2, and/or FI-3) to reflect the potential magnitude of E&S risks and/or impacts (high, medium or low) of the business activities to be supported by its guarantees and to allocate resources and approval levels according to the potential risk/impact. E&S project due diligence is subject to multiple elements of quality control as outlined in the ESRP.

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[24] The application of good ESG management will potentially have positive impacts that may or may not be the principal targeted impacts of the Manager. Positive impacts resulting from ESG matters shall be measured and managed alongside with, or directly embedded in, the impact management system referenced in Principles 4 and 6.

[25] Examples of good international industry practice include: IFC's Performance Standards (https://www.ifc.org/performancestandards); the United Nations Guiding Principles for Business and Human Rights (https://www.unglobalcompact.org/library/2); and the OECD Guidelines for Multinational Enterprises (http://mneguidelines.oecd.org/themes/human-rights.htm).

[26] https://www.miga.org/environmental-social-sustainability

[27] https://www.miga.org/sites/default/files/archive/Documents/performance_standards_env_and_social_sustainability.pdf

- For guarantees in support of the non-financial sector,[28] the results of MIGA's E&S due diligence after completion of the project appraisal are disclosed to the public in the form of an E&S Review Summary (ESRS). Where relevant, disclosure also includes client agreed action plans to mitigate the E&S risks/impacts identified and address the gaps to MIGA requirements. These are reflected in an E&S Action Plan, which is monitored by MIGA and progress reported on by the client.

- All projects in MIGA's active portfolio (except Category C projects with no/minimal E&S risks/impacts) are assigned an Environmental and Social Risk Rating (ESRR) score at the end of appraisal that is reviewed at least on an annual basis during supervision. The ESRR is an internal tool designed to indicate the project's relative level of E&S risk/impacts. This indicates the level of management performance of E&S risk/impacts of MIGA clients, and it is updated over time. Portfolio performance is monitored and reported to senior management.

- Negative effects can also be reflected in the ex-ante development impact assessment (using the IMPACT framework) and if deemed significant can reduce the overall IMPACT score and rating for the project.

- Combating Fraud and Corruption in MIGA-Supported Projects is also a potential negative impact that MIGA manages. MIGA carries out an integrity/corporate risk assessment in all projects assessed for MIGA guarantees by considering: checks of involved parties; client's safeguards for dealing with fraud and corruption; the project structure and contractual arrangements.

- MIGA's stance against fraud, corruption, related misconduct (coercive, collusive, and obstructive practices), or a lack of transparency, is also incorporated into the legal documentation governing its investment guarantees and gives MIGA the right to decline to pay compensation or terminate guarantee coverage.

- Additionally, allegations of such misconduct in projects for which MIGA has issued a guarantee are subject to review and determination under the WBG's sanctions and debarment process. MIGA's objective is to ensure a fair, transparent, and rational way to evaluate allegations of misconduct in any MIGA project.

Created in 1999, the Office of the Compliance Advisor Ombudsman (CAO) is the independent recourse and accountability mechanism of the MIGA and the International Finance Corporation (IFC) for E&S concerns. The mandate of the CAO is to address complaints by people affected by IFC/MIGA supported projects in a manner that is fair, objective, and constructive, and to enhance the E&S outcomes of projects in which those institutions play a role. The new Policy for the CAO was approved by the Boards of IFC and MIGA and became effective on July 1st, 2021. The new policy aims to improve the predictability and transparency of the complaints process in projects supported by IFC and MIGA, with an increased focus on outcomes for communities and IFC/MIGA clients.[29]

[28] Non-financial sector/sectors other than financial intermediaries refer to business activities that are not on MIGA's exclusion list and correspond to activities supported by MIGA guarantee(s) in sectors including agribusiness manufacturing, services, telecommunication, infrastructure, oil, gas, mining and chemicals.

[29] https://www.ifc.org/wps/wcm/connect/d3e7f1c4-fd6b-40fd-ae76-fb028916611d/IFC-MIGA-Independent-Accountability-Mechanism-CAO-Policy.pdf?MOD=AJPERES&CVID=nFDGwP2

Principle 6 – Monitor the progress of each guarantee in achieving impact against expectations and respond appropriately: The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each guarantee. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the guarantee is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action.[30] The Manager shall also seek to use the results framework to capture guarantee outcomes.[31]

• MIGA's results measurement system comprises three building blocks: (i) a rating tool – the IMPACT system – to assess impact claims prior to project approval; (ii) a monitoring system (the Development Effectiveness Indicator System (DEIS) to measure progress against claimed effects, and (iii) an ex-post evaluation mechanism to promote learning and accountability.

• Through DEIS, MIGA uses performance metrics catalogued by the Harmonized Indicators for Private Sector Operations (HIPSO) and IRIS+ – as well as some other bespoke project indicators - to measure the development results of MIGA's guarantees. Expected outcomes are set for each indicator for when the project reaches operational maturity.

• As part of its guarantee agreements with clients, MIGA outlines data collection, methodologies, and responsibilities prior to the beginning of supervision activities and requires that its clients report on key monitoring indicators each year. This helps MIGA report on its own performance in ways that reinforce public trust and expand MIGA's "license to operate".

• Contract Management and Client Services officers, through frequent client engagement (at least once a year), assess progress against development outcomes through DEIS.

• MIGA monitors all active guarantees against its E&S requirements. MIGA requires supported projects to report on an annual basis (at least) the performance of the project against the PSs and the E&S Action Plan. MIGA monitoring responsibilities are outlined in the Sustainability Policy and in the ESRP. MIGA monitoring of E&S performance can be via desktop and/or in-person site visits to the project, depending on the E&S risks of the project and any on-going travel risks and restrictions determined by the WBG . During periods of travel restrictions, MIGA relies on virtual site-visits, on the ground support from the local WBG office or through using locally based qualified consultants. The criteria and frequency of site visits is outlined in the ESRP. MIGA's Contract of Guarantee outlines the E&S covenants and rights for monitoring as well as access throughout the MIGA guarantee period.

Principle 7 – Conduct exits considering the effect on sustained impact: When conducting an exit,[32]the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

• MIGA typically exits a guarantee when the guarantee expires at the end of the contract of guarantee period. Guarantees are therefore self-liquidating without exit decisions (the need for exit decisions are

[30] Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unforeseen, and changing circumstances; or other appropriate measures to improve the portfolio's expected impact performance.

[31] Outcomes are the short-term and medium-term effects of a guarantee's outputs, while the outputs are the products, capital goods, and services resulting from the guarantee. Adopted from OECD-DAC (www.oecd.org/dac/).

[32] This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.

more typical of equity investments).[33] MIGA clients may choose to ‘Terminate’ a guarantee before the expiry date for any reason (‘early Termination’); examples are a change in corporate strategy, change in risk appetite, loan pre-payment, or a sale of the covered equity. MIGA may terminate a guarantee if the client is delinquent on premium payments, but always engages with clients to work toward a mutually satisfactory arrangement. MIGA may also invoke a Cessation of Liability clause if the client fails to meet covenants and obligations in the Contract of Guarantee (for example, on E&S reporting) for credit enhancements (the Non-Honoring product).

• MIGA takes care to ensure that for any Termination or Cessation of Liability a reasonable period of time to cure the situation causing such Termination or Cessation of Liability is provided to the investor. MIGA documents early Termination on equity cover in a “Closing Note” (an internal document) related to a specific project. The Closing Note briefly describes the project, reasons for termination, financial implications (refund or termination fee if any), and the project's status at the time of cancellation.[34]

Principle 8 – Review, document, and improve decisions and processes based on the achievement of impact and lessons learned: The Manager shall review and document the impact performance of each guarantee, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic guarantee decisions, as well as management processes.

• MIGA, along with other WBG entities and the Independent Evaluation Group (IEG),[35] has developed an ex-post evaluation framework which stipulates the role of independent and self-evaluations to enhance learning and accountability, and to inform operational strategy and policy.

• IEG undertakes fully independent evaluations of WBG operations,[36] including of MIGA, and WBG and MIGA-specific policies and strategies, and reports directly to the Board of Executive Directors. These IEG evaluations may be around broad development themes, strategies, specific sectors, or specific mandates that the WBG entities are charged with delivering. The evaluations include recommendations, for which WBG Management develops and commits to an action plan, which is monitored on an annual basis.

• MIGA conducts self-evaluations on all guarantee operations once they have reached operational maturity, usually after a three-to-five-year period from guarantee signing. These self-evaluations are undertaken typically three-to-five years following approval /contract effectiveness date and are validated by IEG. The aggregate results are reported to the Board annually and disclosed publicly.[37] MIGA has a robust system for learning from evaluations, through wide dissemination of evaluation reports and a Joint IEG-MIGA Seminar series on Learning from Evaluations.

• MIGA regularly shares lessons learned with other multilateral and bilateral development finance agencies, including the World Bank and IFC, as well as regional development banks. The Spring and Annual Meetings of the WBGand IMF are a platform for the sharing of such knowledge, as well as events organized by the World Economic Forum, HIPSO and OECD.

[33] See footnote 3.

[34] See footnote 3.

[35] http://ieg.worldbankgroup.org

[36] See footnote 3.

[37] http://ieg.worldbankgroup.org/data

Principle 9 – Publicly disclose alignment with the Operating Principles for Impact Management and provide regular independent verification[38] of the alignment: The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Operating Principles for Impact Management and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

• This Disclosure Note re-affirms the alignment of MIGA's procedures with the Operating Principles for Impact Management and will be updated annually.

• The first independent verification on the alignment of MIGA with the Operating Principles for Impact Management was conducted in 2021 and is available at:

https://www.miga.org/sites/default/files/2021-04/MIGA%20Impact%20Investing%20Principles%20-%20EY%20Assurance%20Report%20April%202021.pdf

Verification will be replicated after the end of MIGA's current strategy cycle, which ends on June 30th 2023.

• Information on the current independent verifier is as follows:

Name and Address: EY & Associés, Tour First 1 place des Saisons TSA 14444, 92037 Paris La Défense Cedex France

Qualifications: *"EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities. EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com."*

Most Recent Review: 2021

Next Planned Review: After end June 2023

[38] The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality.