

GUARANTEES ISSUED IN FISCAL 2001

All projects insured by MIGA in fiscal 2001, grouped by region and country, are described on the following pages.

Asia and the Pacific

**PAKISTAN**

Habib Bank AG Zurich
(Habib Bank AG Zurich Pakistan)

MIGA has provided a guarantee to Habib Bank AG Zurich for its equity investment in its Pakistan branches. The guarantee is for \$2.7 million and provides coverage against the risks of transfer restriction and expropriation of funds. Habib Bank AG Zurich is already present in Pakistan, with seven branches in locations around the country, and offers general banking products, financial advisory services, and capital market transactions. This investment will allow Habib Bank AG Zurich to expand and diversify the services already offered, and to broaden its coverage by opening two new branches. MIGA has provided similar guarantees to Habib Bank AG Zurich twice in the past.

The project is expected to produce significant developmental benefits. It will expand the availability of financing to SMEs, and lower the costs of financing by increasing competition in the financial services industry. It will also broaden the range and quality of banking services, by introducing new technologies, such as ATM machines and electronic banking. The project will require hiring approximately 25 new staff, for whom extensive training programs will be provided. An estimated \$0.7 million is expected to accrue to the government in annual tax revenues.

PHILIPPINES

EGIS Projects S.A.
Westdeutsche Landesbank (West LB)
(Manila North Tollway Corporation)

MIGA is providing guarantees totaling \$87 million to EGIS Projects S.A. of France for its equity investment and to a syndicate of banks led by West LB for a loan to the Manila North Tollway Corporation. Coverage is against the risks of transfer restriction, expropriation, and war and civil disturbance. Recent economic prosperity has accelerated motorization and demand for mobility in Manila, causing severe traffic congestion and environmental problems. One of the area's key arteries is the North Luzon Expressway, which is in urgent need of repair. The project involves widening and rehabilitating 82 kilometers of the expressway, Southeast Asia's oldest toll road. Also participating in the undertaking are IFC, Asian Development Bank, EFIC (Australia's export finance agency), and COFACE (France's export credit agency).

The refurbished highway is expected to move industrial traffic away from heavily congested areas and improve traffic flows. This will allow for more rapid movement of goods and people between Metro Manila, the economic zones of Subic and Clark, the international airports of Manila and Clark, the international port of Manila, and several other important industrial zones in the area. A number of

multipurpose complexes are already being built along the highway corridor to take advantage of the high traffic volume out of Metro Manila. Additionally, the project will contribute to the reduction of vehicle operating costs and provide increased road safety. During the two-year construction period, the investment is expected to create 1,000 temporary jobs.

VIETNAM

France Cables et Radio Vietnam Pte. Ltd.

MIGA issued \$10 million in guarantee coverage to France Cables et Radio Vietnam Pte. Ltd. for its nonequity direct investment, via a business cooperation contract, with the state-owned Vietnam Post and Telecommunications agency. The guarantee is protecting the investor against the risk of transfer restriction.

The contract calls for the two companies to work together—on a build-and-transfer basis—to construct, install, and maintain at least 540,000 new fixed telephone lines in East Ho Chi Minh City over a 15-year period. The project area should see a major boost in the number of lines per person (teledensity) by 2003, with an increase of 20,000 lines in the city's rural outskirts. Teledensity, currently at 5 percent, is expected to reach 21 percent by the project's completion in 2005. The project sponsor also plans to spend about \$1 million a year to train local staff.



Europe and Central Asia

ALBANIA

Commercial Bank of Greece S.A.
(Intercommercial Bank S.A. Albania)

MIGA provided the Commercial Bank of Greece S.A. with a \$7 million guarantee to cover its equity investment in the Intercommercial Bank S.A. Albania, one of its subsidiaries. The investment will be protected against transfer restriction, expropriation, and war and civil disturbance. The project will introduce a number of financial services previously unavailable in Albania, an IDA-eligible country. Currently, the bank has only one location, in Tirana, but other branches and offices are planned.

The project will broaden the range and quality of financial services in Albania, especially in project finance, trade finance, and money market activities. It will also increase the availability of medium- and long-term capital to SMEs and retail firms, and provide them with lower costs of funding. The target for these services includes small and medium-size domestic firms and domestic retail companies, as well as foreign companies. The project supports the government's financial sector reform and privatization program, and is expected to provide training to its 60 new local employees.

BOSNIA AND HERZEGOVINA

International Dialysis Centers B.V.

(International Dialysis Center Banja Luka DOO)

The project, marking the first foreign investment in the Bosnian health sector, is for the creation and management of a renal dialysis facility in the city of Banja Luka. MIGA provided two guarantees, totaling \$1.3 million, to the International Dialysis Centers B.V. of the Netherlands. The first guarantee is for an equity investment in the International Dialysis Center Banja Luka in Bosnia and Herzegovina, covering the risks of expropriation, and war and civil disturbance. The second guarantee covers obligations of the Health Insurance Fund and the Republika Srpska for the provision of dialysis services, protecting the investor against breach of contract. The European Union Investment Guarantee Fund, administered by MIGA, is providing additional coverage.

Renal dialysis treatment is an acute problem in Bosnia and Herzegovina, and the new facility is expected to provide high-quality dialysis services for up to a fourth of all dialysis patients living in the Republika Srpska. The project uses state-of-the-art medical equipment, which is helping to improve life expectancy and quality of life for dialysis patients. As the treatment center is located within an existing hospital, the latter will benefit from refurbishment of the premises for the new facility. In addition, the project will supply a medical waste and water treatment unit, and is already providing extensive technical, medical, and managerial training to staff of the new facility.

BOSNIA AND HERZEGOVINA

Hypo-Alpe-Adria Bank AG

(Auro Banka dd)

MIGA issued two guarantees to Hypo-Alpe-Adria Bank for an equity investment in, and shareholder loan to, Auro Banka in Bosnia and Herzegovina. The equity investment will be covered against the risks of expropriation, and war and civil disturbance; the shareholder loan will be covered against transfer restriction, expropriation of funds, and war and civil disturbance. MIGA's exposure totals \$21.9 million. The European Investment Trust Fund will also cover up to \$1.8 million. With this project, Auro Banka intends to expand and diversify its services, which include trade, corporate finance, and retail banking in 26 branches throughout the Federation of Bosnia and Herzegovina and the Republika Srpska.

The project will contribute to restructuring the country's financial sector by improving the quality and diversity of financial products and by increasing the number of Western European banks in the region. Such an expansion will be conducive to a greater degree of regional integration. Specifically, SMEs in the agriculture and construction sectors will gain access to lower-cost financing. In addition, Auro Banka will contribute an estimated \$0.5 million in annual tax revenues and provide extensive training programs for approximately 15 new staff each year over the next three years.

BOSNIA AND HERZEGOVINA

Österreichische Volksbanken AG
(Volksbank BH dd)

Österreichische Volksbank AG opened its doors for business in Sarajevo last summer. The project is insured through the Österreichische Kontrollbank, Austria's main financial and information service provider. MIGA has underwritten the \$2.7 million reinsurance as administrator of the European Union Investment Guarantee Trust Fund. Volksbank BH's activities will include consumer loans, short- and long-term business loans (targeting SMEs), financial leasing, credit cards, and international and local payments. The guarantee provides coverage against the risks of transfer restriction, expropriation, and war and civil disturbance.

In the aftermath of the civil war, a competitive source of private financing is needed to facilitate the transition to a market-based economy. As the first Western European bank in-country, the project will have a significant developmental impact, helping to increase consumer confidence and improve the standards of local banks, particularly the quality and diversity of financial products. It will also provide access to the banking sector for SMEs, which have suffered from a lack of financing in recent years. Moreover, the project will contribute about \$1.25 million annually to the government in the form of profit taxes, duties, and royalties, and is expected to create 78 new jobs.

BOSNIA AND HERZEGOVINA

Raiffeisen Zentralbank Österreich AG
(Raiffeisenbank dd Bosnia and Herzegovina)

MIGA issued a guarantee of up to \$3.8 million in coverage for a shareholder loan by Raiffeisen Zentralbank Österreich AG for the development of Raiffeisenbank dd in Bosnia and Herzegovina. The project will finance the development of Raiffeisenbank's operations throughout the country, making it the first foreign bank to have activities in the Federation of Bosnia and Herzegovina and in the Republika Srpska. The coverage is for the risks of transfer restriction and expropriation of funds. Coverage of up to \$1.8 million is also being offered under the MIGA-administered European Union Investment Guarantee Trust Fund.

The project supports the country's focus on accelerating the privatization of banks and enterprises and reforming the financial sector. These priorities are key to stimulating the private sector development and reconstruction needed to help the country continue on its path of post-war recovery. Specifically, the project aims to help facilitate the economic integration of the entities, offer a full range of banking services to local SMEs, and to introduce new banking methods and technology to the country.

KAZAKHSTAN

Fintur Holdings B.V. Financials

Pamukbank TAŞ

(GSM Kazakhstan OAO Kazakhtelecom LLP)

MIGA issued further guarantees totaling \$23.5 million for equity investments and two shareholder loans provided to GSM Kazakhstan by Fintur Holdings B.V. of the Netherlands and Pamukbank TAŞ of Turkey. MIGA's gross exposure under the project, including the guarantees issued in 1999, is \$32 million. The project entails the expansion of existing digital cellular technology in Kazakhstan and extension of services into previously underserved areas.

The project will contribute to the development of modern telecommunication services in Kazakhstan using the GSM (Global System for Mobile telecommunication) network. The expansion also includes the integration of Internet and satellite and data transmission services. MIGA will support an increasingly important and growing sector in the Kazakhstani economy, while consumers will benefit from the availability of high-quality telecommunication services. The Kazakhstani GSM subscriber base is expected to increase to 460,000 by year-end 2001, from 141,000 at the end of 2000.

MOLDOVA

Unión Fenosa Internacional S.A.

(Red Chişinău, S.A.; Red Centru, S.A.; and Red Sud, S.A.)

A \$61.1 million guarantee is giving Unión Fenosa Internacional of Spain protection against the political risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract for investments in the upgrading of three newly privatized electricity distribution companies in Moldova. The project is expected to help reduce power shortfalls and blackouts that until recently disrupted service delivery up to eight hours a day in some parts of this Eastern European country.

The guarantee, MIGA's second for a project in Moldova, covers part of an investment by Unión Fenosa, which bought the electricity distribution companies from the government in February 2000. The purchase was part of an energy sector overhaul engineered by the World Bank and the Moldovan government to help revive the economy in a country where more than half the population lives on less than \$1 a day. The IFC and the European Bank for Reconstruction and Development are both lending \$25 million to the project.

The project's chief thrust is to reduce technical and commercial energy losses—resulting mainly from poorly maintained equipment and low levels of bill collection—that have made the companies financially unsustainable and led to unreliable power supply. Investments will focus on metering and a state-of-the-art customer management and billing system. Infrastructure and technology improvements are expected to lead to decreased carbon dioxide emissions. The project is expected to have a significant impact on the lives of Moldovans, and will be an important component in Moldova's efforts to reform its energy sector.

ROMANIA

Raiffeisen Zentralbank Österreich AG
(Banca Agricola S.A.)

Raiffeisen Zentralbank Österreich AG of Austria received a MIGA guarantee for its equity investment in Banca Agricola S.A. in Romania. The \$47.7 million guarantee, which covers the investment against expropriation, will allow Raiffeisen to further develop its activities in Romania. Under the development plan, the bank will both expand current services and enlarge the number of banking services it offers to small and medium-size businesses, as well as to retail customers.

Banca Agricola, the third largest branch network in the country, is expected to help broaden the range and quality of commercial banking services and provide lower costs of financing. Through worldwide cooperation agreements linking Raiffeisen Zentralbank and numerous commercial banks, the project should enhance the inflow of FDI into Romania. An estimated \$10 million will accrue to the government over the next three years in the form of taxes and dividends.

ROMANIA

Österreichische Volksbanken AG
(Volksbank Romania S.A.)

Österreichische Volksbanken AG has received a €100 million MIGA guarantee for a shareholder loan to expand the operations of its wholly owned subsidiary, Volksbank Romania S.A. The coverage offers protection against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract. Facultative reinsurance of €35 million was obtained.

RUSSIAN FEDERATION

Victory Oil B.V.
(ZAO Stimul)

Victory Oil B.V. received a \$100 million guarantee from MIGA for its equity investment in the joint stock company ZAO Stimul. The guarantee will protect the investment against transfer restriction, expropriation, and war and civil disturbance. Half of the guarantee is covered by facultative reinsurance. The project involves the expansion of an oil field located in the southern Ural Mountains, near the city of Orenburg. State-of-the-art drilling and processing equipment will be installed to develop oil and gas reserves. Production is expected to reach 30,000 barrels of oil a day by 2004.

The modern equipment installed will increase production and introduce new safety standards. All of the produced gas will be sold locally; some of the oil will be exported. The Russian government will receive an estimated \$42.5 million in annual taxes, 60 percent of which will go to the local government. The investment is expected to create 648 highly paid temporary construction jobs in the Orenburg city area.

RUSSIAN FEDERATION

Louis Dreyfus Négoce S.A.
(Louis Dreyfus Vostok LLC)

Building on last year's support of an investment by Louis Dreyfus Négoce S.A., MIGA provided an additional \$5 million guarantee for the company's loan to Louis Dreyfus Vostok. This brings total MIGA exposure for the project to \$20 million. The guarantee will support a recently established agricultural trading company in Russia, offering coverage against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project involves the promotion of efficient local distribution channels for wheat and sunflower oil, reducing the current wastage of these two products. Approximately 95 percent of all goods and services will be procured locally. The project is expected to create 75 new jobs and provide training in logistics, international trade, and market-risk analysis.

SLOVAK REPUBLIC

MarioBoselli Yarns S.p.A.
(Twista sro)

An Italian business broke ground on a project in the Slovak Republic one year after MIGA and Italian development finance agency SIMEST agreed to jointly promote FDI into developing economies. Support for this project is the result of a Memorandum of Understanding signed by the two agencies in November 1999, which put a special emphasis on working with SMEs.

The project involves the expansion and modernization of a company, Twista Sro, for producing and processing synthetic yarn in Humenne, Slovak Republic. MIGA has issued a \$713,000 guarantee to MarioBoselli Yarns S.p.A. (MB Yarns), covering the investment against the risks of transfer restriction and expropriation. SIMEST helped fund the project by providing a portion of the equity needed for the capital increase.

Twista allows MB Yarns to draw on the Slovak Republic's relatively skilled labor force and low production costs. Production is expected to increase by about 40 percent to 2,500 tons per year for Twista alone, and may lead to higher production for other Slovak businesses that use the factory. Exports to Poland and the Czech Republic, as well as Italy, are expected to see a significant jump. In addition to creating new jobs, mostly for women, in a region affected by high unemployment, the project will make an extensive contribution to technology transfer by bringing state-of-the-art machinery into the country's synthetic textile industry.



Latin America and the Caribbean

ARGENTINA

Banco Santander Central Hispano S.A.

(Banco de Galicia y Buenos Aires S.A.)

Banco Santander Central Hispano S.A. of Spain received two MIGA guarantees—one for \$48 million and one for \$11 million—for its shareholder loans to Banco de Galicia y Buenos Aires S.A., one of Argentina's largest banks. The coverage is for the risks of transfer restriction and expropriation of funds. The guarantees are covering two projects in support of Banco Galicia's efforts to enlarge its SME and mortgage programs at competitive rates and terms.

By lowering the costs of longer-term financing, the projects are expected to improve the ability of agribusiness, manufacturing, and healthcare companies to expand their production facilities and increase output. Banco Galicia employees will receive special training programs related to the above financing. In addition, the projects will provide mortgage financing of up to 30 years. They are expected to generate approximately \$4 million in tax revenues over the next five years.

ARGENTINA

Dresdner Bank Lateinamerika AG

Hamburger Hafen- und Lagerhaus AG

(Exologistica S.A.)

MIGA is providing \$4.2 million in guarantees for an equity investment by Hamburger Hafen- und Lagerhaus AG and a loan by Dresdner Bank Lateinamerika AG for Exologistica S.A., an Argentine logistics company. Both guarantees offer coverage against the risk of transfer restriction. The company's services include transportation, warehousing, logistical administration, and specialty services such as labeling, packaging, and stamping. The investments will allow the company to buy and refurbish additional premises to expand its operations.

The project will contribute to Argentina's efforts to streamline and modernize its transportation and logistic services industry. The company aims to increase productivity and lower transaction costs to its clients by offering "just-in-time" and "low-stock" delivery methods by using electronic data information links. Since a significant portion of Exologistica's services are targeted at MERCOSUR countries, the project will contribute to the region's economic integration. Approximately 50 new jobs will be created and extensive training for professional and technical staff will be provided in-house and at local universities.

ARGENTINA

Hamburger Hafen- und Lagerhaus AG

Kreditanstalt für Wiederaufbau (KfW)

(Exolgan S.A.)

MIGA issued guarantees to Hamburger Hafen- und Lagerhaus AG and to KfW, acting on behalf of a group of commercial banks, for their investment and loan to Exolgan

S.A., a container terminal enterprise. The investment is covered against the risk of transfer restriction, and the loan against transfer restriction and expropriation of funds. Total MIGA gross exposure is up to \$26.9 million. The project involves the construction of a logistics park—“Parque Logístico Sur”—south of Buenos Aires, which will serve as a central facility for providing logistics services to local and international import-export companies. The project encompasses four new warehouses, operational infrastructure, and an office building at the container terminal. When complete, the park will contain 110,000 square meters of warehouses, some of which will be fully automated, climate controlled, and bonded.

The project will help lower the high costs associated with providing logistics services to local and international import-export companies. Exolgan S.A., in cooperation with other companies, is expected to have a significant social impact in the economically disadvantaged neighborhoods adjacent to the project site, by improving the living and working conditions through the provision of approximately 600 new houses. The project is expected to create 160 jobs, and an additional 200 during the construction of each warehouse. An extensive training program will be implemented onsite for the positions created. As a significant portion of goods handled by Exolgan S.A. are trade transactions between MERCOSUR countries, the project is expected to support regional trade.

ARGENTINA

Banco Santander Central Hispano S.A.
(Banco Río de la Plata S.A.)

A \$30 million MIGA guarantee was issued to Banco Santander Central Hispano S.A. of Spain for its shareholder loan to Banco Río de la Plata S.A. The guarantee protects against transfer restriction and expropriation of funds. The agency will cover an additional \$70 million through its Cooperative Underwriting Program. The project aims to increase financing at competitive rates for mortgages and SMEs in Argentina, with 80 percent of the loan to be used to increase the availability of medium- and long-term financing. The project will also provide a wide range of financial services to local, regional, and international clients.

The mortgage program will support the purchase, construction, and rehabilitation of residential houses for individuals and the acquisition of business premises for corporations. It will also improve the ability of companies operating in the manufacturing sector to expand their production facilities and increase output. The project will contribute an estimated \$0.3 million to local authorities in annual tax revenues.

ARGENTINA

Banco Santander Central Hispano S.A.
(Banco Río de la Plata S.A.)

Banco Santander Central Hispano S.A. received a \$200 million MIGA guarantee for its shareholder loan to Banco Río de la Plata S.A., offering protection against the risks of transfer restriction and expropriation. Of this amount, \$150 million is being reinsured. The project will support the expansion of Banco Río's operations in Argentina, following up on a guarantee issued earlier in the fiscal year. The undertaking focuses

primarily on small-scale mortgage lending in the form of long-term finance to individuals and corporations, and aims to expand financing to SMEs.

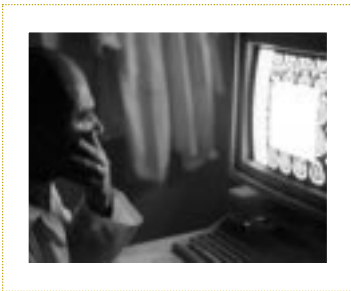
The investment holds significant development potential. Banco Rio de la Plata S.A. is one of just two banks in the country to offer 30-year residential mortgages. With the investment, the project enterprise should be able to substantially increase the number of mortgages it can offer, particularly to its primary client base of low- to middle-income households. Banco Rio de la Plata S.A. will also be able to provide better rates on its loans to both individuals and corporations, enabling more people to buy homes and small and medium-size businesses to grow. The project is expected to pay about \$2 million a year in taxes.

BRAZIL
MSF Funding LLC
(MSF Trustee Ltda)

MIGA issued a \$90 million guarantee to MSF Funding LLC (MSF) in its first coverage of a capital markets issue, and the first internationally rated securitization of Brazilian loan and lease receivables from the financing of medical equipment—marking a milestone for both MIGA and Brazil. The guarantee covers floating-rate notes issued by MSF Funding LLC, whose parent company, MSF Holding Ltd., provides loan and lease financing for the supply of high technology diagnostic imaging and radiation therapy equipment to hospitals, physician groups, and clinics throughout Latin America. The notes are based on the company’s future leasing revenues and secured by US dollar-denominated financing contracts in Brazil. The guarantee will protect MSF’s ability to convert funds generated in local currency into US dollars and to transfer them outside the country, as well as guaranteeing the company against expropriation of its Brazilian bank accounts.

The project aims to address the shortage of adequate spending on health care. MSF is using the financing proceeds to originate new loans and leases in Brazil, where specialized medical equipment is in short supply and much of what exists is obsolete. The equipment being financed includes magnetic resonance imaging, computed tomography imaging scanners, and other medical devices, which will help improve the quality and cost-efficiency of the country’s health care services, particularly for cancer patients. The project is expected to have many other developmental benefits, including the training of local medical staff in the equipment’s use and an estimated contribution of \$10 million a year in taxes to the Brazilian government.

MIGA proved key to improving the risk profile of the notes and helping the investor secure the financing needed, enabling the issue to be rated above Brazil’s local and foreign currency ratings. The Class A Notes received an A2 rating from Moody’s Investor Services and an A rating from S&P and Fitch IBCA. The Class B Notes were rated Baa2 and BBB respectively, and the Class C Notes received a BB rating. The guarantee was reinsured with eight Lloyd’s of London syndicates and with the Netherlands Development Finance Co. (FMO). FMO is also a shareholder in MSF Holding Ltd., together with IFC, and Philadelphia International Equities.



photos | top, a technician at Santa Paula Hospital, São Paulo, Brazil, analyzing feedback from an MRI scanner made available through a MIGA-guaranteed project; bottom, Dr. George Schahin right, chief owner and administrator of Santa Paula Hospital, and Dr. Sergio Franco demonstrate the capabilities of the gamma knife, which allows neurosurgeons to operate on tumors and other cerebral problems with no incision, no blood, and no side-effects.

BRAZIL

Deutsche Bank AG New York Branch

Itochu Corporation

Mitsubishi Corporation

(Barracuda-Caratinga Leasing Co., B.V.)

MIGA is providing a \$72 million guarantee for investments by Itochu Corporation, Mitsubishi Corporation, and Deutsche Bank AG in two deep-sea oil and gas production facilities in the Campos Basin, Brazil's largest offshore oil and gas reserve. The agency is providing an additional \$48 million in coverage through its Cooperative Underwriting Program. The guarantee covers the investment against the risks of expropriation and transfer restriction. Japan's Ministry of International Trade and Industry (EID/MITI) has also issued coverage for a syndicated commercial bank loan.

The project entails the construction of floating production, storage, and offloading facilities in the Barracuda and Caratinga oil and gas production fields located about 80 kilometers off the coast of the state of Rio de Janeiro. The investment will expand capacity by building on infrastructure that is already serving the Campos Basin.

The facilities will be owned by Barracuda-Caratinga Leasing Co., B.V. and operated and maintained by Petrobras, Brazil's national oil company. By leasing the facility, Petrobras has been able to reduce its financing burden, which has improved its financial position and thereby facilitated its partial privatization.

Project construction began in July 2000, with oil delivery projected in 2003. The project will increase the energy generation capacity and availability of domestically produced oil and gas for the Brazilian petrochemical and energy industries, and is expected to increase the oil processing and production capacity of the Campos Basin by about 300,000 barrels a day. An estimated \$1 billion in oil imports will be substituted a year, since all production outputs are destined for the local energy market. The project will create about 3,000 jobs during the construction phase and 300 jobs during the operational stage. Extensive training will be provided.

BRAZIL

ECI Telecom Ltd.

(Global Village Telecom Ltda.)

MIGA provided ECI Telecom Ltd. of Israel with a \$20 million guarantee for its loans to Global Village Telecom Ltda. (GVT) in Brazil. The guarantee offers protection against the risks of transfer restriction, expropriation, and war and civil disturbance. The project involves the construction and operation of a fixed line telephone network in the central and southern regions of Brazil. GVT is a facilities-based integrated communications provider offering state-of-the-art voice, data and Internet-related services to corporations and other customers in the center-south of Brazil. GVT is licensed as the second carrier in its concession area and is deploying an ultra-modern hybrid wireline and fixed wireless network to execute its strategy.

The project will provide cost-efficient and reliable telecommunication services to cities and remote communities, thereby substantially increasing teledensity. GVT is currently employing 1,500 Brazilian nationals, and will increase to approximately 2,500 in the next several years, offering extensive training. Additional employment will be created through external labor and subcontractors for the construction and maintenance of the infrastructure. The project should generate an average of \$100 million in taxes a year.

BRAZIL

Citibank, N.A.

(Light Serviços de Electricidade S.A.)

A MIGA-guaranteed project is working to upgrade electricity services in power-strapped Brazil, providing safe, legal power connections throughout Rio de Janeiro, including in low-income communities. The \$23 million guarantee went to a bank syndicate led by Citibank N.A., covering part of a loan to Light Serviços de Electricidade S.A. against transfer restriction and expropriation. The project is expected to improve transmission and distribution by establishing and upgrading power networks and installing transformers and meters.



photos | MIGA guarantees are helping Light Serviços de Electricidade S.A. provide power connections throughout Rio de Janeiro, including in low-income communities where safety hazards abound, as in Rocinha, pictured here.

The project calls for the supply of power to 176,000 additional households and 250 industrial customers. In coordination with the local government and NGOs, Light also has a special program (PRONAI) to upgrade conditions in low-income areas, where safety hazards such as electrocution are rife, and to provide essential services at an affordable cost. The recent power crisis has added a new urgency to the program, which in 2000 reached out to about 150,000 new low-income clients. By 2005, Light expects to be present in 728 slums and 594 low-income communities. For slum residents, the program provides a steady, safe source of power and helps document proof of residence, necessary for getting a telephone and establishing credit. Through the program, Light also works to increase both the quality and quantity of educational programs at the local level, through scholarships, training activities, and the donation of computers and hardware to local schools.

BRAZIL

Mitsui & Co., Ltd.

Mitsui & Co. (U.S.A.), Inc.

(Furukawa Industrial S.A. Produtos Eléctricos)

MIGA has issued a \$5 million guarantee covering a shareholder loan made by Mitsui & Co. (U.S.A.), Inc., a subsidiary of Mitsui & Co., Ltd., to Furukawa Industrial S.A. Produtos Eléctricos in Brazil. MIGA's guarantee covers the loan against the risks of

transfer restriction and expropriation of funds. Furukawa owns several cable manufacturing facilities in Brazil. The loan covers the expansion, modernization, and enhancement of the company's facility, one of the most modern manufacturing facilities for telephone, electronic, and optic cables in the country.

The loan will enhance the company's ability to support the ongoing improvement of Brazil's information technology infrastructure through the use of fiber optic technology by providing faster and inexpensive data communication links. Along with creating technology transfer opportunities, the project will increase the number of Internet service providers, multimedia service operators, and voice communication service providers, leading to wider Internet access in the country. An estimated 70 percent of the raw materials used in production of the fiber will be purchased locally.

BRAZIL

Banco Santander Central Hispano S.A.
(Banco do Estado de São Paulo S.A.)

MIGA issued a \$200 million guarantee to Banco Santander Central Hispano S.A. for its shareholder loan to Banco do Estado de São Paulo S.A. (Banespa), offering protection against the risks of transfer restriction and expropriation. \$150 million of the guarantee was syndicated in the private market. The project supports the expansion of Banespa's operations in Brazil.

Under the project, 50 percent of the loan will go into the expansion of mortgage lending—primarily loans to individuals who wish to purchase, construct, or renovate residential buildings, as well as loans to corporations for the purchase of business space. The rest of the funds will enable Banespa to offer lower-cost financing to SMEs, particularly in the agricultural and manufacturing sectors, enabling them to acquire new machinery and equipment. The project will thereby contribute to the expansion of production facilities and the output of companies in these sectors. It is also expected to generate approximately \$1.2 million in annual tax revenues.

COLOMBIA

Banco Santander Central Hispano S.A.
(Banco Santander Colombia S.A.)

A \$100 million MIGA guarantee was issued to Banco Santander Central Hispano S.A. for its shareholder loan to Banco Santander Colombia S.A. The guarantee will protect the loan against transfer restriction and expropriation of funds. A quarter of the guarantee is being covered through facultative reinsurance. Banco Santander Colombia, a key provider of financial services in the country, offers a plethora of financial products and services at more than a hundred branches and customer service locations throughout the country. The financing will help the bank expand its loan service program to offer low-cost, medium-term financing to SMEs.

As a result of the project, Colombian SMEs, especially in the manufacturing sector, where they are most active, will be able to acquire new machinery and equipment. The project will thus help increase output. Simultaneously, the improved availability of sources of financing will increase competition and ameliorate the quality of the financial sector. This project supports the consolidation and restructuring of the banking sector

and plays an important role in diversifying MIGA's Colombian portfolio, which currently consists of two active projects, both in the infrastructure sector.

COSTA RICA

Wings of Papagayo, LLC
(Grupo del Istmo de Papagayo, S.A.)

A \$16.4 million MIGA guarantee is protecting an equity investment in a Costa Rican development project against the risk of transfer restriction. The project involves the development of a 210-room resort set on approximately 120 acres of the Papagayo Peninsula in the country's Pacific northwest province of Guanacaste. The hotel is part of a much larger government program to develop the peninsula's tourist potential, which includes plans to develop residential, hotel, and commercial venues. MIGA's guarantee is for the resort's construction and expansion.

The project is expected to generate considerable government revenues and be a significant foreign exchange earner. Some 500 jobs will be created during the construction phase and more than 340 permanent local positions thereafter. A budget of \$3.5 million is allocated for training onsite and abroad. The resort will rely on local building materials, and an estimated 70 percent of products will be purchased locally, notably agricultural produce, providing income to a considerable number of local entrepreneurs.

DOMINICAN REPUBLIC

Coastal Corporation
Coastal Aruba Investor N.V.
(Coastal Petroleum Dominicana S.A.)

MIGA is providing \$23.9 million in guarantees to the Coastal Corporation (recently merged with El Paso Energy), protecting both a loan guarantee and an equity investment in Coastal Petroleum Dominicana S.A., a Dominican gas provider, against the risks of transfer restriction, expropriation, and war and civil disturbance. The project consists of the construction of an onshore bulk-liquid terminal for the receipt, storage, and distribution of liquefied petroleum gas and diesel fuel.

Fuel for cooking and heating is in short supply in the Dominican Republic, and the project is expected to meet close to 40 percent of domestic demand for gas products. Most of the spare parts and consumables required for the ongoing operations will be procured locally. The project is expected to generate 200 local jobs during the construction phase and 17 during the operational stage. For the latter, extensive training will be provided in the operations of the terminal.

ECUADOR

International Water Services (Guayaquil) B.V.
(International Water Services Guayaquil Interagua C. Ltda.)

MIGA achieved several firsts with the signing of an \$18 million guarantee for the rehabilitation and expansion of water services in Guayaquil, Ecuador. The project represents MIGA's first coverage of a water project and of a performance bond. The guarantee offers protection against the risks of expropriation and war and civil disturbance for an investment by International Water Services B.V. of the Netherlands in an Ecuadorian subsidiary. It also covers a performance bond—posted in accordance with the 30-year concession—that guarantees the company's successful management, expansion, and operation of the water services, against the risk of wrongful call.

The investment aims to improve the services and operating performance of the existing municipal water utility, especially to poor areas that have little access to potable water and poor sanitary conditions, by reducing the amount of water that is unaccounted for and increasing cash collection. During the first five years of the concession, improvements must be made in the quality of water services, as well as in the number of potable water and sewage connections. Service coverage is expected to increase by 30–40 percent. The new project is expected to help improve health and living conditions for the local population, while reducing the cost of water for those who currently rely on other sources of water.

ECUADOR

Construtora Norberto Odebrecht S.A.
(Hidropastaza S.A.)

Construtora Norberto Odebrecht of Brazil received a \$150 million MIGA guarantee for its loan guaranty to BNDES (Brazil's national economic and social development bank) for its loan to Hidropastaza S.A. The guarantee covers the risk of breach of contract, with an additional amount to be covered under the CUP. The project involves the construction and operation of a run-of-river hydroelectric plant, called San Francisco Hydroelectric, southeast of Quito. The 230 MW power plant will be located almost entirely underground, with water from a nearby river fed to generators via an underground tunnel. Electricity generated at the plant will be sold either on a spot basis in Ecuador or through short-term purchase agreements with public and private organizations. The hydroelectric project is expected to significantly help the country's power sector expand its capacity, leading to a reduction in the average energy price in the wholesale market and helping to alleviate current bottleneck problems. The project will play a pilot role in the sector's privatization. Major savings will result from the plant as the energy will substitute for expensive fossil fuel imports. Moreover, the project will have a positive downstream effect on industries heavily dependent on power, such as cement plants and steel mills.

The project is expected to give priority to the use of local labor, infrastructure, and services during construction. Hidropastaza will generate about 1,500 jobs during the construction phase and approximately 70 local permanent positions thereafter. Employees will receive extensive training, both in Brazil and Ecuador, using advanced technology. Over the first five years of operation, an estimated \$27 million will accrue to the government in the form of taxes and dividends.

ECUADOR

Dole Food Company, Inc.
(Bananapuerto Puerto Bananero S.A.)

MIGA guaranteed a shareholder loan from Dole Food Company, Inc., to the Ecuadorian company Bananapuerto Puerto Bananero S.A. The guarantee, MIGA's first for a project in Ecuador's transportation sector, offers \$15.4 million in coverage against the risk of expropriation. The project involves the construction and operation of an international port on the island of Trinitaria, needed to handle the country's growing fruit exports. The planned port will contain fully modernized equipment and will be accessible by two major highways.

The new port operations will initially provide approximately 300 construction jobs in an area of high unemployment. Thereafter, an estimated 235 new local jobs will be created for the handling of bulk and containerized shipments to the area. Once operational, the new facilities will allow for increased exports, estimated at \$200 million annually, thereby boosting the availability of foreign exchange and supporting the dollarization process, as well as sustaining the growing and vital fruit export sector in Ecuador. Moreover, it may provide an incentive for an increase in fresh produce farming. The new port facilities should help attract other foreign investors.

GUATEMALA

Unión Fenosa Internacional S.A.
(Distribuidora Eléctrica de Oriente S.A.; Distribuidora Eléctrica de Occidente S.A.)

MIGA is providing insurance coverage for the privatization of two state-run power distribution companies in Guatemala. The \$96.6 million guarantee was extended to Unión Fenosa Internacional S.A., of Spain, for its equity investment in and loan to Distribuidora Eléctrica de Oriente S.A. and Distribuidora Eléctrica de Occidente S.A. The project involves the purchase of 85 percent of shares in the two companies. In addition to assuming management and operational control, the project will help support Guatemala's rural electrification program, a major strategy to address economic imbalances arising from the dearth of electricity in rural areas. The guarantee is protecting the project against the risks of transfer restriction, expropriation, and war and civil disturbance.

By assisting in the implementation of the government's rural electrification program, the project will contribute to the expansion of services to more than 220,000 new customers in underdeveloped areas of Guatemala that have suffered from power shortages and blackouts. The privatization will allow for increased electricity distribution without a substantial addition of generating capacity and for a significant improvement in the delivery of service. The increased reliability and efficiency of power distribution is expected to foster overall economic activity in Guatemala. Moreover, the transfer of skills and technology will result in enhanced customer service, widespread use of metering, and the installation of modern information systems.

NICARAGUA

Bank Hapoalim B.M.
(Ormat Momotombo Power Company)

MIGA continued its support for the Ormat Momotombo Power Company in Nicaragua with the issuance of a \$63.3 million guarantee to Bank Hapoalim of Israel for its loan to the power company. MIGA guaranteed an equity investment in the project last fiscal year. The insurance covers the project against the risks of transfer restriction, expropriation, and war and civil disturbance. The project involves the rehabilitation and expansion of an environmentally friendly geothermal power generation plant and associated facilities.

The project expects to offer electricity at a lower cost than most competitors, helping to lower the weighted average cost of electricity in Nicaragua. The upgrades, introducing additional capacity, will also bring the project into compliance with modern industry environmental standards. The plant will pay approximately \$11 million in taxes and procure 90 percent of its goods and services locally.

PANAMA

Lloyds TSB Bank plc
(Lloyds TSB Bank plc Panama Branch)

MIGA broke new ground with its \$3.3 million guarantee to cover a loan by Lloyds TSB Bank plc to expand its Panama branch. The coverage, MIGA's first for a project in the country, will help the branch extend the repayment terms of the shareholder loan, which will then form part of a syndicated loan to a power generation company in Panama. The guarantee offers protection against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project's goal is to refinance a short-term facility, provide additional working capital, and finance some capital expenditures related to the upgrading of existing production facilities. The financing is expected to help the power company strengthen its balance sheet and make it less dependent on rolling over short-term debt, while helping to develop the country's overall financial sector.

PERU

Mitsui & Co. (U.S.A.), Inc.
(Mitsui del Peru S.A.)

Mitsui & Co. (U.S.A.), Inc. is making an equity investment in Mitsui del Peru S.A., which MIGA is insuring, along with future dividends. MIGA's \$1 million coverage is against the risks of transfer restriction and expropriation of funds. The infusion of new capital will allow Mitsui del Peru, a trading and investment firm, to extend its activities in the country, and in particular will enable it to participate in the privatization of Peru's transportation sector that is currently underway.

The increase in Mitsui del Peru's activities will contribute directly to the growth of the Peruvian economy. The company's trading activities currently generate approximately \$110 million a year through exports to Japan, North America, and Europe. The additional capital is expected to enable Mitsui del Peru to increase this export business by 30 percent. Through its investment activities, the company will also be contributing to the privatization of state-owned enterprises, as well as to the establishment of new ventures in the country. The project is expected to increase the annual tax revenues Mitsui del Peru pays to the government to more than \$1.25 million, as well as indirectly assist in job creation in Peru.



Middle East and North Africa

JORDAN

Kemira Danmark A/S
(Kemira Arab Potash Co., Ltd.)

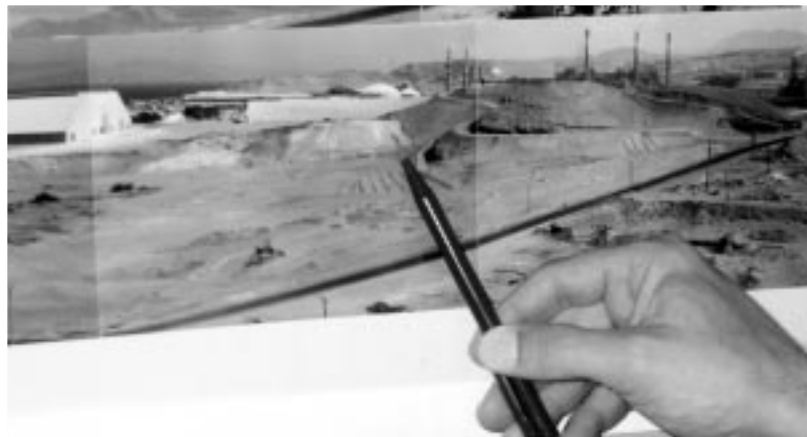
A new MIGA-supported project is on track to begin producing fertilizer and animal feed supplement in Aqaba, Jordan, marking the agency's first coverage for a project in that country. The \$39.1 million MIGA guarantee will protect an investment by Kemira Danmark A/S of Denmark in the Kemira Arab Potash Co., Ltd. The coverage is for two shareholder counter-guaranties provided to its affiliate company, Kemira Agro Oy of Finland, for guaranties to the project financiers (the European Investment Bank and the Islamic Development Bank). MIGA is protecting the investment against the risks of transfer restriction, expropriation, and war and civil disturbance.

The project is significant in many ways, not least of which is the international collaboration involving numerous parties. As MIGA's first project in Jordan, it also underscores the agency's intent to play a larger role in the region. The deal is the first reinsurance of a MIGA contract by Finnvera, Finland's investment insurance agency. The collaboration is the result of an October 2000 agreement between the two agencies to work together to coinsure and reinsure projects, with the goal of increasing Finnish investment into emerging economies.

The project consists of the construction of a new plant to produce and export a specialty fertilizer and an animal feed supplement. Minerals from the Dead Sea and Eshidiya region will provide the primary product input. The project enterprise plans to annually export 150,000 tons of potassium nitrate (fertilizer) and 75,000 tons of dicalcium phosphate (animal feed supplement).

MIGA expects the project to create an estimated 140 jobs, benefit directly from advanced technology and generate an average of \$54.5 million of fertilizer exports during the first five years of operation. The project will also supply fertilizer to the local market.

photo | a project manager points out the Kemira/Jordan project site.



Sub-Saharan Africa



ANGOLA

Desco A.B.
(Desco Angola Lda.)

MIGA is providing a \$1 million guarantee to Desco A.B., a Swedish construction company. The guarantee covers an equity investment in Desco Angola Lda. against the risks of war and civil disturbance, as well as expropriation. The project entails the construction, ownership, and management of an office building in the Miramar district, located in central Luanda, where there is a significant shortage of quality office space. This is the agency's fourth guarantee for a project in this IDA-eligible country.

This SME will employ approximately 40 local people during the construction phase and will contribute to raising the overall construction standards in Luanda. Other externalities include the development of related businesses associated with maintenance and repairs. The building is expected to generate more than \$200,000 in tax revenues for the government of Angola during the first five years of operation. Approximately 80 percent of all goods and services will be procured locally.

GUINEA

Agro-Industrial Investment and Development S.A.
(Société des Grands Moulins de Guinée S.A.)

MIGA issued a \$9 million guarantee for a shareholder loan made by Agro-Industrial Investment and Development S.A. of Panama to Société des Grands Moulins de Guinée S.A., a mill that produces flour for local distribution and bran for export. This follows previous contracts issued by MIGA for the initial equity and debt investments in the project enterprise. The new coverage is for an additional shareholder loan to restructure and refinance the project's debt. It offers protection against the risks of expropriation, and war and civil disturbance.

The flour mill, the only one in the country, helps offset the need to import flour. In addition, the project is employing local workers, providing staff training, and initiating community involvement through university training programs and local sports events. The project is also benefiting local flour distributors and users by providing cheaper, fresher flour, saving about \$4 million a year in imports and generating export and foreign exchange revenue.

GUINEA

Guinea Investment Company Ltd.

Banque Belgolaise, S.A.

Rand Merchant Bank

Westdeutsche Landesbank (West LB)

(Alumina Company of Guinea Ltd.)

MIGA provided a \$40 million guarantee to Guinea Investment Company Ltd. for its investment in Alumina Company of Guinea Ltd. MIGA also provided a guarantee to Banque Belgolaise, Rand Merchant Bank, and West LB for their loans to that company. The guarantees are protecting the investments against the risks of war, civil disturbance, and breach of contract. Another \$40 million in coverage is provided through the Cooperative Underwriting Program. The project includes a bauxite mine, an alumina plant, captive electricity and water utilities, and a 144-kilometer railway linking the project site to the Conakry port.

Alumina Company of Guinea is one of Guinea's major mining projects and the only alumina-producing facility in Africa. It will service \$27 million of Guinea's government-guaranteed external debt in the first five years and generate more than \$100 million in export revenues annually. The operation is the main employer (about 2,000 employees) in Fria, a town of about 70,000 people that was created around the plant. Residents of Fria depend on the mine and production operations for their supply of potable water, electricity, and medical assistance. Moreover, the project supplies housing to employees and their dependents, a locally staffed hospital, and other important social benefits, such as roads and schools, and extensive employee training. Almost a quarter of goods and services will be procured locally. This is MIGA's second project in Guinea, an IDA-eligible country.

MOZAMBIQUE

Banque Nationale de Paris

(BNP Nedbank Moçambique SARL)

A \$4.5 million MIGA guarantee is supporting an equity investment and a shareholder loan from Banque Nationale de Paris to BNP Nedbank Moçambique SARL. The guarantee offers coverage against transfer restriction and expropriation of funds. The investment will be used for the creation of a corporate and trade finance facility, which will open up lending to more applicants.

In the wake of the civil war and recent floods, banking facilities are key to supporting the country's reconstruction efforts. By expanding BNP Nedbank's operations, the project will strengthen the financial sector and provide additional long-term finance to firms in leading industrial sectors. Training programs, new computer systems, and the introduction of best practices are expected to raise local banking standards.

MOZAMBIQUE

Industrial Development Corp. of South Africa Ltd.
 Sena Development Ltd.
 Sena Holdings Ltd.
 Société Marromeu Ltd.
 (Companhia de Sena SARL)

A new MIGA-guaranteed project is expected to help rehabilitate and partially privatize Mozambique's largest sugar estate, creating thousands of jobs and generating significant economic and social benefits in the country's Marromeu region. MIGA is extending \$65 million in investment insurance to the "Sena Group"—a consortium of Mauritian companies—and to the Industrial Development Corp. of South Africa Ltd., covering their equity investments, management and technical assistance contract, and loan for the project.

The project entails the 75 percent privatization, rehabilitation, and management of the former Sena Sugar Estate, which was severely damaged during Mozambique's prolonged civil war. Combined with infrastructure improvements, the change should lead to the production of 100,000–125,000 tons of raw and refined sugar a year, helping the country raise its production capacity to about a third of pre-war levels. The investment, located on the Zambezi River, will involve the development and farming of 11,000 hectares of cane fields.

The project will be the largest economic development undertaking and main employer in northern Mozambique, which has attracted little FDI. Companhia de Sena SARL will be the country's leading sugar producer, selling about 70 percent of its sugar domestically and 30 percent abroad. An estimated 80,000–100,000 tons a year of imported sugar could be substituted by this project, thereby guaranteeing a reliable domestic supply. Transportation (road and water) infrastructure will be built. Other developmental benefits include the establishment of potable water points, the electrification of the Marromeu village, and the upgrading of a local school and hospital. MIGA is guaranteeing fees paid by the project enterprise for technical assistance to management and transfer of technology services.

TANZANIA

Barrick Gold Corp. of Canada
 (Kahama Mining Corp. Ltd.)

A new MIGA guarantee will help tap the potential of Tanzania's underdeveloped mining sector, helping the country diversify its economy. In fiscal 2001, Barrick Gold Corp. of Canada received a \$56.3 million MIGA guarantee for its investment in an underground gold, silver, and copper mine in Tanzania. Private insurers are providing facultative reinsurance. The insurance will cover the investment against the risks of transfer restriction, expropriation, and war and civil disturbance. Canada's Export Development Corporation is coinsuring the project.

The project involves establishing and operating a mine and mill complex. Over the life of the mine, the project is expected to annually produce 420,000 ounces of gold, 240,000 ounces of silver, and 3.8 million kilograms of copper. Innovative approaches are being taken to dispose of tailings, using paste technology and backfilling in the underground mine.



photos | MIGA's guarantee is covering an investment to rehabilitate and partially privatize Mozambique's largest sugar estate. Shown above are the factory boiler, dyke, and roof undergoing repairs.

The investment will contribute to the development of the country's infrastructure. Communities surrounding the plant will benefit directly through improved access to potable water drawn from the water pipeline being constructed by the project sponsors, the availability of electrical power to local households, and the development of roads.

The project created approximately 1,500 jobs during construction and more than 1,000 new jobs to operate the facilities. Under agreement with the government, the project enterprise will prepare and carry out an effective employment and training program for its Tanzanian employees in each phase and at all levels of operation. The project will pay an estimated \$75 million in taxes, royalties, and duties to the government during the initial 15 years and procure some \$10 million a year in local goods and services.

TOGO

Joseph Fermon

Banque Belgoise, S.A.

(Société Cotonnière des Savanes S.A. [SOCOSA])

In its first project in Togo, MIGA is providing Banque Belgoise and Joseph Fermon, chairman of the Continental Eagle Corporation, the world's largest cotton equipment manufacturer, guarantees totaling \$7.4 million. The guarantees are against the risks of expropriation, and war and civil disturbance. They cover an equity investment and loan to a cotton concession, Société Cotonnière des Savanes S.A. (SOCOSA).

The project, which is a new cotton ginning facility, seeks to promote exports from Togo under the Free Trade Zone Act, and supports the government's strategy of increasing economic growth in the north of the country. It will constitute the country's sixth cotton ginning factory and the largest agribusiness in the north. It will export all of the cotton produced and is expected to generate more than \$60 million in foreign exchange earnings over the next five years. With approximately 195 employees, SOCOSA will be one of the main employers in the Dapaong area, and its operations will positively affect the livelihood of the local population. A comprehensive onsite and offsite technical training program will be implemented. The project is also expected to stimulate numerous downstream local businesses, including a cotton oil refinery.

ZAMBIA

Mitsubishi Corp.

(Marunouchi Motors Ltd.)

MIGA issued \$2.4 million in guarantees for Mitsubishi Corp.'s investments in Marunouchi Motors Ltd. in Zambia. The guarantees cover the investment against the risks of war and civil disturbance, transfer restriction, and expropriation of funds. The project plans to expand a car dealership in Zambia, an IDA-eligible country.

The facility expansion and modernization is expected to help improve the country's limited transportation resources, allowing the company to provide vehicles to local residents and enterprises, as well as governmental institutions in Zambia. The investment will help the project enterprise broaden its customer base, as well as improve its after-sales services, and thereby ultimately benefit consumers. The expansion is expected to result in the hiring of 125 local workers during the construction phase and 10 additional permanent staff thereafter. Special courses will train technicians on how to service new vehicle models.