

LETTER TO THE COUNCIL OF GOVERNORS

James D. Wolfensohn, president of the Multilateral Investment Guarantee Agency (MIGA) and chairman of its Board of Directors, submits to the Council of Governors on behalf of the Board of Directors and in accordance with MIGA's bylaws, this report and audited financial statements for the fiscal year ending June 30, 2001.



Following the Council of Governors' approval of the MIGA Review 2000 report at the October 2000 Annual Meetings in Prague, the agency has further intensified efforts in its guarantee activities. During the past fiscal year, particular attention was paid to priority areas that are not usually adequately supported by other investment insurers. These priority areas are: Africa; IDA-eligible² countries; South-South investments (among developing countries); investments in SMEs; and complex infrastructure projects.

Implementation of this strategy has been a success. MIGA's political risk guarantee issuance reached a new record of \$2 billion in gross coverage across 66 contracts of guarantee, with a particular focus on the aforementioned priority areas.

As regards the agency's technical assistance activities, in keeping with the strategic course set forth in the MIGA Review 2000 report, the agency has increased its efforts to improve the capacity of select developing countries' investment promotion agencies to develop and implement investment promotion strategies. Technical assistance was provided to 38 countries, and longer-term capacity building commitments were focused on 28 countries where these efforts are both particularly needed and expected to pay dividends, in terms of attracting more foreign direct investment in the near future. Through its information products and services, MIGA employed new technologies and tools to disseminate information on investment opportunities and business operating conditions in developing member countries.

MIGA paid its first claim at the end of fiscal 2000—and began receiving repayment of the claim by the host country in fiscal 2001. Additionally, MIGA worked with investors and host countries to prevent claims from arising and to mediate investment disputes.

Only with an adequate capital base can MIGA continue its growth and the pursuit of the strategic directions approved by the Council of Governors. This underscores the importance of MIGA's General Capital Increase, approved by MIGA's Council of Governors.³ To date, 51 of MIGA's 154 member countries have subscribed all or a portion of their subscription, for a total of \$330 million.

I take this opportunity to urge member states to finalize their subscriptions and lead the agency to a successful conclusion of its General Capital Increase subscription period, which ends on March 29, 2002, so that the agency may continue, and even expand, its unique and important role in supporting development.

June 30, 2001