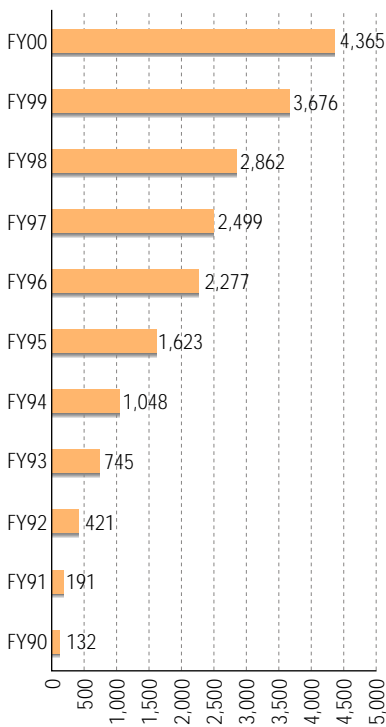


GUARANTEES PROGRAM

Fiscal 2000 was another highly successful year for the Guarantees program. MIGA issued 53 new contracts for a record \$1,605 million for projects in 26 developing member countries. These projects will have significant developmental impact. MIGA's income from net premiums, fees, and commissions totaled \$29.5 million.

Figure 1. Growth of Gross Exposure, Fiscal 1990–2000
(millions of U.S. dollars)



MIGA's total issued coverage reached over \$7.1 billion at the end of the fiscal year, covering investment projects in 75 developing countries. The outstanding portfolio at the end of the year was more than \$4.4 billion before reinsurance and net of cancellations (figure 1).

MIGA issued first-time guarantees for projects in Albania, Armenia, Bosnia & Herzegovina, Croatia, Lesotho, FYR Macedonia, Moldova, Nicaragua, Swaziland, and Turkmenistan. It issued nine guarantee contracts to investors from developing member countries (Cyprus, South Africa, and Turkey) for investments in Azerbaijan, FYR Macedonia, Lesotho, Mozambique, Swaziland, Turkmenistan and Zambia. Three small- and medium-sized enterprises were guaranteed in Albania, Armenia, and Moldova. Eight guarantee contracts totaling \$299 million were issued for projects in Africa and 12 projects were guaranteed for \$460.5 million in IDA-eligible countries: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Kenya, Lesotho, FYR Macedonia, Moldova, Mozambique, Nicaragua, Tanzania, and Zambia.

SECTORAL DISTRIBUTION

MIGA's portfolio is well diversified across several sectors (figure 2). The financial sector accounts for 34 percent of gross exposure, followed by infrastructure (29 percent), which has experienced the fastest growth. MIGA has diversified in the financial sector, toward such activities as leasing, mortgage financing, and investment funds, in addition to general banking activities. MIGA's coverage of projects in the financial sector, as

well as in the agribusiness, tourism and manufacturing sectors, shows a specific effort to promote small- and medium-sized investments.

GEOGRAPHIC DISTRIBUTION OF GUARANTEES

At 51 percent, Latin American and the Caribbean continued to account for the largest portion of MIGA's outstanding portfolio (figure 3). Seven countries in the region benefited from MIGA-insured investments during fiscal 2000, including Argentina, Brazil, and Peru—the three host countries with the largest gross share of the overall portfolio (table 1). Europe and Central Asia accounted for the next largest share of the portfolio (22 percent), followed by Asia and the Pacific (14 percent) and Sub-Saharan Africa (12 percent). The Middle East and North Africa accounted for the balance, with slightly more than 1 percent of the portfolio.

Figure 2. Outstanding Portfolio Distribution by Sector (gross)

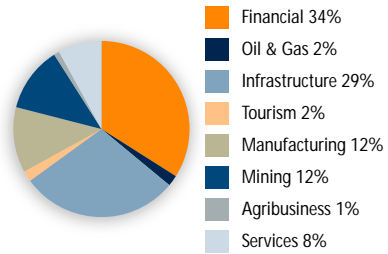


Figure 3. Outstanding Portfolio Distribution by Host Region

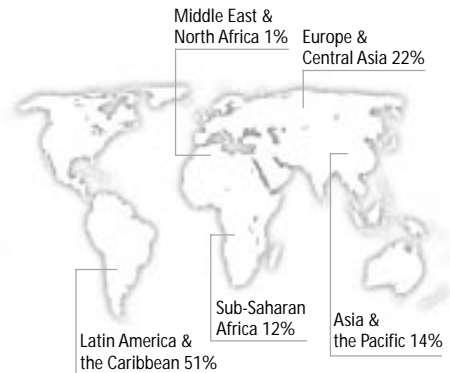
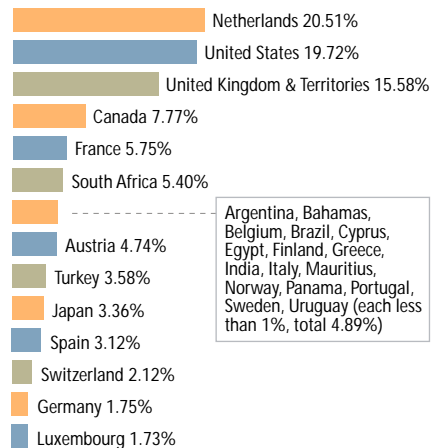


Table 1. Five Largest Country Exposures in MIGA's Portfolio, Fiscal 2000*

Host Country	Percentage Share of Outstanding Portfolio	
	(Gross)	(Net)
Brazil	14.5	10.1
Argentina	9.9	7.2
Peru	7.6	6.6
Russia	6.2	4.5
Turkey	5.2	4.7
Total	43.4	33.1

*Net of treaty and facultative reinsurance.

Figure 4. Outstanding Portfolio Distribution by Investor Country (net)*



* Tally slightly over 100% because of rounding

EXPANSION OF COVERAGE

MIGA's reinsurance, coinsurance, and trust funds helped it meet demand for guarantee services.

Reinsurance and Coinsurance

During fiscal 2000, MIGA maintained client relationships with reinsurers and coinsurers to manage MIGA's country- and project-specific capacity limits. Longstanding relationships with MIGA's treaty reinsurers ACE Insurance Company, Ltd. (ACE) and XL Capital Limited (XL) were continued, along with partners such as Zurich US, ACE Global Markets and Brockbank, syndicates at Lloyd's of London, Chubb & Son, Sovereign Risk, France's Compagnie Francaise d'Assurance pour le Commerce Exterieur (COFACE), Canada's Export Development Corporation (EDC), the United States's Overseas Private Investment Corporation (OPIC).

This was a successful year for MIGA's facultative reinsurance program: \$247 million was mobilized to support five projects, including \$86 million for a mining project in Tanzania. MIGA obtained facultative reinsurance from first-time partners S.J. Catlin, Cox Insurance Holdings, C.N.R. Atkin and Goshawk (all syndicates at Lloyd's of London), Munich Reinsurance, and Nederlandse Financierios-Maatschappij voor Ontwikkelingslanden N.V. of the Netherlands.

The CUP continued to grow in importance for MIGA and its clients.³ More than \$257 million in additional coverage was mobilized in fiscal 2000 for four contracts, up from \$115 million in fiscal 1999. MIGA succeeded in arranging the largest CUP to date—\$175 million was mobilized for a telecommunications project involving BCP S.A. in Brazil—while bringing four new private insurers into the program; S.J. Catlin, Cox Insurance Holdings, H.H. Hayward (all syndicates at Lloyd's of London), and Unistrat Corporation of America.

3. The CUP is a form of coinsurance in which MIGA is the insurer-of-record among other participating underwriters. In the CUP arrangement, MIGA retains only a portion of the risk for its own account. One or more private insurers underwrite the remainder of the coverage.

Trust Funds

MIGA continues to administer two investment guarantee trust funds for Bosnia and Herzegovina and for the West Bank and Gaza to facilitate foreign investment in these areas. Two projects have been underwritten so far—one in West Bank and Gaza (fiscal 1999) and the other in Bosnia and Herzegovina (fiscal 2000), and several applications for guarantees under these trust funds have been received and are being processed.

BOSNIA AND HERZEGOVINA

Coca-Cola Beverages Holding II B.V. and CCB Management Services GmbH

CC Beverages Production Services d.o.o. and Coca-Cola Beverages B-H d.o.o.

Three contracts of guarantee were issued to Coca-Cola Beverages Holding II B.V. (Coca-Cola) of the Netherlands and CCB Management Services GmbH (CCB) of Austria both subsidiaries of Coca-Cola Beverages plc, the soft drink producer's Central European bottling division. They represent the first MIGA-supported project in Bosnia and Herzegovina and the first project to obtain coverage under the Investment Guarantee Trust Fund for Bosnia and Herzegovina, which MIGA administers on behalf of the European Union.

MIGA is covering Coca-Cola Beverages Holding II B.V. for its equity investments in both CC Beverages Production Services d.o.o. and Coca-Cola Beverages B-H d.o.o. in the event of expropriation or war and civil disturbance up to an amount of 22.5 million euros (\$20.96 million). A third contract to CCB covers fees under a management services agreement between CCB and Coca-Cola Beverages B-H d.o.o. totaling 1.8 million euros (\$1.68 million) against the risk of transfer restriction.

The guaranteed investment encompasses the acquisition of the IBP Hadzici bottling facility in a suburb of Sarajevo, as well as the capitalization and expansion of both local companies, which will bottle and distribute soft drinks throughout the country.

Coca-Cola is the first foreign investor to take part in a privatization in Bosnia and Herzegovina. The investment and MIGA's involvement in it are expected to have a positive impact on other potential investors. The government, the World Bank Group, and the European Union have all lent their support to the project and regard it as a pioneer investment. The project is expected to employ 135 people, who will benefit from extensive training conducted both onsite and abroad. It will substitute for imports and is expected to re-invest profits to expand its local operations. Strong downstream effects related to retailing, advertising, food services, and vehicle maintenance are expected.

Coca-Cola is the first foreign investor to take part in a privatization in Bosnia and Herzegovina. The investment and MIGA's involvement in it are expected to have a positive impact on other potential investors.

Development of the Private Political Risk Insurance Market

One of the driving forces behind the rapid growth of the political risk insurance market, which is estimated to be growing at 30–40

Private insurers today are more capable of matching investors' needs than before by increasingly offering long-term (7–10 years or longer) coverage with greater capacity.

percent annually, is the increasing capability of private insurers to meet the insurance needs of international investors and lenders. The worldwide industry size of political risk insurance for investment is estimated to be approximately \$700–750 million in terms of annual premium income.

Private insurers today account for approximately 50–60 percent of this rapidly expanding market.

Several factors can explain the rapid growth of private insurers in the political risk insurance business. First, international investors in general are more concerned about political risks than in the past. Second, significant insurance and reinsurance capacity has been flowing into political risk insurance because the general property insurance market has been “soft”—in other words, an overcapacity has resulted in low prices. Third, international investors and financial institutions now feel more comfortable using political risk insurance from the private sector. Finally, private insurers today are more capable of matching investors' needs by increasingly offering long-term (7–10 years or longer) coverage with a greater capacity than in the past. In recent years, some insurers appear to have diversified portfolios globally to include coverage in some African countries.

Long-established private insurers in political risk insurance include Lloyd's of London and American Insurance Group, Inc. New or recently reentering insurers include Zurich US, Chubb & Sons, Sovereign Risk Insurance, and Lehman Re. In addition, much of the coverage provided by those private and public insurers is reinsured. Major reinsurance players in political risk insurance include ACE and XL, with which MIGA has entered treaty reinsurance agreements.

Private insurers and public insurers, including MIGA, are viewed very differently in the eyes of investors. Some investors use primarily private insurers, some primarily use public insurers, while others use both private and public insurers. In general, as viewed by investors, private insurers deliver well on product flexibility and speed, while public insurers are known to be good at providing needed capacity, and bringing to the transaction an understanding of, and relationship with, host countries. In an attempt to bring the uniqueness of each together and better serve client needs, various forms of cooperation among private and public insurers are becoming increasingly evident. These include co-insurance, facultative and treaty reinsurance and MIGA's CUP.

Table 2. MIGA Guarantees Issued in IDA-Eligible Countries (gross)

As of June 30, 2000		
Gross Liability		
Host Country	(US\$000)	% of Total
Albania	1,565	0.04%
Angola	20,805	0.48%
Armenia	2,700	0.06%
Azerbaijan	65,424	1.50%
Bangladesh	79,542	1.82%
Bolivia	77,094	1.77%
Bosnia and Herzegovina	20,992	0.48%
Cape Verde	2,320	0.05%
Cote d'Ivoire	14,722	0.34%
Georgia	2,134	0.05%
Ghana	14,670	0.34%
Guinea	2,864	0.07%
Guyana	30,600	0.70%
Honduras	17,157	0.39%
Indonesia	56,496	1.29%
Kenya	42,190	0.97%
Kyrgyz Republic	75,150	1.72%
Lesotho	23,761	0.54%
Macedonia, FYR of	18,872	0.43%
Madagascar	1,440	0.03%
Mali	35,500	0.81%
Moldova	2,700	0.06%
Mozambique	112,215	2.57%
Nepal	32,827	0.75%
Nicaragua	81,409	1.87%
Pakistan	143,684	3.29%
Sri Lanka	3,386	0.08%
Tanzania	118,980	2.73%
Uganda	47,685	1.09%
Vietnam	36,000	0.82%
Zambia	31,300	0.72%
Total 31	1,216,184	27.86%
No longer IDA-eligible		
China	121,013	2.77%

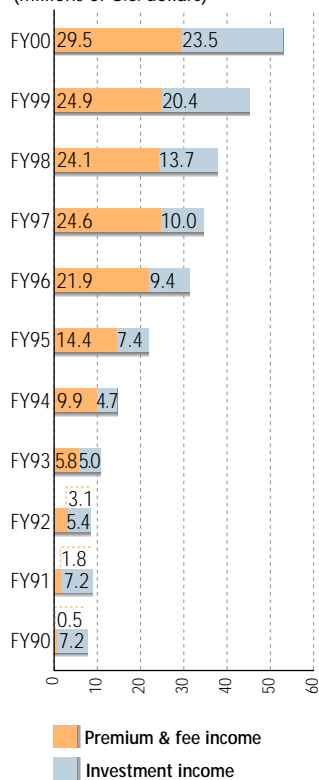
The International Development Association (IDA) is the World Bank Group's concessional lending facility, which concentrates on very poor countries. Guarantees outstanding in 31 IDA-eligible countries in fiscal 2000 total more than \$1,216 million, approximately 28 percent of MIGA's current gross guarantees portfolio. During the fiscal year, China and Equatorial Guinea graduated from IDA-eligible status. MIGA's exposure in China is \$121,013 million (or 2.77% of the gross portfolio). Investors in Equatorial Guinea cancelled all MIGA's coverage in that country during the year, so the IDA-eligible status change did not affect the results shown.

FACTS ABOUT MIGA

Table 3. MIGA's Issued Guarantee Portfolio and Foreign Direct Investment (FDI) Facilitated, Fiscal 1990–2000

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total
Number of Guarantees Issued	4	11	21	27	38	54	68	70	55	72	53	473
Amount of Guarantees Issued (millions of U.S. dollars)	132	59	313	374	372	672	862	614	830	1,310	1,605	7,145
Estimated FDI Facilitated (billions of U.S. dollars)	1.0	0.9	0.6	1.8	1.3	2.3	6.5	4.7	6.1	5.2	5.45	35.95

Figure 5. MIGA Premium and Fee, and Investment Income* Fiscal 1990–2000
(millions of U.S. dollars)



*Excludes other income.

Figure 6. Country Membership, Fiscal 1990–2000
Number of countries

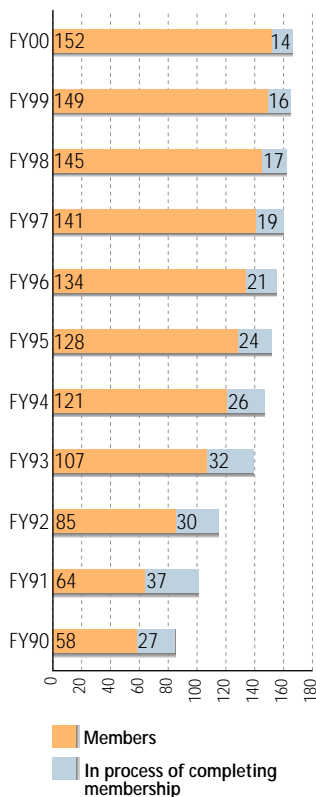
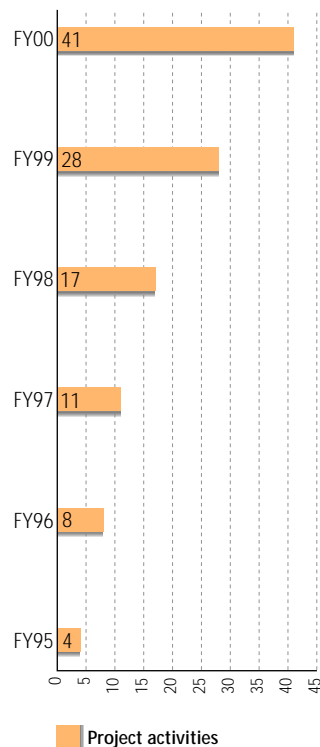


Figure 7. MIGA's Technical Assistance to IDA-Eligible Countries Fiscal 1995–2000



CLIENT OUTREACH

In April 2000 MIGA hosted its second Symposium on International Political Risk Management: Exploring New Frontiers, in conjunction with Georgetown University in Washington, D.C. Designed for practitioners from the investment, lender, and insurance communities, the symposium featured original papers and commentary on current problems in international political risk management, on making a market in political risk exposures, and on cooperation and competition in the political risk insurance marketplace.

Topics covered included the new challenge for international political risk management of dividing political risk exposure into tradable units, the similarities and differences between political risk and other forms of catastrophic risk coverage, and major issues related to pricing political risk coverage, and in evaluating the relative utility of global-versus-individual project coverage for political risk.

As part of its ongoing efforts to strengthen links with the international investment community, MIGA set up temporary mobile offices in India, East Africa, and the Middle East during fiscal 2000. First introduced in 1997, the mobile office program is designed to strengthen relations with existing clients and extend MIGA's reach to prospective clients. Typically, a mobile office operates for one to three weeks, during which time a small team of MIGA staff visits major cities in a country or region to share information about MIGA's political risk insurance program, technical assistance activities, and Web-based information services. In each city the team delivers a seminar and follows up with one-on-one meetings with financial institutions and potential investors.

In November, the executive vice president visited Italy, where MIGA staff made presentations in Turin, Milan, and Rome. One of the main achievements of the mission was the signing of a Memorandum of Understanding between MIGA and Società Italiana per le Imprese



The symposium on International Political Risk Management: Exploring New Frontiers, held in Washington, D.C., in April 2000 drew high-level participants from the investment insurance marketplace.

all'Estero, the Italian development finance institution, to jointly promote foreign direct investment (FDI) by Italian small- and medium-sized enterprises.

In fiscal 2000, MIGA signed Memoranda of Understanding with each of the national insurance agencies of Denmark, Italy, and Malaysia. It also signed Memoranda of Understanding on provision of information to PrivatizationLink with Cameroon, Egypt, Mali, and Morocco (tables 4 and 5).

East Africa. MIGA has been active in the region and has provided guarantee coverage of more than \$503.2 million for several investments in Africa. The mobile office in East Africa in late March went to Kenya, Mauritius, Mozambique, South Africa, and Tanzania. Special investment forums highlighted opportunities for crossborder investment in the region, and the availability of political risk insurance and project finance. The forums also showcased opportunities for investment stemming from privatization programs in Kenya, Tanzania, and Uganda. Institutional investors were among the more than 150 participants from governments throughout East Africa, investment promotion agencies, and financial intermediaries who attended.

West Africa. The executive vice president of MIGA headed a delegation to Ghana and Côte d'Ivoire in November. In Côte d'Ivoire the delegation participated in the 1999 session of the Invest in Côte d'Ivoire Forum in Abidjan. This event, targeted at developing Africa's small- and medium-sized enterprise sector, brought together more than 2,500 participants, including delegations from neighboring countries and international investors from around the world. The mission also worked on a collaborative program with the African Development Bank and presented MIGA's Guarantees program to its executive directors.

MIGA's chief underwriter traveled to Côte d'Ivoire, Ghana, Guinea, and Senegal, where he met with ministers, government officials, commercial attachés, and local and foreign business people to discuss MIGA's programs.

India. The mobile office in India aimed to raise awareness of MIGA's activities among members of the Indian business community, particularly among those looking to invest in MIGA's other developing member countries. The Export-Import Bank of India hosted the mobile office—the bank signed a cooperation agreement with MIGA a few years ago and has become a strong institutional partner. During the visit to India, MIGA conducted seminars and visited companies in Mumbai, Bangalore, Delhi, and Hyderabad. MIGA staff also met with representatives of the Ministry of Finance, National Highway Authorities, Confederation of Indian Industries, and financial institutions.

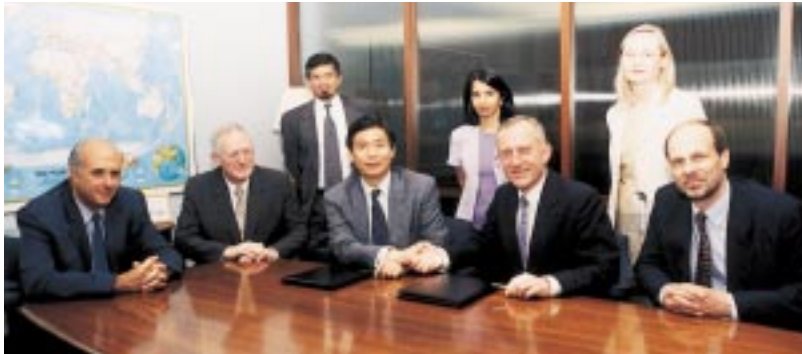
GUARANTEES PROGRAM

Table 4. Memoranda of Understanding for Guarantees

PARTIES	TYPE	DATE SIGNED
MIGA and the Eksport Kredit Fonden, Denmark	Cooperation	10 May 2000
MIGA and the Malaysia Export Credit Insurance Berhad	Cooperation	10 May 2000
MIGA and Società Italiana per le Imprese all'Estero, Italy	Cooperation	17 November 1999
MIGA and the Export Credit Bank of Turkey	Cooperation	12 October 1999
MIGA and the Export Finance and Insurance Corporation, Australia	Cooperation	18 May 1999
MIGA and the Export, Import and Investment Insurance Department of the Ministry of International Trade and Industry, Japan	Cooperation	6 April 1999
MIGA and ECICS Credit Insurance Ltd., Singapore	Cooperation	25 November 1998
MIGA and the Inter-Arab Investment Guarantee Corporation	Cooperation	15 February 1997
MIGA and the Export-Import Bank of India	Cooperation	14 March 1996
MIGA and the Compagnie Francaise pour le Commerce Exterieur, France	Joint Insurance Agreement	7 December 1994

Table 5. Memoranda of Understanding on Provision of Information for PrivatizationLink

PARTIES	DATE SIGNED
Egypt	19 January 2000
Mali	24 September 1999
Cameroon	22 September 1999
Morocco	17 August 1999
Bolivia	4 June 1999
Slovak Republic	10 March 1999
Bosnia-Herzegovina	16 December 1998
Armenia	29 July 1998
Russia	28 July 1998
Georgia	4 July 1998
Azerbaijan	4 May 1998
Kyrgyzstan	4 May 1998
Moldova	May 1998
Belarus	22 April 1998
Ukraine	22 April 1998
Tajikistan	April 1998
Uzbekistan	April 1998



Signing Ceremonies for Memoranda of Understanding
top to bottom:

- MIGA and the Eksport Kredit Fonden of Denmark
- MIGA and Malaysia Export Credit Insurance Berhad (MECIB)
- MIGA and Turk EXIM Bank

The Gulf Region

MIGA operated a mobile office in the Gulf region during the last two weeks of May, visiting seven cities in Saudi Arabia (Dammam, Riyadh, Jeddah), Kuwait (Kuwait City), Bahrain (Manama) and the United Arab Emirates (Abu Dhabi, Dubai). Staff gave presentations and held one-on-one meetings with potential investors and lenders and with public sector officials interested in bringing foreign direct investment into their countries. In Riyadh, the World Bank hosted a seminar promoting foreign direct investment, which was chaired by Prince Abdullah Bin Faisal Bin Turki, the governor of the Saudi Arabian General Investment Authority, and attended by many prominent members of the investment community. In Kuwait City, Dammam, and Jeddah the MIGA team was supported by the local chambers of commerce, which helped organize and host presentations for which there was considerable interest and participation.

The trip provided a useful opportunity for MIGA to build awareness with regional investors looking for political risk coverage for outward direct investments. Additionally, the visit was an encouraging first step in trying to facilitate more investment into a region that currently accounts for only a small percentage of MIGA's portfolio. As investment climates in many of the countries open up to foreign investors, the catalytic role that MIGA can play through its Guarantees program is increasing. Further, as more investment goes into the region, the opportunity to work with and to bring in other public and private insurers also grows. In particular, the trip enabled MIGA to strengthen ties with the Inter-Arab Investment Guarantee Corporation, based in Kuwait, and to explore new ways in which the two institutions may work together.



The World Bank Group sponsored a seminar in Riyadh promoting foreign direct investment.

EVALUATION OF DEVELOPMENTAL IMPACT AND COOPERATION WITH THE WORLD BANK GROUP

MIGA launched its Environmental Assessment and Disclosure policies, and the procedures for implementing them, during fiscal 2000. These have been posted on MIGA's Web site. Also posted on MIGA's Web site were announcements of the availability in Washington of Environmental Impact Assessments for all new Category A projects (sensitive projects) that were considered by MIGA during fiscal 2000. Information on policies and procedures have been disseminated by MIGA to applicants, clients, stakeholders, and other interested parties through multiple channels.

In fiscal 2000, MIGA significantly expanded the scope of its ex-post evaluation program of the developmental impact of MIGA projects. During this past year, MIGA's Evaluation Unit examined 23 projects in 15 countries in the mining, infrastructure, manufacturing, financial, and tourism sectors. A total of 55 projects have now been evaluated; they represent approximately 80 percent of all active projects guaranteed between fiscal 1990 and fiscal 1996.

A key part of these evaluations involved comparing anticipated developmental impact with ex-post results. In most instances, the realized effects have surpassed the anticipated developmental impact. For example, actual FDI exceeded initially estimated FDI by an average of 18 percent.

The projects evaluated were found to have a wide variety of direct and indirect impacts in the host counties. For example, MIGA verified that a major hotel chain created some 415 new jobs in Costa Rica. A petrochemical plant in Kuwait was found to be outstanding in terms of human capital

development by providing diversified job-specific training for its employees, and thereby facilitating the transfer of management responsibilities to local employees. Mining operations in Mali and Kyrgyzstan had very positive impacts on their economies by generating substantial export earnings and tax revenues.

In terms of indirect impacts, a branch bank operation in the Philippines created substantial downstream effects by funding important infrastructure investments, such as Manila's Metro Rail Transit Corporation. A producer of lamps and light fixtures in China has stimulated a variety of upstream businesses, indirectly supporting about 6,000 jobs in more than 300 local suppliers. A cobalt mining operation in Uganda is transferring knowledge to Ugandans by introducing an innovative and environmentally friendly technology. Additionally, several projects have helped to improve the availability of physical and social infrastructure to employees and local communities (see box). Many MIGA-supported projects have initiated environmental, educational, and charitable projects or institutions. For example, programs to eliminate existing environmental hazards have been supported in Brazil, Kuwait, and Uganda.

In fiscal 2000, MIGA evaluators participated with the International Bank for Reconstruction and Development (IBRD) and IFC staff in a joint country evaluation for the first time. All three institutions sent staff members to Kazakhstan to assess the results of the World Bank Group's assistance. MIGA specifically evaluated its projects in Kazakhstan and helped identify some of the key factors that constrain further private investment. The findings of the joint evaluation will be incorporated into the World Bank Group's new country assistance strategy for Kazakhstan.

Looking Back: Société d’Exploitation des Mines d’Or de Sadiola (Mali)

In fiscal 1996, MIGA issued a contract of guarantee totaling \$50 million to investors in an open-pit gold mine and treatment plant in Sadiola in Mali. MIGA provided coverage against the risks of expropriation, transfer restriction, and war and civil disturbance. MIGA decided to lend its support to the project because of the anticipated economic and developmental benefits to Mali. The mine was the first MIGA-supported project in Mali and, with a total project investment of \$271 million, remains one of MIGA’s largest covered investment in Africa.

As part of MIGA’s ongoing project evaluation, the project was visited in November 1999 to evaluate its developmental impact and to monitor project-related environmental issues. This joint MIGA-IFC project has had an impressive effect on the host country’s development. ▶▶▶

In conjunction with the mine’s construction, the long-neglected social infrastructure in nearby communities was improved by the establishment of medical clinics and schools. These continue to be supported by the Sadiola project and are available to the staff and the local community. Some \$5.4 million was spent on a resettlement plan for two nearby villages, which resulted in a considerable upgrading of the housing and living conditions of the local population. Additionally, the company made contributions to a community development fund and initiated a microcredit lending program.

The Sadiola mine also has benefited local businesses by giving preference and incentives to regional suppliers of production inputs. Since the technology used by the operation is fairly new to Mali, there is great potential for transferring skills and technology to future Malian mining projects. The mine also has encouraged regional cooperation and generates crossborder benefits for Senegal. Necessary production inputs are either sourced in Senegal or are being transported through its infrastructure. In Mali, the Sadiola project has encouraged follow-up investments by its main international shareholder, involving the expected development of a new gold mine.

- ▶ *The project created more than 300 new jobs for employees from Mali and other developing countries, well in excess of what had been anticipated.*
- ▶ *The company has made a particular effort to train Malians to assume management and leadership positions.*
- ▶ *The company provided many specific training courses both on and off site.*
- ▶ *The project pays wages well above the national average.*

This year MIGA contributed to IBRD papers on infrastructure, information, and finance and collaborated in formulating new World Bank Group programs for small- and medium-sized enterprises. MIGA staff participated in joint missions and conferences, and MIGA was extensively involved in developing country assistance strategies for Argentina, Brazil, Ghana, Kazakhstan, Mozambique, Russia, and Turkey.

Transactional coordination continued to be strong and was enhanced by regular participation in country teams and in developing private sector strategies in Europe and Central Asia, Côte d'Ivoire,

Ethiopia, Ghana, Nigeria, Rwanda, and Senegal. MIGA seconded an underwriter to the IBRD's Common Market for Eastern and Southern Africa trade facility (COMESA) in Zimbabwe, and worked to develop trade facilities for Albania, Bosnia, and Kazakhstan.

MIGA's Investment Marketing Services Department built upon established relationships with IBRD's regional vice presidencies and the IFC, participating in project design and implementation efforts in Africa and the Middle East. Collaboration has been particularly successful with the Foreign Investment Advisory Services, as described on the following page.

CAO: Bridging Gaps, Solving Problems

The Compliance Advisor/Ombudsman (CAO) for MIGA and IFC, Meg Taylor, a lawyer and conservationist with business experience in Papua New Guinea, began the functions of her office during fiscal 2000. The Guidelines for the new office were endorsed in early April. The CAO office has three distinct but linked roles: to assess compliance with policies and procedures; provide advisory services to the president; and to perform a classic ombudsman role receiving and investigating complaints made against projects. The Guidelines were developed through a comprehensive consultative process with IFC/MIGA management, private sector, and NGOs around the world. "One of the emphases that came out of the consultation was that the CAO should focus on solving problems rather than just attach-

ing blame", says Taylor. Taylor sees the CAO as having a critical role in bridging the gap between the level of resources available to investors and those available to local communities when conflicts begin to emerge. Lessons learned from the first year include:

- ▶ That comprehensive consultations with stakeholders' representatives on how such a new institution might operate are time-consuming but produce both balanced outcomes and a large degree of "buy in".
- ▶ That the mere existence of an accountability monitoring agency like the CAO brings about the beginnings of positive change.

To view the CAO's Operational Guidelines contact the CAO at cao-compliance@ifc.org or visit the Web site at www.miga.org/screens/about/cao.htm

MIGA and FIAS—Building New Partnerships

Through its Investment Marketing Services Department, MIGA has established a solid range of services in capacity building and information dissemination since a 1993 reorientation relative to the Foreign Investment Advisory Service (FIAS).

MIGA's activities focus on investment promotion agencies, sectoral ministries, and other investment intermediaries in developing member countries. FIAS is responsible for advising member governments on the laws, policies, institutions, and programs designed to attract and retain foreign investment.

In the past two years, MIGA and FIAS have made considerable progress in implementing their respective portfolios so as to ensure that technical assistance activities are complementary and mutually reinforcing. In Tunisia, MIGA and FIAS worked together to define and manage a complex multiyear technical assistance effort including a program to target and solicit FDI from high potential firms in the U.S. automotive sector, that led to investor site visits in fiscal 2000. Likewise, in Ethiopia, FIAS and MIGA collaboratively implemented a technical assistance program for their investment promotion agency that included hands-on training in online technologies, strategy development, an in-country diagnostic of the agency's information technology needs, and recommendations regarding near- and medium- term hardware and software needs. Furthermore, as FIAS's activities come under the umbrella of the new World Bank-IFC Private Sector Advisory Services Department, there is an opportunity to revisit the coordination arrangements between its work and MIGA's services. Plans for fiscal 2001 include an improved communications framework and investigating opportunities for joint missions.

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On the Internet information front, MIGA collaborated with IBRD and IFC on PrivatizationLink, PrivatizationLink Russia, and the development of Africa Connection (to be launched in fiscal 2001); and in designing the private sector module of the Global Development Gateway, a World Bank Group initiative to establish and promote a Web-based clearinghouse and directory for development information. MIGA has worked with IBRD's post-conflict unit and the Europe and Central Asia Region on several initiatives on how to support post-conflict stabilization efforts and promote small- and medium-sized investments.

THE FUTURE

Fiscal 2000 saw several important developments that will enhance MIGA's ability to promote productive FDI in its developing member countries and to focus on its four guiding principles of developmental effectiveness, financial soundness, client orientation, and partnerships.

MIGA expects to become more efficient and effective in processing and monitoring its activities by implementing structural organizational changes and technological enhancements to improve reporting controls and client tracking. More staff and more investment in training should also enhance the impact of MIGA's guarantees activities on development. Stronger marketing and expanded outreach to international investors through mobile offices and field representation will help MIGA focus on its development priorities, particularly in facilitating FDI flows

to Africa and IDA-eligible countries, and between developing member countries. MIGA can increase flows of foreign direct investment to its developing member countries through closer partnerships and alliances with national and private insurers, and expanded collaboration with the private insurance industry through coinsurance and treaty and facultative reinsurance.

GUARANTEES ISSUED

The projects insured by MIGA in fiscal 2000, grouped by regions, are described on the following pages.