

ANNUAL REPORT 2013



INSURING INVESTMENTS ■ ENSURING OPPORTUNITIES



MIGA'S MISSION

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

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ACRONYMS

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

Highlights

FISCAL YEAR 2013

IN FISCAL YEAR 2013, WE ISSUED A TOTAL OF \$2.8 BILLION IN GUARANTEES FOR PROJECTS IN MIGA'S DEVELOPING MEMBER COUNTRIES. AN ADDITIONAL \$3.5 MILLION WAS ISSUED UNDER MIGA-ADMINISTERED TRUST FUNDS. THIS YEAR MARKED THE THIRD CONSECUTIVE YEAR OF RECORD ISSUANCE BY MIGA, WITH 82 PERCENT OF THIS NEW ISSUANCE FALLING INTO AT LEAST ONE OF MIGA'S STRATEGIC PRIORITY AREAS. AT THE END OF THE YEAR, MIGA'S GROSS EXPOSURE WAS \$10.8 BILLION, CONTINUING A SIX-YEAR TREND OF GROWTH.

OF PARTICULAR NOTE, THIS YEAR MIGA-SUPPORTED INVESTMENTS RECEIVED AN UNPRECEDENTED NUMBER OF INDUSTRY AWARDS FOR HIGHLY INNOVATIVE AND IMPORTANT TRANSACTIONS.

THE AGENCY ALSO RECEIVED APPROVAL FROM OUR BOARD OF DIRECTORS TO EXTEND OUR NON-HONORING OF FINANCIAL OBLIGATIONS COVERAGE TO INCLUDE STATE-OWNED ENTERPRISES.

MIGA PAID NO CLAIMS THIS FISCAL YEAR.

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

1. Two additional projects were supported under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund

2. Projects receiving MIGA support for the first time in FY13 (including expansions)

3. Projects supported by MIGA in FY13 as well as in previous years

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

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

OPERATIONAL HIGHLIGHTS

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

	Number of projects supported	Share of projects supported (%)	Amount of guarantees issued (\$M)	Share of projects \$ volume (%)
Priority area¹				
IDA-eligible countries ²	21	70	2047.3	74
“South-South” investments ^{3,4}	7	23	357.0	12
Conflict-affected countries	7	23	1150.3	41
Complex projects ⁵	11	37	1924.4	69
Region				
Asia and the Pacific	4	13	492.3	18
Europe and Central Asia	6	20	537.1	19
Latin America and the Caribbean	3	10	67.1	3
Middle East and North Africa ⁶	3	10	172.9	6
Sub-Saharan Africa	14	47	1,511.6	54
Sector				
Agribusiness, manufacturing, and services ⁶	14	47	385.0	14
Financial	5	17	471.6	17
Infrastructure	9	30	1,272.3	46
Oil, gas, and mining	2	6	652.1	23
Total	30		2,780.7	

1. Some projects address more than one priority area

2. The world's poorest countries

3. Investments made from one MIGA developing member (category two) country to another

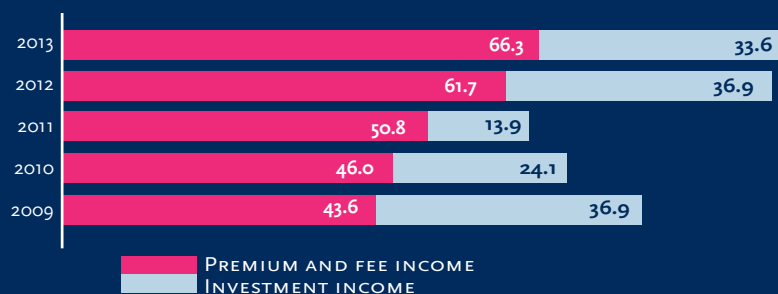
4. These figures represent projects involving one or more South-based investor

5. Complex projects including in infrastructure, extractive industries, and financial structure

6. Two projects totalling \$3.5 million were also supported under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund

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

EARNED PREMIUM, FEES, AND INVESTMENT INCOME* (\$M)



WORLD BANK GROUP FISCAL YEAR 2013

HIGHLIGHTS



THE WORLD BANK GROUP IS A MAJOR SOURCE OF FINANCIAL AND TECHNICAL ASSISTANCE TO DEVELOPING COUNTRIES AROUND THE WORLD. ITS MEMBER INSTITUTIONS WORK TOGETHER AND COMPLEMENT EACH OTHER'S ACTIVITIES TO ACHIEVE THEIR SHARED GOALS OF ENDING EXTREME POVERTY AND PROMOTING SHARED PROSPERITY. THE BANK GROUP SHARES KNOWLEDGE AND SUPPORTS PROJECTS IN AGRICULTURE, TRADE, FINANCE, HEALTH, POVERTY REDUCTION, EDUCATION, INFRASTRUCTURE, GOVERNANCE, CLIMATE CHANGE, AND IN OTHER AREAS TO BENEFIT PEOPLE IN DEVELOPING COUNTRIES.

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

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

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

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

WORLD BANK GROUP COOPERATION

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

THE WORLD BANK GROUP COMPRISES FIVE CLOSELY ASSOCIATED INSTITUTIONS:

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

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

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

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

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

LEADERSHIP PERSPECTIVES

MESSAGE FROM DR. JIM YONG KIM, WORLD BANK GROUP PRESIDENT

WE ARE AT AN AUSPICIOUS MOMENT IN HISTORY. THANKS TO THE SUCCESSES OF THE PAST FEW DECADES AND A FAVORABLE ECONOMIC OUTLOOK, DEVELOPING COUNTRIES NOW HAVE AN UNPRECEDENTED OPPORTUNITY: THE CHANCE TO END EXTREME POVERTY WITHIN A GENERATION. THIS OPPORTUNITY MUST NOT BE SQUANDERED.

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

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

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



with unpredictable costs in terms of lives and financial resources.

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

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

This year, MIGA issued a record \$2.8 billion in political risk guarantees, underpinning investments across diversified sectors and regions. Seventy-four percent went to the poorest countries served by the International Development Association. Fifty-four percent supported private sector development in sub-Saharan Africa and 41 percent

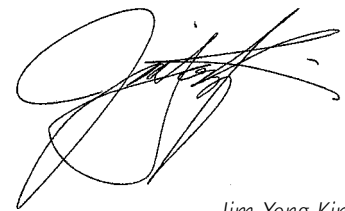
supported transformational projects in fragile or conflict-affected countries. This Annual Report demonstrates the considerable development impact of MIGA's support, and its ability to build effective partnerships, both externally and across the World Bank Group.

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

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

MIGA's performance this year has made a strong contribution to helping us reach our goals of ending extreme poverty by 2030 and promoting shared prosperity. I particularly want to thank Izumi Kobayashi, whose

tenure at the helm of MIGA recently came to an end. Her innovative and tireless leadership, coupled with the professionalism and commitment of MIGA's management and staff, allowed the Agency to achieve extraordinary results. I look forward to working with Keiko Honda, Izumi's successor, to continue MIGA's strong momentum in the years to come.



Jim Yong Kim
World Bank Group President
June 30, 2013

MIGA

BOARD

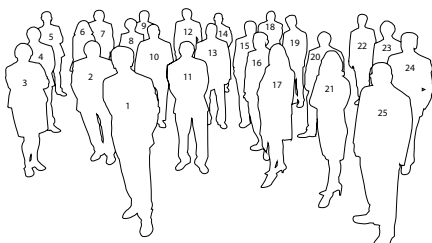
A COUNCIL OF GOVERNORS AND A BOARD OF DIRECTORS, REPRESENTING 179 MEMBER COUNTRIES, GUIDE THE PROGRAMS AND ACTIVITIES OF MIGA. EACH COUNTRY APPOINTS ONE GOVERNOR AND ONE ALTERNATE. MIGA'S CORPORATE POWERS ARE VESTED IN THE COUNCIL OF GOVERNORS, WHICH DELEGATES MOST OF ITS POWERS TO A BOARD OF 25 DIRECTORS.

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

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

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

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



MIGA'S BOARD OF EXECUTIVE DIRECTORS, AS OF JUNE 30, 2013

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

MESSAGE FROM IZUMI KOBAYASHI, MIGA EXECUTIVE VICE PRESIDENT, 2008-2013

THERE ARE SIGNS THE GLOBAL ECONOMY IS AT A TURNING POINT—THE REAL RISKS WE SAW IN RECENT YEARS HAVE RECEDED AND THE SITUATION IS LESS VOLATILE. WHILE HIGH-INCOME COUNTRIES STILL FACE MODEST ECONOMIC GROWTH OF ABOUT 1.2 PERCENT IN 2013, DEVELOPING COUNTRIES ARE PROJECTED TO GROW 5.1 PERCENT.



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

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

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

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

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

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

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

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

Internally, we remained focused on strengthening our information technology systems to serve anticipated

needs and streamlining processes to enable more flexibility and responsiveness to our clients. We continued to place an emphasis on building a diverse and talented staff of professionals. This past year we welcomed four new staff members under our successful MIGA Professionals Program.

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



Izumi Kobayashi
June 30, 2013

MESSAGE FROM KEIKO HONDA, MIGA EXECUTIVE VICE PRESIDENT

I AM PLEASED TO TRANSMIT MIGA'S 2013 ANNUAL
REPORT, WHICH HIGHLIGHTS THE AGENCY'S
STRONG PERFORMANCE OVER THE PAST YEAR.

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

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

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



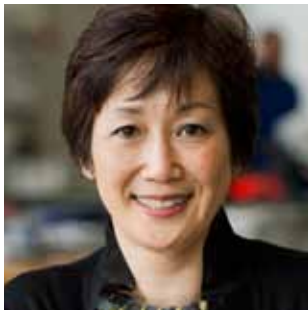
A handwritten signature in black ink, appearing to read 'Keiko Honda'.

Keiko Honda
July 15, 2013

MIGA

MANAGEMENT TEAM

IZUMI KOBAYASHI
Executive Vice President



MICHEL WORMSER
Vice President and
Chief Operating Officer



ANA-MITA BETANCOURT
Director and General
Counsel, Legal Affairs and
Claims



KEVIN W. LU
Regional Director,
Asia Pacific



EDITH P. QUINTRELL
Director, Operations



LAKSHMI SHYAM-SUNDER
Director and
Chief Financial Officer,
Finance and Risk
Management



RAVI VISH
Chief Economist and
Director, Economics and
Sustainability



MARCUS S. D. WILLIAMS
Chief, Strategy,
Communications and
Partnerships