Guarantees issued cover projects in 18 developing member countries, and include first-time coverage of investments in Albania, Croatia, Lesotho, Moldova and Turkmenistan.
insurance. This is also a result of our representation overseas, links with foreign investment agencies and web-based information services, which have helped us to better serve our clients and meet our developmental objectives."

**Some Project Highlights**

**Lesotho**
MIGA guarantees of US$23.7 million covered investments in one of Lesotho's first privatization deals. The project involves the partial privatization of the government-owned Plant and Vehicle Pool Service. The investor, Imperial Group (Proprietary) Limited of South Africa, has a buy-lease-back and maintenance agreement with the Lesotho government for about 60 percent of the motor vehicle fleet. MIGA guarantees cover the risks of expropriation, transfer restriction, war and civil disturbance, and breach of contract.

**Croatia**
MIGA's guarantee covers a shareholder loan by Hypo Alpe Adria Bank A.G. in Croatia's recently privatized Slavonska Banka d.d. The new financing will be used to develop the bank's new lending portfolio in Eastern Slavonia. Slavonska Banka d.d. will on-lend its funds to small- and medium-sized enterprises, which traditionally have had little access to long-term finance. The targeted sectors are agriculture, tourism, agribusiness, the wood-processing industry and the building-materials industry. The bank also will expand its retail sector to provide a full range of personal and small business banking services.

The project will help the country's reconstruction efforts by strengthening the private banking sector. MIGA's guarantee covers the investment against risks of expropriation of funds and transfer restriction.

**Azerbaijan**
MIGA guarantees totaling US$56.7 million cover reinvested and future earnings by Azertel A.S. of Turkey, and two loans by Bank Kreiss AG of Germany and Pamukbank TAS of Turkey for their investments in the expansion of a digital cellular telecommunications network in Azerbaijan. The investments will be used for replacement of old equipment and capacity expansion. The project, Azercell, is a joint venture with the Azerbaijan government. It will contribute to the development of competitively priced modern digital telecommunication services in the country and support the infrastructure sector. MIGA guarantees cover the risks of expropriation, transfer restriction, and war and civil disturbance.

**Russia**
MIGA covered a loan by a privately-owned startup agribusiness company involved in increasing agricultural productivity in the Voronezh region. The company will adopt sharecropping methods, utilize modern machinery, and provide technical assistance to local farmers. The project is a pioneer pilot project intended as a working model for similar projects to improve Russia's agronomic yields. MIGA guarantees of US$5 million were issued against the risks of expropriation, transfer restriction, and war and civil disturbance.
In FY99, MIGA insured both equity and debt investors in one of the largest mining projects in Peru, the Antamina copper-zinc mine in the Cordillera Blanca range of the Andes (See MIGA News, Vol. 8, No.1, Fall 1999). Since then, the three original Canadian equity investors, Rio Algom Limited, Noranda Inc., and Teck Corporation agreed to sell down their equity holdings to allow Mitsubishi Corporation of Japan to buy into the project. In FY00, MIGA provided Mitsubishi Corporation coverage against the risks of transfer restriction, and war and civil disturbance for its US$45 million equity investment in the project.

The Antamina deposit, located in a rural Andean region, at an elevation of about 4,300 meters, is expected to significantly increase Peruvian mining exports and have a significant impact on the local economy. The development of the mine will improve the local infrastructure, and the project will pay substantial annual taxes to the government and have a major impact on Peru's trade balance.

The successful closing of this contract was achieved in part due to MIGA's ability to work with the client locally through its Special Representative for Asia, Isabella K. Stoehr, who is based in Tokyo. Mr. Kazuhiko Noguchi, Assistant General Manager of the Non-Ferrous Raw Materials Office at Mitsubishi Corporation, noted that having a MIGA representative based in Japan allowed Mitsubishi to better understand MIGA's political risk coverage, and enabled the project to be processed efficiently and smoothly.
MIGA appointed Ms. Moina Varkie as Marketing Manager in the Guarantee Department, on February 14, 2000. Ms. Varkie will lead the effort to develop a more vigorous marketing program that will support MIGA's business and development priorities and provide a strong base for the Agency's business outreach in member countries.

Ms. Varkie has been a staff member of the World Bank Group since 1977. Prior to joining MIGA, she was Manager of the Business Partnership Center, where she was responsible for promoting cooperation across the World Bank Group institutions on outreach and marketing activities to the business community. Ms. Varkie has had extensive experience working on World Bank projects and programs in many different sectors and countries around the world. She has also worked in an advisory capacity to the senior management of the Bank Group.

Ms. Varkie holds a B.A. degree from Dartmouth College and an M.B.A. from Cornell University.

AIGA has been making special efforts to reach out to its clients, with a particular focus on investors in developing countries.

Among its new marketing initiatives, MIGA has set up overseas offices with
special representatives in Bosnia, Japan, Switzerland (see MIGA News, Vol. 8, No. 2) and Zimbabwe.

In recent months, the Agency set up temporary mobile offices in East Africa and India.

![Image](image.jpg)

Richard Leakey, Permanent Secretary Head of Public Service Office of the President of Kenya and Roger Pruneau, Vice President, Guarantee MIGA in Kenya during the MIGA team's visit to East Africa.

**East Africa**

As part of its on-going marketing efforts in Africa, MIGA organized two investment forums in Mauritius and Tanzania at the end of March 2000, to promote the flow of foreign direct investment into the region and to facilitate project financing for prospective investors interested in cross-border investments. The forums also highlighted opportunities for investment stemming from the privatization programs in Kenya, Tanzania and Uganda. In addition to prospective investors, participants included representatives of multilateral development banks (such as the African Development Bank and the East Africa Development Bank) and international financial institutions, including major commercial banks.

**West Africa**

Mr. Motomichi Ikawa, MIGA's Executive Vice President, led a delegation of staff to Côte d'Ivoire and Ghana, from November 612, 1999. The delegation conducted individual meetings with prospective clients and seminars on the Agency's guarantee program and investment marketing services. Mr. Ikawa addressed an audience of more than 2,500 corporate representatives in Côte d'Ivoire on the importance of foreign direct investment and MIGA's role in promoting the flow of international investment in Africa.

Mr. Ikawa noted: "Developing business in Africa is one of our major priorities, and I am pleased that we were able to meet with the private sector, especially small- and medium-sized enterprises, and strengthen our ties with investment promotion agencies and the African Development Bank. Through our special marketing efforts in Africa, we look forward to extending our services to a broader range of clients."

**South Africa**

MIGA representatives traveled to South Africa to meet with investors and discuss some of the projects MIGA is considering in agribusiness, mining and
other sectors of the economy. MIGA staff also met representatives of the Development Bank of Southern Africa to discuss MIGA's guarantee program and provide information on the Agency's investment marketing services.

MIGA held consultations with the Industrial Development Corporation (IDC) of South Africa, which received a MIGA guarantee in FY98 for its guaranty of a loan by the European Investment Bank to MOZAL, one of the world's largest aluminum smelters

Zimbabwe

Mr. Ivan Rossignol, a senior underwriter at MIGA, has been seconded to COMESA (the Common Market for Eastern and Southern African Clearing House) in Harare, Zimbabwe, starting December 1, 1999. He is advising on the possibility of setting up a regional political risk insurance agency for the promotion of trade flows into and from participating African countries. The aim would be to provide political risk insurance to foreign exporters trading with local companies, as well as to cover local companies trading among member African countries of the agency. This initiative is being sponsored by the World Bank.

Mr. Rossignol, who joined MIGA in 1994 as a Guarantee Officer, will spend a portion of his time promoting MIGA's activities. This initiative allows MIGA to further strengthen its presence in Africa and to be closer to its clients. Mr. Rossignol plans to travel regularly in the region and will be available to meet with investors and lenders.

He may be contacted at:
COMESA Clearing House
101 Union Avenue
PO Box 2960
Harare, Zimbabwe
263-4-726-246 (tel)
263-4-730-819 (fax)

India

A MIGA delegation visited Bangalore, Hyderabad, Mumbai, and New Delhi, from February 717 to conduct a series of seminars about MIGA's programs and to meet with investors. The Export-Import (EXIM) Bank of India hosted the events, which were well-attended by Indian investors planning to invest outside India. MIGA staff also met with representatives of the Export Credit Guarantee Corporation of India (the local investment guarantee agency), the State Bank of India, the Confederation of Indian Industries and other local entities. The meetings provided MIGA with an opportunity to increase
awareness in India of its guarantee facility and investment marketing services. MIGA signed a Memorandum of Understanding (MOU) with EXIM to improve cooperation and work together to promote investments into and out of India. It is one of the few institutions in the country that finances overseas investments. Close cooperation between EXIM and MIGA holds great benefits for both agencies, as EXIM's clients have access to a multilateral guarantee program and MIGA can expand its client base among the Indian business community. Most of the potential investors in India are in the manufacturing and services sector, particularly in pharmaceuticals and information technology. Indian investors are active in Africa, the Former Soviet Union, and South East Asia.

In addition to prospective Indian investors, MIGA targeted agencies and groups that have links with potential foreign investors who are seeking to invest in the growing infrastructure sector in India, especially in the energy and telecommunications industries. MIGA staff also met a number of domestic policy makers and local financial institutions to discuss how MIGA's guarantee facility and investment marketing services could facilitate foreign direct investment into India.

Italy
Following his visit to West Africa, Mr. Motomichi Ikawa led a MIGA delegation to Italy in November 1999. The mission enhanced MIGA's profile among Italian investors and fostered the Agency's promotion of Small- and Medium-Sized Enterprises (SMEs). This was thanks to the enthusiastic support of the Italian Institute for Foreign Trade (ICE) and the Milan Chamber of Commerce (MCCP), following the signing of a MOU between MIGA and ICE/MCCP in September 1999. ICE hosted seminars about MIGA's services in Rome and Milan, that attracted some 150 representatives of the Italian business community.

In Rome, MIGA signed an MOU with SIMEST, the Italian development finance institution. The initiative will increase available political risk insurance to cover Italian investment in developing countries and transitional economies. Mr. Ikawa commented that: "We expect the MOU to further expand MIGA's role in better serving Italian SMEs investing in developing countries. Through MIGA's cooperation with SIMEST, we look forward to offering our products and services to a broader and more differentiated range of investors."

MIGA and Georgetown Host Political Risk Symposium

On April 11, 2000, MIGA and Georgetown University hosted a symposium entitled "International Political Risk Management: Exploring New Frontiers" in Washington, D.C. More than 85 participants, speakers and commentators involved in all aspects of political risk management attended this full-day session, with a focus on interaction between the audience and the panelists. As Mr. Motomichi Ikawa, MIGA's Executive Vice President, noted in his opening remarks, the symposium came at an important time, when FDI flows and the demand for investment insurance are increasing and the risks faced by both equity and debt investors have become more complex.
Topics covered in the symposium included both old and new issues which are of greatest concern to investors venturing into developing countries. These include breach of contract coverage, pledge of shares issues, preferred creditor status, securitization of political risk insurance, pricing of risk transfer instruments, and competition and cooperation in the investment insurance industry. There was an open exchange of lenders' and insurers' differing perspectives on the pledge of shares issue. In a similar fashion, public and private insurers expressed their common and differing interests with respect to reinsurance and coinsurance arrangements. Such exchanges served to facilitate better understanding of others' interests and suggested possible approaches to resolving differences.

Speakers and commentators included many distinguished persons in the political risk field, including representatives from eight public and six private insurers. Senior representatives from the broker, investor, and academic communities added their perspectives. Based on the constructive reactions from participants, MIGA intends to publish the proceedings in the late summer. Further information on the date of publication and how to order the proceedings will be made available via MIGA News and on MIGA's web site.

MIGA Helps Countries Gear Up to Attract New FDI

Emerging markets and developing country economies around the globe are realizing the potential of foreign direct investment to stimulate economic development. MIGA's investment marketing services team is providing assistance to several, including:

**Tumen River Region - China, Mongolia, North Korea, Russia**

Four border district authorities in the Tumen River Region are working with staff of MIGA and the United Nations Development Program to improve their ability to attract, host and retain investment, and to capitalize on cross-border synergies in their promotional efforts. For more information, contact Mr. Mihir Desai at mdesai@worldbank.org

**Tunisia**

Under a work program developed and supervised by MIGA, staff of Tunisia's foreign investment promotion agency (FIPA), carried out a marketing mission to automotive components companies in the United States. For more information, contact Ms. Birgit Braunwieser at bbraunwieser@worldbank.org

**Indochina**

Under an initiative funded by the Japanese government, MIGA is working to develop management and technology tools for investment promotion agencies in Cambodia, Laos, Mongolia, and Vietnam to attract investment in these economies. Design work has been completed and the implementation phase is now underway. For more information, contact Mr. Mihir Desai at mdesai@worldbank.org

**Nigeria**
An improved business climate has led Nigerian authorities to consider new avenues for economic growth through FDI. MIGA undertook a mission in December 1999 to identify promising areas for investment promotion, including the solid minerals sector. For more information, contact Mr. Mamadou Barry at mbarry2@worldbank.org

**Lebanon**
In January 2000, MIGA conducted an institutional assessment of Lebanon's national investment promotion agency (IDAL). The mission provided guidance to IDAL on its current restructuring and recommendations for further capacity building assistance during the coming year. For more information, contact Mr. John Wille at jwille@worldbank.org

**Caribbean Basin**
The Organization of Eastern Caribbean States has asked MIGA for assistance in preparing for the changing conditions for trade and investment in the region. The investment promotion agency of the Dominican Republic also is working with MIGA to further develop the client outreach skills of its staff. For more information, contact Mr. Damien Shiels at dshiels@worldbank.org

**Ghana**
The Ghana Investment Promotion Center has targeted the Asian apparel sector and MIGA is supporting the Centre in planning a marketing mission to Asia shortly. Under the World Bank Group's Gateway project, MIGA is working to improve the investment promotion capabilities of the Centre and the Ghana Free Zones Board. For more information, contact Mr. Mihir Dasai at mdesai@worldbank.org

If you would like to learn more about MIGA's investment advisory and technical assistance services or about our work program in countries, please contact Mr. David Bridgman, Program Manager, at dbridgman@worldbank.org

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**Support for Mining Investment in Africa**

During the year, MIGA will be supporting the African mining sector through several initiatives across the region. The investment marketing team assisted Guinea in organizing the Guinea 2000 Mining Symposium, which took place in Conakry on March 28-30, 2000. This symposium presented the results of six years of Bank-financed mining reforms aimed at improving the regulatory environment and updating the geological database of the country. Details are available online at www.mirinet.net.gn/pism/symo/symo.html or through IPAnet's Events feature.

MIGA also will join the Mining Department of the World Bank and IFC to assist Nigeria to conduct a review of policies affecting foreign direct investment in its solid minerals sector, and Benin may soon benefit from a FDI strategy seminar in mining as well. Finally, in its effort to better promote the mining sector in Africa, MIGA is collaborating with the World Bank and the
Mining Journal of London to produce a set of advertising supplements that will present the mining sector and the investment opportunities available to foreign firms.

These promotional activities will culminate with the sixth African Mining and Investment Opportunities Symposium, which will be held for the first time in Sub-Saharan Africa. Ouagadougou, the capital of Burkina Faso, was chosen as the venue for this important event, scheduled for December 4-7, 2000. The main objective of the symposium is to bring together key African mining decisionmakers, senior executives of international exploration and mining companies, banks and other financial institutions, to exchange views on current trends and issues affecting the minerals sector and to share information on new investment and financing opportunities and new technology. Past experience has shown the symposium to be an effective catalyst in bringing together investors and those seeking investments. This year, conference organizers expect to attract between 300 and 500 representatives of international mining companies and financial institutions as well as delegates from 25 to 30 African countries with significant mining potential. For more information about the symposium, contact

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Investment Promotion Officer
Telephone (202) 473 3561
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mbarry2@worldbank.org

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Agencies must retool to maintain competitiveness

**Bangkok, February 2000 - MIGA Annual IPA Convention**

MIGA investment promotion experts David Bridgman, Mihir Desai and Bill Luttrell introduced new products and services and shared their experience with senior representatives from over 100 countries at the World Association of Investment Promotion Agencies (WAIPA) Fifth Annual Conference, held in Bangkok from February 911, 2000. The conference, convened concurrently with the UNCTADX meeting also in Bangkok, provided the ideal venue in the inward investment industry to exchange ideas and discuss cutting-edge methods to attract new forms of investment.

Bill Luttrell was featured on a panel with senior Asian public sector and business executives, and articulated the revised role of inward investment authorities in post-crisis Asia. Mihir Desai discussed his recent experiences in Indochina, and argued for expanding the role of inward investment authorities to attract infrastructure investment and increased use of the Internet as an investor service tool. David Bridgman provided a preview of MIGA's Investment Promotion Toolkit, which presents practical guidelines for countries seeking to be competitive in the changing global economy. Mihir Desai and Bill Luttrell also took the opportunity to discuss ongoing advisory work with select Asian clients, currently assisted by MIGA under a Japanese government-funded program.
The meeting generated tremendous interest in MIGA's advisory services by governments in the economies of Eastern Europe, East Asia, Middle East and Africa. The momentum created by MIGA staff at the Conference is expected to create significant initiatives to facilitate foreign direct investment through investment promotion activities in the near future.

**MIGA introduces New Investment Promotion Products**

The meeting of the investment promotion agencies (IPAs) of Central and South Eastern Europe and Central Asia in January in Istanbul, and of the World Association of Investment Promotion Agencies (WAIPA) in Bangkok in February provided a good opportunity for MIGA to present progress on its two new investment promotion capacity building tools.

The Needs Assessment Framework considers IPA organizational structure and performance along 59 key variables. Based on MIGA's experience with IPAs globally, such an assessment enables MIGA to advise clients on their areas of strength and weakness in comparison "Best Practice." After reviewing this assessment with the IPA management, MIGA can provide clear recommendations on areas that are in most need of attention for the agency to develop its capacity, as well as on changes needed in the agency's investment promotion strategy. The assessment and advice enable agency leadership to chart the course for the continued growth of the IPA.

The Investment Promotion Toolkit is a compendium of reference materials on best practice covering the full range of IPA activities from startup to facilitation to image building, investment generation, expansion and retention and linkage development. Due to be launched soon, the Toolkit will serve the dual roles of providing useful material for developing programs as well as serving as a reference guide to practitioners after capacity building programs has been implemented. The toolkit comprises 10 modules:

**Module 1**
Introduction to the Toolkit and its contents

**Module 2**
Understanding Foreign Direct Investment in the context of your particular location

**Module 3**
Developing an Investment Promotion Agency as a catalyst for economic development

**Module 4**
Creating an Investment Promotion Strategy that serves national economic objectives

**Module 5**
Building Effective Partnerships with public and private sector counterparts

**Module 6**
Strengthening the Location's Image in the international business community

**Module 7**
Generating and Targeting Investment Opportunities that lead to actual investments

**Module 8**
Servicing Investors to ensure that the investment is retained

**Module 9**
Monitoring and Evaluating Activities and Results to improve Agency performance

**Module 10**
Utilizing Information Technology for investment promotion in the new millennium

When used together, these two new tools enable MIGA to define an agency's capacity building needs (the needs assessment) and, using the guidelines in the toolkit, to design a capacity building program to address these needs.

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**Largest single contract ever issued by MIGA**

**Guarantee to a Syndicate of Lenders for a US$650 million Investment in BCP S.A. Brazil**

MIGA is providing a guarantee to a syndicate of lenders for a five year non-shareholder loan of US$650 million to BCP S.A. ("BCP") in Brazil. The loan represents part of the restructuring of an earlier US$1.8 billion bridging loan arranged in 1998 for BCP, which was awarded the concession in 1997 to provide cellular telephone services in São Paulo, Brazil. (The remaining US$1.1 billion bridging loans will be refinanced through a combination of shareholder loans, EDC loan facility, local debt, and short-term loans.) The guarantee provides the lending syndicate coverage of up to 95 percent against the risks of transfer restriction and expropriation.

MIGA will support US$230 million of the US$650 million loan, with OPIC and AIG underwriting all but a small portion of the remaining amount. In taking on the US$230 million coverage, MIGA is utilizing one of its new and innovative mechanisms for coinsurance, the Cooperative Underwriting Program (CUP). Under this arrangement, MIGA is the insurer-of-record, but retains only a portion of the risk for its own account, with private insurers underwriting the remainder of the coverage. In this case, MIGA retains US$55 million in coverage for its own account, with the remaining US$175 million being covered by the Chubb Group of Insurance Companies, seven Lloyd's syndicates, and Unistrat Corporation of America.
The lending syndicate receiving the guarantee consists of major international banks with expertise in lending to Latin American telecommunications projects, including ABN-AMRO, Bank N.V., Banc of America Securities LLC, and B.E.A.L. Westdeutsche Landesbank Girozentrale.

The BCP project involves the establishment and operation of a cellular network in metropolitan Sao Paulo under a renewable 15 year concession agreement. The project will provide an improved telecommunications infrastructure for Brazil and continued employment for 2,000 Brazilian nationals. The principal sponsors of BCP are BellSouth Corporation and the Safra Group.