



appendices

GOVERNORS AND ALTERNATES, as of June 30, 2001

member	governor	alternate
Albania	Shkelqim Cani	Fatos Ibrahim
Algeria	Mourad Medelci	Omar Bougara
Angola	Ana Dias Lourenco	Job Graca
Argentina	Domingo Felipe Cavallo	Pedro Pou
Armenia	Vahram Nercissiantz	Karen Chshmarityan
Australia	Peter Costello	Kay Patterson
Austria	Karl-Heinz Grasser	Thomas Wieser
Azerbaijan	Elman Siradjogly Rustamov	(vacant)
Bahamas, The	William C. Allen	Ruth R. Millar
Bahrain	Abdulla Hassan Saif	Zakaria Ahmed Hejres
Bangladesh	Shah A.M.S. Kibria	(vacant)
Barbados	Owen S. Arthur	Grantley W. Smith
Belarus	Andrei V. Kobaykov	Vladimir N. Shimov
Belgium	Didier Reynders	Gregoire Brouhns
Belize	Said W. Musa	Keith A. Arnold
Benin	Bruno Amoussou	Pierre John Igue
Bolivia	Jose Luis Lupo Flores	Bernardo Requena Blanco
Bosnia and Herzegovina	Mirsad Kurtovic	Dragan Covic
Botswana	Baledzi Gaolathe	Wilfred Jiwa Mandlebe
Brazil	Pedro Sampaio Malan	Arminio Fraga Neto
Bulgaria	Muravei Radev	Martin Mihaylov Zaimov
Burkina Faso	Benoit Ouattara	Patrice Nikiema
Burundi	Charles Nihangaza	Dieudonne Nintunze
Cambodia	(vacant)	(vacant)
Cameroon	Martin Okouda	Daniel Njankouo Lamere
Canada	Paul Martin	Leonard M. Good
Cape Verde	Carlos Augusto Duarte Burgo	(vacant)
Central African Republic	Eric Sorongope	Alexis Ngomba
Chile	Nicolas Eyzaguirre	Mario Marcel
China	Xiang Huaicheng	Jin Liqun
Colombia	Juan Manuel Santos Calderon	Juan Carlos Echeverry
Congo, Democratic Rep. of	Matungulu Mbuyamu Ilankir	Jean-Claude Masangu Mulongo
Congo, Republic of	Mathias Dzon	Clement Mierassa
Costa Rica	Leonel Baruch G.	Eduardo Lizano Fait
Côte d'Ivoire	Affi N'Guessan	Bouabre Bohoun
Croatia	Nenad Porges	Josip Kulisic
Cyprus	Takis Klerides	Andreas Tryfonides
Czech Republic	Jiri Rusnok	Oldrich Dedek
Denmark	Anita Bay Bundegaard	Carsten Staur
Dominica	Ambrose George	Ambrose M.J. Sylvester
Dominican Republic	Francisco M. Guerrero Prats-R.	Luis Manuel Piantini
Ecuador	Jorge Gallardo Zavala	Alexander Mejia Penafiel
Egypt, Arab Republic of	Medhat Hassanein	Ahmed Mahrous El-Darsh
El Salvador	Juan Jose Daboub	Rafael Barraza
Equatorial Guinea	Fortunato Ofa Mbo	Melchor Esono Edjo
Eritrea	Gebreselassie Yosief	Gabriel Fassil Ogbazghy
Estonia	Siim Kallas	Mihkel Parnoja
Ethiopia	Sufian Ahmed	Tadesse Haile
Fiji	Jone Yavala Kubuabola	Solomone S. Kotobalavu
Finland	Sauli Niinisto	Kaarina Rautala
France	Laurent Fabius	Jean-Pierre Jouyet

GOVERNORS AND ALTERNATES, as of June 30, 2001, (cont.)

member	governor	alternate
Gambia, The	Famara L. Jatta	Dodou B. Jagne
Georgia	Zurab Nogaideli	Ivan Chkhartishvili
Germany	Heidemarie Wieczorek-Zeul	Caio K. Koch-Weser
Ghana	Yaw Osafo-Mafo	Victor Selormey
Greece	Yannos Papantoniou	Yiannis G. Zafeiropoulos
Grenada	Anthony Boatwain	Swinburne Lestrade
Guatemala	Juan Jose Serra	Eduardo Humberto Weymann Fuentes
Guinea	Cheick Ahmadou Camara	Cellou Dalein Diallo
Guyana	Bharrat Jagdeo	Saisnarine Kowlessar
Haiti	Fred Joseph	Fritz Jean
Honduras	Gabriela Nunez de Reyes	Victoria Asfura de Diaz
Hungary	Mihaly Varga	Laszlo Lengyel
Iceland	Halldor Asgrimsson	Geir Hilmar Haarde
India	Yashwant Sinha	Ajit Kumar
Indonesia	Rizal Ramli	Syahril Sabirin
Ireland	Charlie McCreevy	John Hurley
Israel	David Klein	Nir Gilad
Italy	Antonio Fazio	Mario Draghi
Jamaica	Omar Lloyd Davies	Wesley George Hughes
Japan	Masajuro Shiokwa	Yoshiji Nogami
Jordan	Jawad Hadid	Abderrzaq Bani Hani
Kazakhstan	Oraz Jandosov	Zhaxybek Kulekeyev
Kenya	Chrysanthus Barnabas Okemo	Martin Luke Oduor-Otieno
Korea, Republic of	Nyum Jin	Chol-Hwan Chon
Kuwait	Yousef Hamad Al-Ebraheem	Saleh Mubarak Al-Falah
Kyrgyz Republic	Temirbek Akmatalliev	Kubat Abduldaevich Kanimetov
Lao People's Democratic Rep.	Soukanh Maharat	Phouphet Khamphounvong
Latvia	Roberts Zile	Aigars Kalvitis
Lebanon	Basil R. Fuleihan	Fuad A.B. Siniora
Lesotho	Kelebone Albert Maope	Molelekeng E. Rapolaki
Libya	Alojeli Abdel Salam Breeni	Ali Ramadan Shnebsh
Lithuania	Jonas Lionginas	Arydas Kregzde
Luxembourg	Luc Frieden	Jean Guill
Macedonia, Former Yugoslav Rep. of	Nikola Gruevski	Dragan Martinovski
Madagascar	Pierrot J. Rajaonarivelo	Simon Constant Horace
Malawi	Mathews A.P. Chikaonda	Mapopa Chipeta
Malaysia	Mahathir Mohamad	Samsudin bin Hitam
Mali	Bacari Kone	Mahamadou Zibo Maiga
Malta	John Dalli	Joseph Scicluna
Mauritania	Ali Gueladio Kamara	Sidi Mohamed Ould Bakha
Mauritius	Khushhal Chand Khushiram	Philippe Ong Seng
Micronesia, Fed. States of	John Ehsa	Sebastian L. Anefal
Moldova	Mihail Manoli	Andrei Cheptine
Mongolia	Chultem Ulaan	Ochirbat Chuluunbat
Morocco	Fathallah Oualalou	Ahmed Lahlimi
Mozambique	Tomaz Augusto Salomao	Adriano Afonso Maleiane
Namibia	Andrew Ndishishi	Paul Walter Hartmann
Nepal	Ram Sharam Mahat	Bimal P. Koirala
Netherlands	Gerrit Zalm	Eveline Herfkens
Nicaragua	Esteban Duque Estrada	Francisco Aguirre Sacasa
Nigeria	Adamu Ciroma	Ramsey Oubromoro Mowoe
Norway	Anne Kristin Sydnes	Sigrun Mogedal

GOVERNORS AND ALTERNATES, as of June 30, 2001, (cont.)

member	governor	alternate
Oman	Ahmed Macki	Mohammed bin Nasser Al-Khasibi
Pakistan	Muhammad Yunis Khan	Javed S. Malik
Palau	Casmir Remengesau	Lawrence Alan Goddard
Panama	Norberto Delgado Duran	Domingo Latorraca
Papua New Guinea	Mekere Morauta	Koiari Tarata
Paraguay	Francisco Oviedo Britéz	James Spalding
Peru	Javier Silva Ruete	Alfredo Jalilie Awapara
Philippines	Jose Isidro N. Camacho	Rizalino S. Navarro
Poland	Piotr Tworos	Agnieszka B. Rudniak
Portugal	Joaquim Pina Moura	Manuel Pedro da Cruz Baganha
Qatar	Yousef Hussain Kamal	Abdullah Bin Khalid Al-Attiyah
Romania	Mihai Nicolae Tanasescu	Emil Iota Ghizari
Russian Federation	Viktor Khristenko	German O. Gref
St. Kitts and Nevis	Denzil Douglas	Wendell E. Lawrence
St. Lucia	Kenny D. Anthony	Bernard La Corbiniere
St. Vincent and the Grenadines	Ralph E. Gonsalves	Christian Martin
Samoa	Misa Telefoni Retzlaff	Hinauri Petana
Saudi Arabia	Ibrahim A. Al-Assaf	Hamad Al-Sayari
Senegal	Makhtar Diop	Oumar Khassimou Dia
Seychelles	Jeremie Bonnelame	Francis Chang-Leng
Sierra Leone	Peter J. Kuyembeh	Samura Kamara
Singapore	Richard Hu Tsu Tau	Khaw Boon Wan
Slovak Republic	Ivan Miklos	Marian Jusko
Slovenia	Anton Rop	Irena Sodin
South Africa	Trevor Andrew Manuel	Mandisi Bongani Mpahlwa
Spain	Rodrigo de Rato Figaredo	Juan Costa Climent
Sri Lanka	Chandrika Bandaranaika Kumaratunga	P.B. Jayasundera
Sudan	Abdul Rahim Hamdi	Sabir Mohamed Hassan
Swaziland	Meshack M.L. Shongwe	Ephraim Mandla Hlophe
Sweden	Bosse Ringholm	Maj-Inger Klingvall
Switzerland	Oscar Knapp	Walter Hofer
Tanzania	Nassoro W. Malocho	Peter J. Ngumbullu
Thailand	Somkid Jatusripitak	Somchainuk Engtrakul
Togo	Simfeitcheu Pre	Kossi Assimaïdou
Trinidad and Tobago	Gerald Yetming	Leroy Mayers
Tunisia	Fethi Merdassi	Abdelhamid Triki
Turkey	Faik Oztrak	Aydin Karaoz
Turkmenistan	Seitbay Kandymov	Serdar Bayriev
Uganda	Gerald M. Ssendaula	C. M. Kassami
Ukraine	Yriy Yekhanurov	Vasyl Rohovyj
United Arab Emirates	Mohammed Khalfan Bin Khirbash	Jamal Nasser Lootah
United Kingdom	Clare Short	Gordon Brown
United States	Paul H. O'Neill	Alan P. Larson
Uruguay	Alberto Bension	Ariel Davrieux
Uzbekistan	Makhmudjon A. Askarov	Saidakbar Abdurakhimov
Vanuatu	Joe Bomal Carlo	Andrew Kausiama
Venezuela, Rep. Bolivariana de	Gustavo Marquez Marin	Jorge Antonio Giordani Cordero
Vietnam	Le Duc Thuy	Duong Thu Huong
Yemen, Republic of	Ahmed Mohamed Sofan	Anwar Rizq Al-Harazi
Zambia	James Mwalimu Mtonga	Stella M. Chibanda
Zimbabwe	Simba Herbert Stanley Makoni	Charles Tawonerera Kuwaza

DIRECTORS AND ALTERNATES: VOTING POWER, as of June 30, 2001

director	alternate	casting votes of	total votes	% of total
<b>ELECTED BY THE VOTES OF THE SIX LARGEST SHAREHOLDERS</b>				
Jan Piercy <sup>a</sup>	(vacant)	United States	22,160	13.91
Yuzo Harada	Atsushi Inoue	Japan	9,156	5.75
Jean-Claude Milleron <sup>b</sup>	Emmanuel Moulin	France	6,889	4.33
Stephen Pickford	Rosemary B. Stevenson	United Kingdom	6,272	3.94
Helmut Schaffer	Eckhardt Biskup	Germany	5,248	3.29
Zhu Guangyao	Chen Huan	China	4,511	2.83
<b>ELECTED BY THE VOTES OF OTHER SHAREHOLDERS</b>				
Pieter Stek (Netherlands)	Tamara Solyanyk (Ukraine)	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia (Former Yugoslav Republic of), Moldova, Netherlands, Romania, Ukraine	9,850	6.18
Philippe M. Peeters (Belgium)	Emin Dedeoglu (Turkey)	Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey	9,743	6.12
Terrie O'Leary (Canada)	Sharon Weber (Jamaica)	The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines	8,834	5.55
Girmai Abraham (Eritrea)	Richard H. Kaijuka (Uganda)	Angola, Botswana, Burundi, Eritrea, The Gambia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	8,241	5.17
Franco Passacantando (Italy)	Helena Cordeiro (Portugal)	Albania, Greece, Italy, Malta, Portugal	7,211	4.53
Finn Jønck (Finland)	Anna M. Brandt <sup>c</sup> (Sweden)	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden	7,022	4.41
Andrei Bugrov (Russian Federation)	Eugene Miagkov (Russian Federation)	Russian Federation	5,705	3.58
Moises Pineda (Mexico)	Jose H. Machillanda (Rep. Bol de Venezuela)	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Spain, Venezuela (Republica Bolivariana de)	5,551	3.49
Neil F. Hyden (Australia)	Lewis D. Holden <sup>d</sup> (New Zealand)	Australia, Cambodia, Korea (Republic of), Micronesia (Federated States of), Mongolia, Palau, Papua New Guinea, Samoa, Vanuatu	5,197	3.26
Jaime Ruiz (Colombia)	Luis Antonio Balduino (Brazil)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Trinidad and Tobago	5,006	3.14
Khalid M. Al-Saad (Kuwait)	Mohamed Kamel Amr (Arab Republic of Egypt)	Bahrain, Egypt (Arab Republic of), Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, United Arab Emirates, Yemen (Republic of)	4,878	3.06

DIRECTORS AND ALTERNATES: VOTING POWER, as of June 30, 2001, (cont.)

director	alternate	casting votes of	total votes	% of total
Bassary Toure (Mali)	Paulo F. Gomes (Guinea-Bissau)	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Congo (Democratic Republic of), Congo (Republic of), Côte d'Ivoire, Equatorial Guinea, Guinea, Madagascar, Mali, Mauritania, Mauritius, Senegal, Togo	4,510	2.83
Yahya Abdulla M. Alyahya (Saudi Arabia)	Abdulrahman M. Almofadhi (Saudi Arabia)	Saudi Arabia	4,509	2.83
Balmiki Prasad Singh (India)	Mahbub Kabir (Bangladesh)	Bangladesh, India, Sri Lanka	4,293	2.70
Matthias Meyer (Switzerland)	Jerzy Hylewski (Poland)	Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Turkmenistan, Uzbekistan	3,759	2.36
Mario Soto-Platero (Uruguay)	Roberto Garcia-Lopez (Argentina)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	3,723	2.34
Ahmed Sadoudi (Algeria)	Inaamul Haque (Pakistan)	Algeria, Ghana, Morocco, Pakistan, Tunisia	3,573	2.24
Abdul Aziz Mohd. Yaacob (Malaysia)	Nguyen Doan Hung (Vietnam)	Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Nepal, Singapore, Vietnam	3,441	2.16

In addition to the directors and alternates shown in the foregoing list, the following also served after October 31, 2000:

Director	End of period of service	Alternate director	End of period of service
Zhu Xian (China)	February 28, 2001	Pilar Alvarez (Rep. Bol. de Venezuela)	December 15, 2000
		Hiroaki Ishii (Japan)	April 8, 2001

**Note** Ethiopia (247 votes) did not participate in the 2000 Regular Election of Directors. Thailand became a member after that election.

- a. Carole Brookins (US) will serve as Director effective August 20, 2001.
- b. Resigned effective August 1, 2001; to be succeeded by Pierre Duquesne (France) effective August 20, 2001.
- c. Resigned effective July 31, 2001; to be succeeded by Inkeri Hirvensalo (Finland) effective August 23, 2001.
- d. Resigned effective July 6, 2001; to be succeeded by Dong-Soo Chin (Republic of Korea) effective July 23, 2001.

SIGNATORIES TO MIGA'S CONVENTION, June 30, 2001

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

\* Member country

\*\* Country that has ratified the Convention but not yet completed membership requirements

BUDGET FY02, '000 US\$

<b>INCOME</b>	
Net premium and commitment fees earned	41,600
Investment income	27,500
Total income	69,100
<b>EXPENDITURE BY ORGANIZATIONAL UNIT</b>	
Executive Office	2,117
Office of Central Administration	3,345
Finance	1,459
Guarantees	8,647
Investment Marketing Services	4,273
Legal and Claims	2,435
Policy and Evaluation	1,645
Field Offices	1,431
Total MIGA Budget	25,352
<b>EXPENDITURE BY CATEGORY</b>	
Discretionary costs	
Staff costs	10,057
Operational travel	1,714
Representation	162
Consultant fees	1,176
Contractual services	1,381
IFC services	56
Marketing and publications	555
Direct communications	230
Internal computing and maintenance	947
Furniture and equipment	155
Miscellaneous	287
Subtotal	16,720
Other direct costs	
Staff benefits	5,023
Office occupancy	1,266
IBRD service and support fee	1,535
Overhead	223
Subtotal	8,047
Reimbursables	(15)
General Contingency	600
Total MIGA budget	25,352

Note: The fiscal 2002 budget was approved by the Board of Directors in accordance with MIGA's bylaws.



SUBSCRIPTIONS TO THE GENERAL CAPITAL INCREASE, 51 countries, as of June 30, 2001

	Shares Subscribed	Amount US\$
<b>Category One   19</b>		
Australia	653	7,065,460
Austria	591	6,394,620
Belgium	1,547	16,738,540
Canada	2,260	24,453,200
Denmark	547	5,918,540
France	1,852	20,038,640
Finland	228	2,466,960
Greece	213	2,304,660
Ireland	281	3,040,420
Italy	2,150	23,263,000
Japan	3,884	42,024,880
Luxembourg	44	476,080
Netherlands	1,653	17,885,460
Norway	533	5,767,060
Portugal	291	3,148,620
Spain	980	10,603,600
Sweden	800	8,656,000
United Kingdom	1,235	13,362,700
United States	1,464	15,840,480
	<b>21,206</b>	<b>229,448,920</b>
<b>Category Two   32</b>		
Algeria	247	2,672,540
Barbados	26	281,320
Bahamas, The	38	411,160
Bahrain	59	638,380
Belize	19	205,580
Brazil	375	4,057,500
Bulgaria	278	3,007,960
China	1,196	12,940,720
Croatia	71	768,220
Cyprus	79	854,780
Czech Republic	339	3,667,980
Honduras	38	411,160
Hungary	215	2,326,300
Israel	361	3,906,020
Jordan	37	400,340
Kazakhstan	79	854,780
Kenya	65	703,300
Korea, Republic of	342	3,700,440
Latvia	74	800,680
Macedonia, Former Yugoslav Republic of	38	411,160
Malta	57	616,740
Mauritius	66	714,120
Morocco	132	1,428,240
Pakistan	251	2,715,820
Peru	142	1,536,440
Romania	211	2,283,020
Russian Federation	2,391	25,870,620
St. Lucia	19	205,580
Saudi Arabia	1,195	12,929,900
South Africa	719	7,779,580
Sri Lanka	103	1,114,460
Trinidad and Tobago	77	833,140
	<b>9,339</b>	<b>101,047,980</b>
<b>TOTAL</b>	<b>30,545</b>	<b>330,496,900</b>

Percent of Total General Capital Increase: 38.88 percent

## INVESTMENT GUARANTEE GUIDE

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### MIGA: BRINGING CLIENTS UNIQUE STRENGTHS

The Multilateral Investment Guarantee Agency (MIGA) is a member of the World Bank Group. Its purpose is to promote foreign direct investment by providing political risk insurance (guarantees) to investors and lenders, and by helping emerging economies attract private investment.

MIGA's unique strengths derive from its structure as an international organization whose shareholders include most countries in the world. This enables the agency to provide an umbrella of deterrence against government actions that could disrupt investments, and allows it to influence the resolution of potential disputes—and ultimately enhance investor confidence.

The agency actively cooperates with public and private political risk insurers through coinsurance and reinsurance arrangements for joint coverage of eligible investment projects. These collaborative efforts significantly increase available insurance capacity for applicants seeking to expand their businesses in developing countries. MIGA can act as the arranger for a project's total insurance requirements.

### WHAT IS ELIGIBLE?

**Investments** | MIGA can guarantee new, cross-border investments, as well as investments associated with the expansion, modernization, or financial restructuring of existing projects, and acquisitions involving privatization of state enterprises. Investments should contribute to host country development objectives and be financially, economically, and environmentally sound. Investments must be made in a developing country that is a member of MIGA.

Eligible forms of investment include equity, shareholder loans, and loan guaranties issued by equity holders, provided the loans and loan guaranties have terms of at least three years. Loans to unrelated borrowers can be guaranteed, provided an eligible shareholder registers its investment with MIGA. Other eligible investments include, but are not limited to, technical assistance, management contracts, leases, and franchising and licensing agreements, provided their contractual commitments have terms of at least three years and the remuneration of the investor is tied to a large extent to the project's operating results. Sponsors are encouraged to discuss their investment needs with MIGA.

**Applicants** | An eligible applicant must be a national of a member country other than the country in which the investment is to be made. In certain cases, MIGA may also insure an investment made by a national of a host country, provided the funds originate from outside the host country and the host government specifically approves the investment. Corporations or financial institutions are eligible for coverage if they are either incorporated in and have their principal place of business in a member country or if they are majority-owned by nationals of member countries. State-owned corporations are also eligible if they operate on a commercial basis.

### WHAT POLITICAL RISKS ARE COVERED?

**Currency inconvertibility and transfer restriction** | Protects against losses arising from an investor's inability to convert local currency (capital, interest, principal, profits, royalties, and other remittances) into foreign exchange for transfer outside the host country. The coverage also insures against excessive delays in acquiring foreign exchange due to host government action or failure to act. Currency depreciation is not covered. On receipt of the blocked currency from an investor, MIGA pays compensation in the currency specified in the contract of guarantee.

**Expropriation** | Protects against losses arising from host government actions that may reduce or eliminate ownership of, control over, or rights to the insured investment. In addition to outright nationalization and confiscation, "creeping" expropriation—a series of acts that, over time, have an expropriatory effect—is also covered. Coverage is available on a limited basis for partial expropriation (e.g., confiscation of funds or tangible assets). Bona fide, non-discriminatory measures by the host government in the exercise of legitimate regulatory authority are not considered to be expropriatory.

For total expropriation of equity investments, MIGA pays the net book value of the insured investment. For expropriation of funds, MIGA pays the insured portion of the blocked funds. For loans and loan guaranties, MIGA can insure the outstanding principal and any accrued and unpaid interest. Compensation will be paid upon assignment of the investor's interest in the expropriated investment (e.g., equity shares or interest in a loan agreement) to MIGA.

**War and civil disturbance** | Protects against loss from, damage to, or the destruction or disappearance of, tangible assets caused by politically motivated acts of war or civil disturbance in the host country, including revolution, insurrection, coups d'état, sabotage, and terrorism. War and civil disturbance coverage also extends to events that, for a period set forth in the contract of guarantee, result in an interruption of project operations essential to overall project financial viability. Business interruption coverage is effective when the investment is considered a total loss; at that point, MIGA will pay the book value of the total insured equity investment.

For equity investments, MIGA will pay the investor's share of the least of the book value of the assets, their replacement cost, and the cost of repair of damaged assets. For loans and loan guarantees, MIGA will pay the insured portion of the principal and interest payments in default as a direct result of damage to the assets of the project caused by war and civil disturbance or as a result of business interruption caused by covered events.

**Breach of contract** | Protects against losses arising from the host government's breach or repudiation of a contract with the investor. In the event of an alleged breach or repudiation, the investor must be able to invoke a dispute resolution mechanism (e.g., an arbitration) set out in the underlying contract and obtain an award for damages. If, after a specified period of time, the investor has not received payment or if the dispute resolution mechanism fails to function due to host government actions, MIGA will pay compensation. MIGA may make a provisional payment pending the outcome of the dispute resolution mechanism.

The coverages described may be purchased individually or in combination, but selection of the desired coverages must be made by an investor before MIGA issues its guarantee.

#### WHAT ARE THE TERMS OF COVERAGE?

**Pricing** | MIGA prices to risk, and premium rates are decided on a per project basis, usually ranging between 30 and 100 basis points per risk (up to 150 in some cases) per year. Premiums are paid at the beginning of each contract period.

**Duration of guarantee** | MIGA provides coverage for up to 15 years (and possibly 20 years if justified by the nature of the project). MIGA cannot terminate the contract unless the guarantee holder defaults on its contractual obligations to MIGA, but the guarantee holder may reduce or cancel coverage on any contract anniversary date starting with the third.

**Amount of coverage** | For equity investments, MIGA may guarantee up to 90 percent of the investment, plus up to an additional 450 percent of the investment contribution to cover earnings attributable to the investment. For loans and loan guarantees, the agency generally offers up to 95 percent of the principal (or higher as determined on a case-by-case basis), plus up to an additional 135 percent of the principal to cover interest that accrues over the term of the loan. For technical assistance contracts and other contractual agreements, MIGA may insure up to 90 percent of the total value of payments due under the insured agreement (up to 95 percent in exceptional circumstances).

Regardless of the nature of the project, an investor is required to remain at risk for a portion of any loss for debt and equity. MIGA can currently issue up to US\$200 million of coverage (including amounts obtained through treaty reinsurance) on its own for a single project. The agency can, however, arrange additional coverage through its reinsurance and coinsurance programs with other political risk insurers, including through its Cooperative Underwriting Program, a form of coinsurance in which MIGA is the insurer-of-record among participating underwriters.