MIGA | Multilateral Investment Guarantee Agency
WORLD BANK GROUP

Political Risk Insurance Solutions

April 2019

World Bank Group

Shared Twin Goals: Eliminate Extreme Poverty and Boost Shared Prosperity

	IBRD International Bank for Reconstruction and Development	IDA International Development Association	IFC International Finance Corporation	MIGA Multilateral Investment Guarantee Agency
	Est. 1945	Est. 1960	Est. 1956	Est. 1988
Role:	Support countries' economic and institutional development		Promote private sector development	Increase foreign direct investment
Clients:	Governments of Part II member countries with annual per capita income *over* $1,215	Governments of Part II member countries with annual per capita income *under* $1,215	Investors in member countries	Debt and equity investors in member countries
Products:	- Technical Assistance - Policy Advice - Loans with Interest	- Interest Free Loans	- Equity/Quasi-Equity - Long-Term Loans - Advisory Services	- Political Risk Insurance - Credit Enhancement

Risks Faced by Investors and Lenders: Political Risk Insurance Solutions

Inability to convert or transfer dividends or loan payments due to FX restrictions	Transfer Restriction and Inconvertibility Cover
Non-honoring of arbitral award due to breach of contractual obligations	Breach of Contract Cover
Nationalization or other discriminatory measures making the investor impossible to	Expropriation Cover
Destruction or interruption of business due to political violence	War and Civil Disturbance Cover

MIGA's Recent Innovations

	Innovation		Result	Project	Country	Page
1	Segregated project risk from sovereign risk	→	Project bond rated 2 notches higher than sovereign risk	Elazig	Turkey	11
2	BoC cover for projects with staggered government contracts	→	Helped project's continuity while limiting government's contingent liabilities	Tierra Mojada	Mexico	12

Climate Change Projects

1. MIGA in the World Bank Group
2. MIGA's Political Risk Insurance
3. **MIGA Guarantee Examples**
4. MIGA's Value Added
5. MIGA's Performance

Appendix

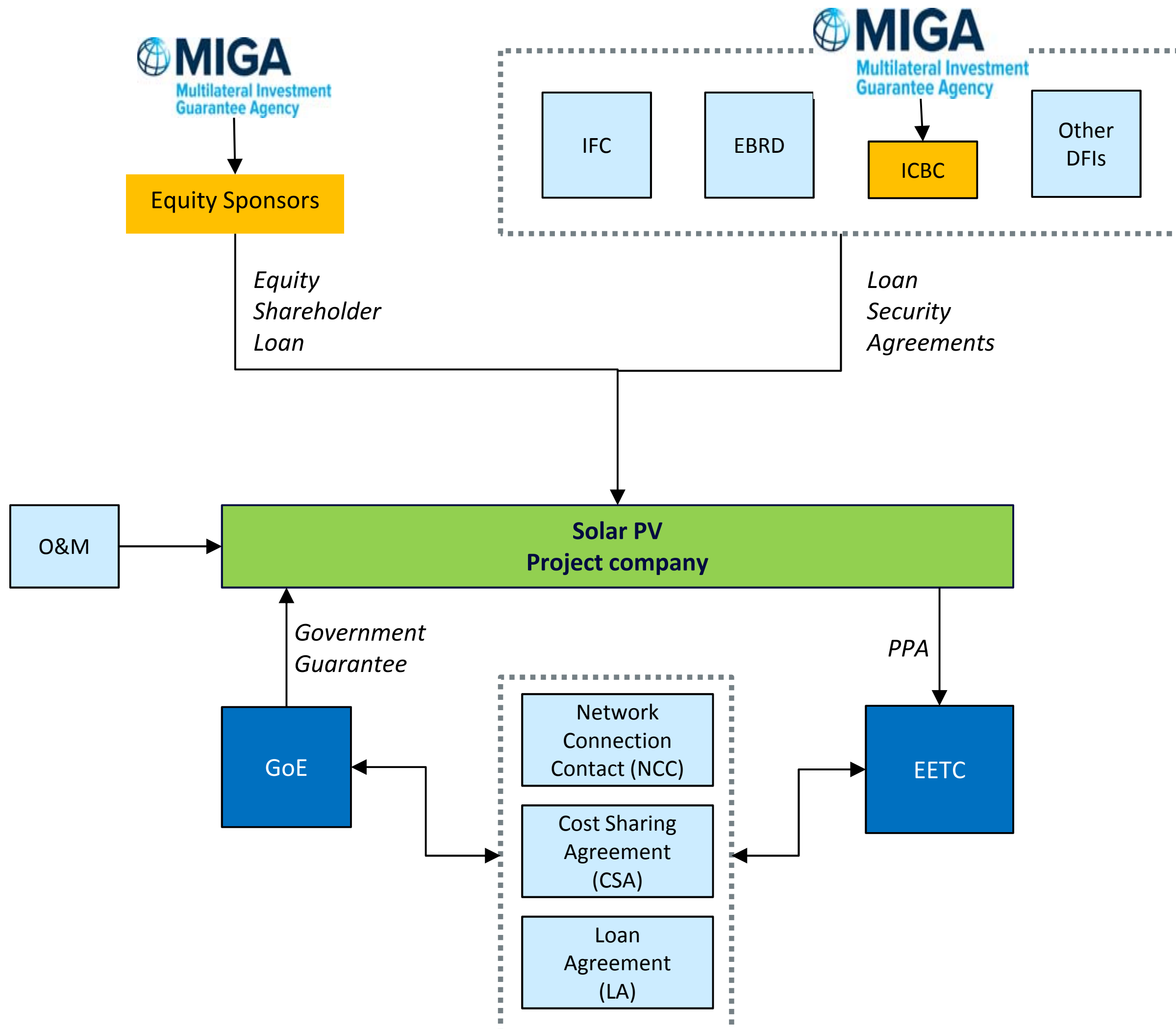
- MIGA Underwriting Process
- Other Project Examples
- Award-Winning Projects

Political Risk Insurance – World's Largest Solar Park

Supports Egypt's Ambitious Effort to Deliver Reliable Power while Addressing Climate Change

Feed in Tariff, Egypt

- **Project:** Construction, operation & maintenance of green field solar Independent Power Producer facility.
- Programmatic approval for 12 projects, total installed capacity 500MW.
- 25-year PPA. Payment obligations of EETC guaranteed by Egypt gov't.
- **MIGA cover:**
  - $210m
  - Equity 15 years, Debt 20 years
  - Breach of Contract, Expropriation , Currency inconvertibility & Transfer Restriction and War and Civil Disturbances.



- Guarantee holder
- Project enterprise
- Obligor

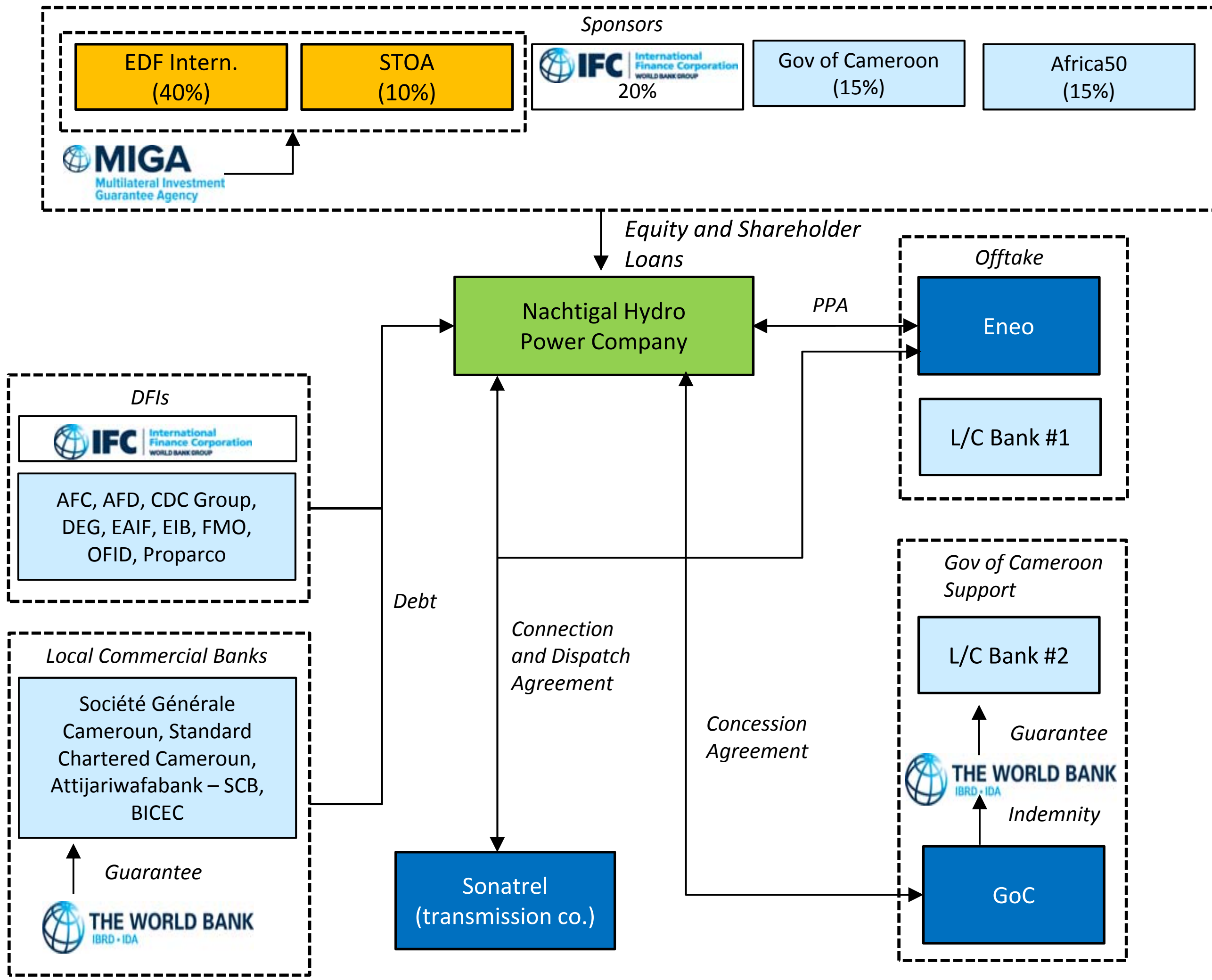
Political Risk Insurance – Increases Cameroon's Generation Capacity

Reduces Cost of Power Generation

Nachtigal, Cameroon

- **Project**: Development, construction and operation of a 420 MW Hydropower plant on the Sanaga River

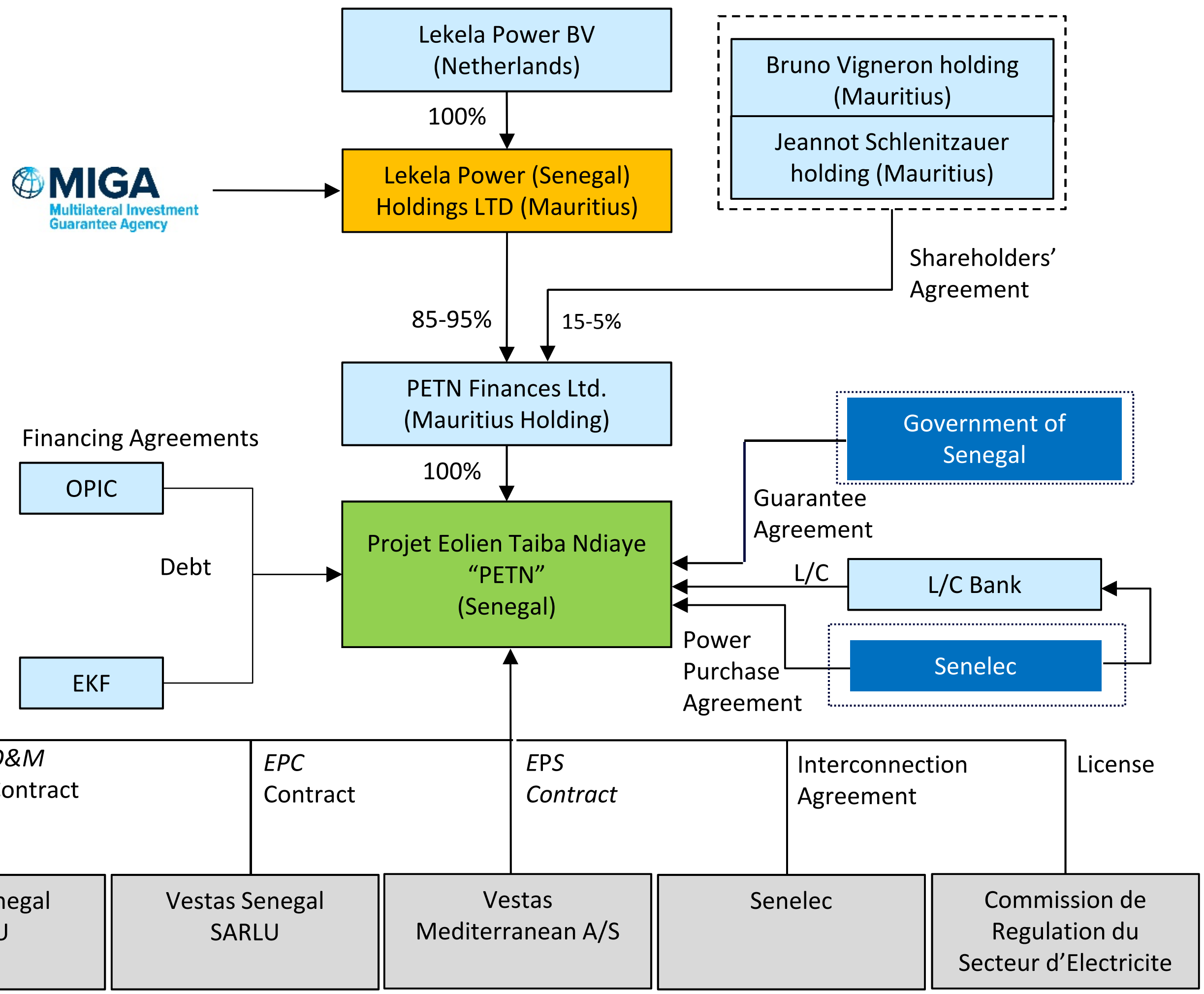
- **MIGA cover**:
  - €164.5m
  - 15 years
  - Dec. 2018
  - Breach of Contract



Guarantee holder
Project enterprise
Obligor under BOC

Political Risk Insurance – West Africa's largest Wind Farm
Improves Senegal's Energy Security and Diversifies Energy Mix
Parc Eolien Taiba Ndiaye, Senegal

- **Project:** Construction, operation and maintenance of 158.7 MW wind power farm
- **MIGA cover:**
  - $149.7m in equity and shareholder loan
  - 20 years
  - June 2018
  - Expropriation, Currency Inconvertibility & Transfer Restriction, War & Civil Disturbance, Breach of Contract



- Guarantee holder
- Project enterprise
- Obligor

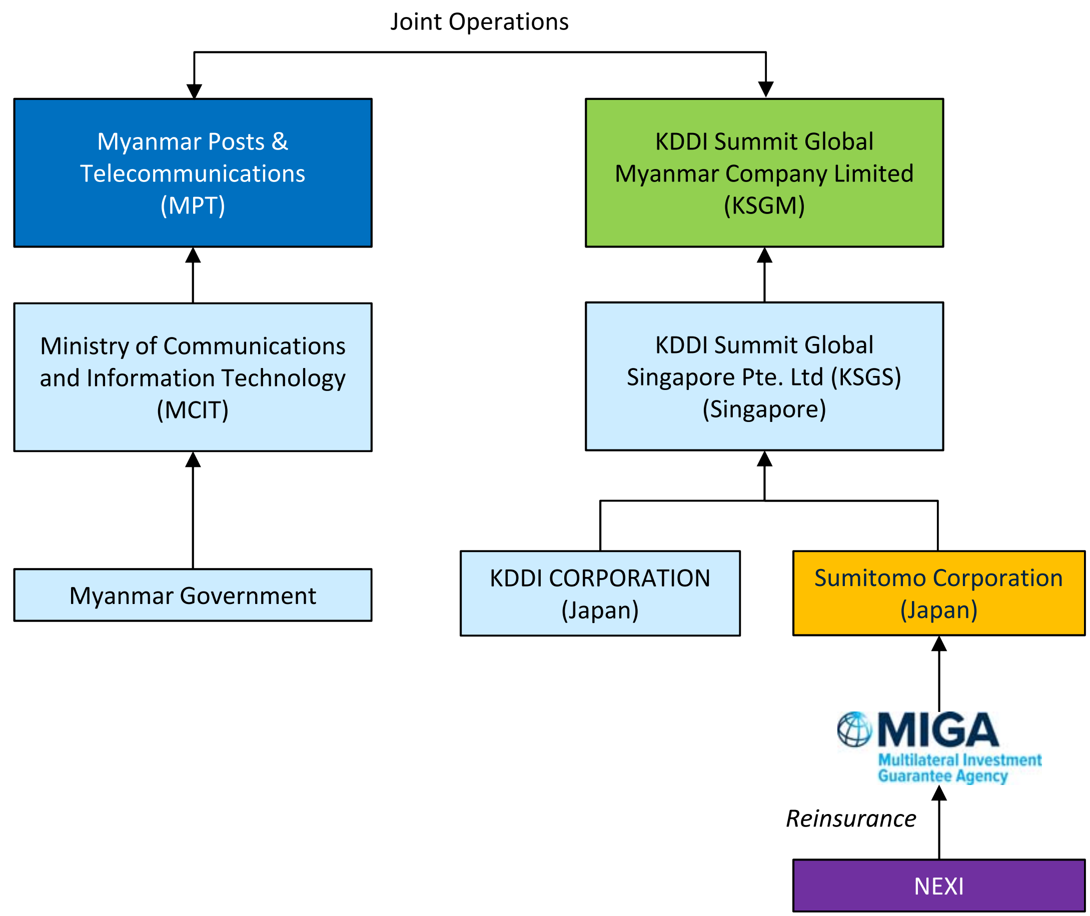
Political Risk Insurance – MIGA's First Project in Myanmar

First Reinsurance Structure with NEXI

KDDI Summit Global Myanmar Company Limited (KSGM), Myanmar

- **Project:** Joint operation between MPT and KSGM to operate, upgrade, reactivate, and expand MPT's fixed line and wireless telecom network

- **MIGA cover:**
  - $406m
  - 10 years
  - August 2016
  - Transfer Restriction



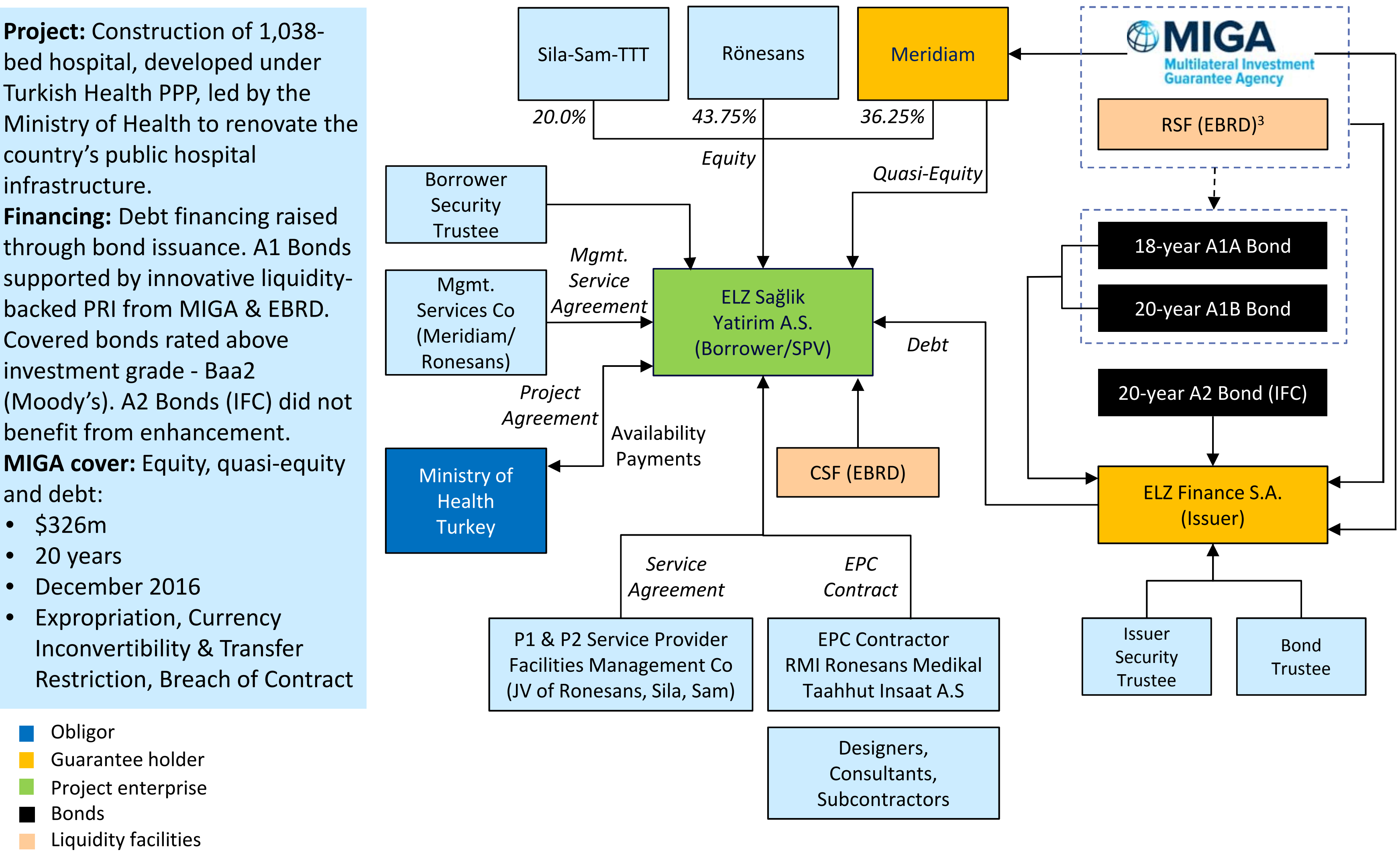
- Obligor
- Guarantee holder
- Project enterprise
- Reinsurer

Political Risk Insurance – Creative PRI Solution Piercing Sovereign Ceiling

Allowed Client Company to Issue Bonds Rated Two Notches Above Sovereign Rating

ELZ Sağlık Yatırım A.Ş., Turkey

- **Project:** Construction of 1,038-bed hospital, developed under Turkish Health PPP, led by the Ministry of Health to renovate the country's public hospital infrastructure.
- **Financing:** Debt financing raised through bond issuance. A1 Bonds supported by innovative liquidity-backed PRI from MIGA & EBRD. Covered bonds rated above investment grade - Baa2 (Moody's). A2 Bonds (IFC) did not benefit from enhancement.
- **MIGA cover:** Equity, quasi-equity and debt:
  - $326m
  - 20 years
  - December 2016
  - Expropriation, Currency Inconvertibility & Transfer Restriction, Breach of Contract

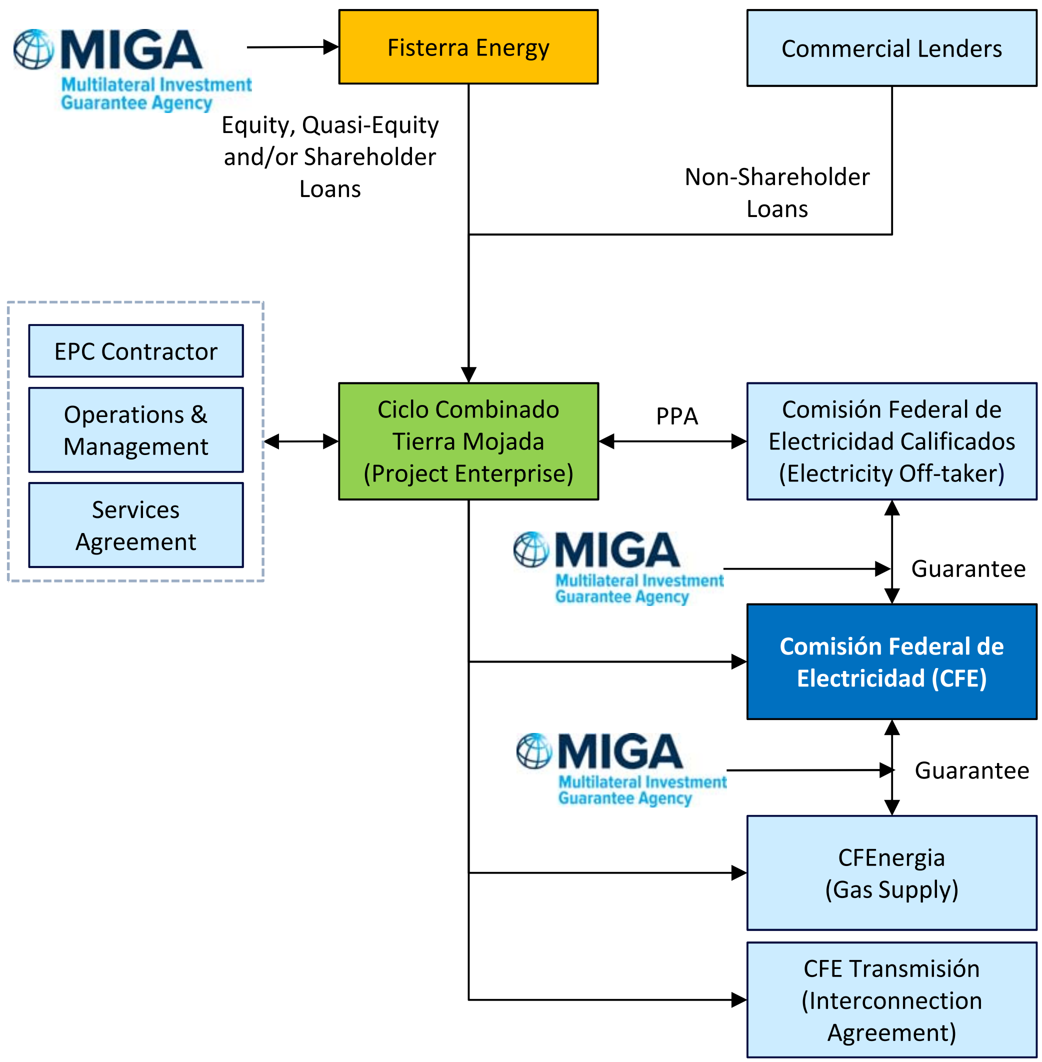


Political Risk Insurance – Innovative PPA

Helped Ensure Project's Continuity While Reducing Government's Contingent Liabilities

Tierra Mojada, Mexico

- **Project**: Greenfield development, construction and operation of 875 MW combined-cycle gas power plant supporting Mexico's energy reform, increasing private participation, and reducing generation costs
- Capacity and electricity to be sold to Comisión Federal de Electricidad Calificados under a 20 year PPA, with unique structure designed to reduce contingent liabilities for CFE and risk for investors
- Developed by Fisterra Energy of Spain, wholly-owned by the Blackstone Group
- **MIGA cover:** Equity, quasi equity, and/or shareholder loans:
  - $963m (includes standby for potential future investments)
  - 15 years
  - June 2017
  - Expropriation, Currency Inconvertibility & Transfer Restriction, War & Civil Disturbance, Breach of Contract



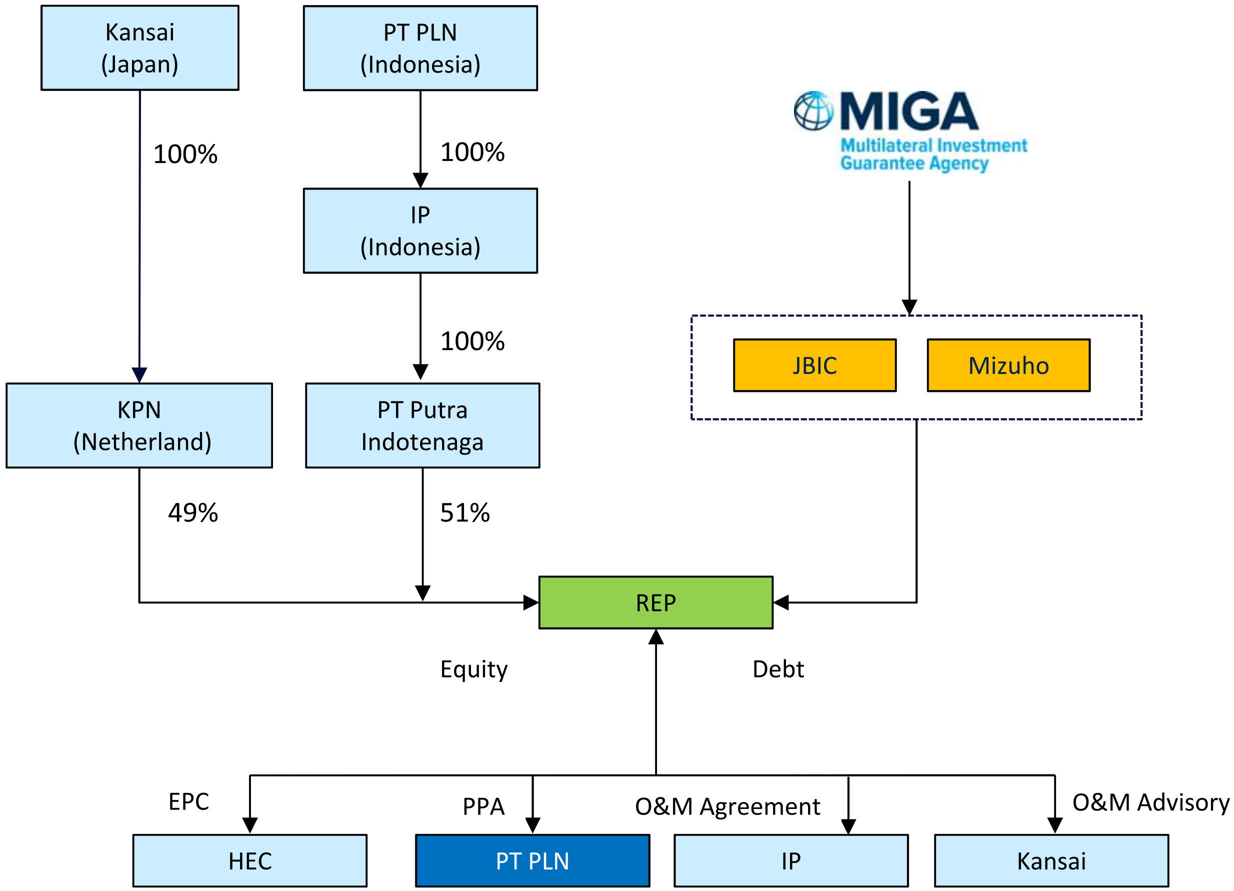
- Guarantee holder
- Project enterprise
- Obligor

Political Risk Insurance – One of the First Indonesian PPAs Without Sovereign Support

Guaranteeing JBIC & Mizuho

Rajamandala Hydropower Project, Indonesia

- **Project:** Development and operation of a 47 MW run-of-the-river hydropower plant on a BOT basis
- 30 year PPA with PT Perusahaan Listrik Negara (PT PLN), a state-owned enterprise
- **MIGA cover:**
  - $200m
  - 19 years
  - August 2014
  - Expropriation, Currency Inconvertibility & Transfer Restriction, War & Civil Disturbance, Breach of Contract of SOE



- Guarantee holder
- Project enterprise
- Obligor

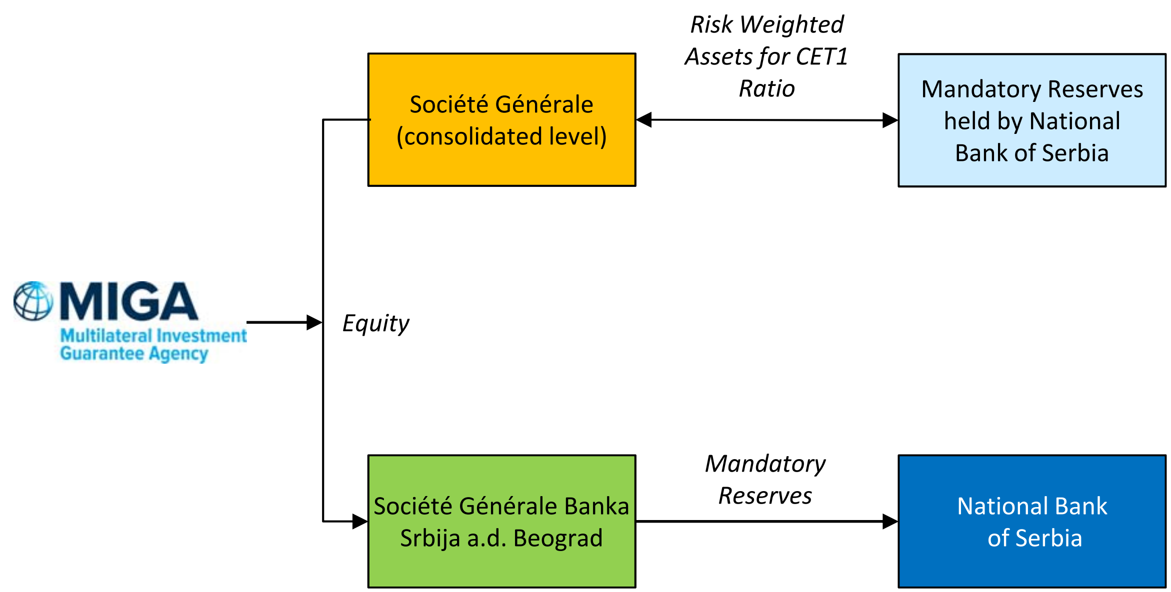
Political Risk Insurance – Increased Lending Through Release of Regulatory Capital

Société Générale S.A. in Serbia

- **Project:** Reduction of risk weighting on SocGen's consolidated balance sheet of mandatory reserves maintained by the subsidiary with the National Bank of Serbia

- Reduces deleveraging pressures and creates room to support additional lending by subsidiaries

- **MIGA cover:**
  - €150m
  - 10 years
  - 2013
  - Expropriation of mandatory reserves maintained in Serbia's Central Bank



Guarantee holder
Project enterprise
Obligor

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4. **MIGA's Value Added**
5. MIGA's Performance

Appendix

- MIGA Underwriting Process
- Other Project Examples
- Award-Winning Projects

MIGA’s Value Added

Strong pre-claim management	• Manages risks in pre-claims (100+ pre-claims managed among 845+ projects. Two claims paid for expropriation, eight for war and civil disturbance.) • Leverages World Bank network
Highly rated	• Recognized as highly rated multilateral institution by Basel Committee
Financially stable	• Efficient economic capital consumption
Strong risk appetite	• Operates in challenging markets (lower income, conflict affected, and fragile states) • Longer tenors (15 years)
Environmental and social risk mitigation	• Best practices in environmental and social standards

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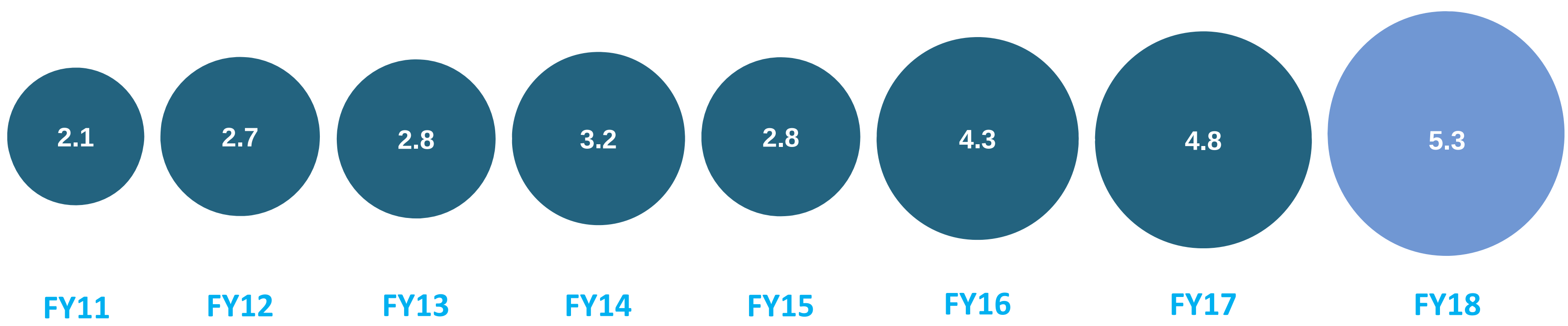
MIGA has more than doubled issuances to deliver development impact at scale

Annual Gross Issuance, USD billions

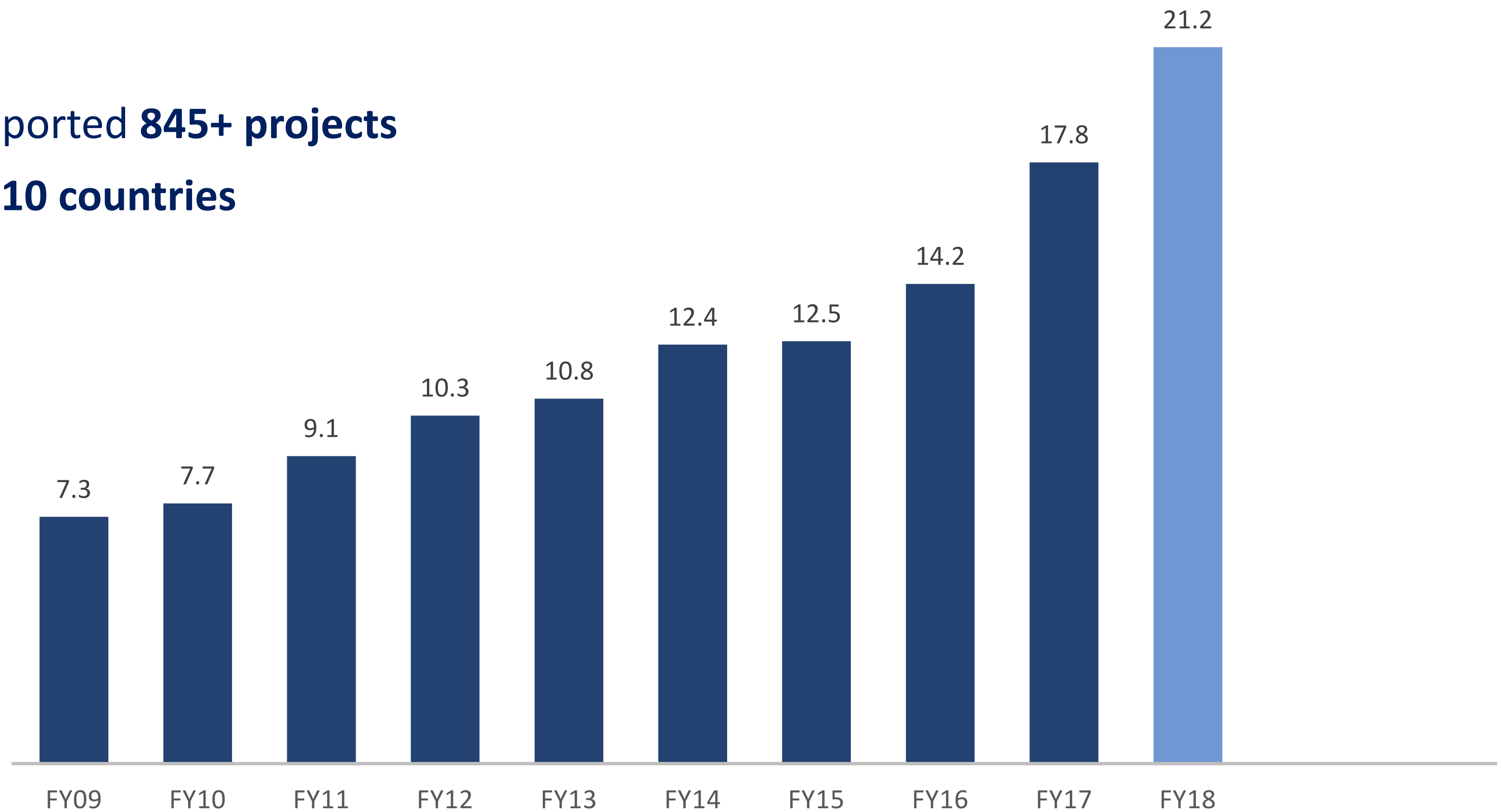


MIGA’s Gross Exposure

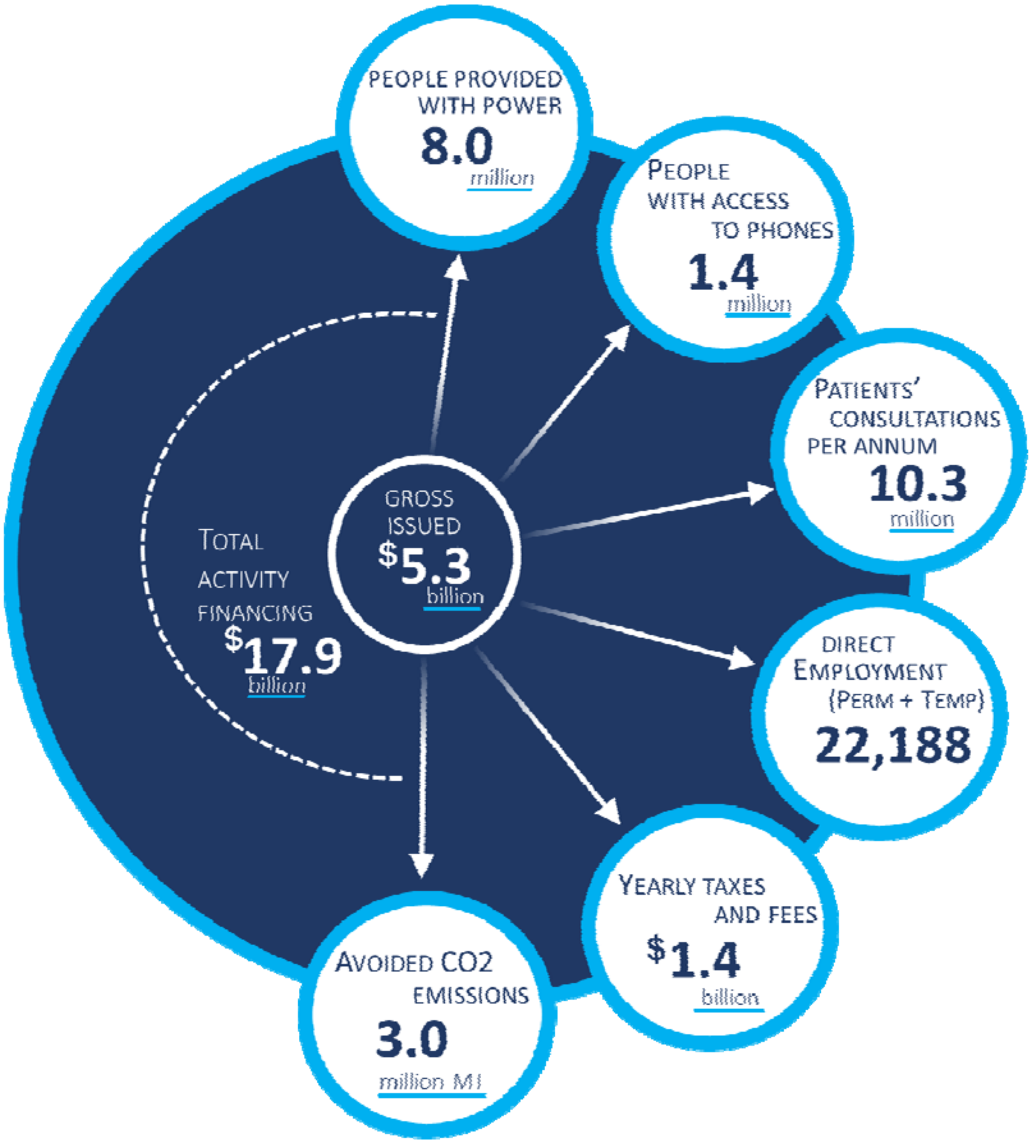
(US$ billion in fiscal year)

Supported **845+ projects**

in **110 countries**



Expected Development Results FY18



MIGA projects support WBG's Twin Goals as well as multiple SDGs

Core areas of expected development results, FY14-FY18

Power - Access
46.2 million people with access

Power – Generation Capacity
36k GWhs generated annually

Growing economies
$1.9 billion in locally procured goods

Access to Finance
$16.6 billion dollars in finance enabled for SMEs

Jobs
96k direct jobs created[1]

Greenhouse Gas Reduction
4.2 million metric tons prevented[2]

Access to Healthcare
21.5 million patient consultations[3]

Tax Revenue
$3.1 billion in local taxes and fees

[1] Permanent and temporary jobs
[2] GHG emissions avoided are being accounted from FY17 onwards
[3] In FY14 and FY16 there were no hospital projects

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- **MIGA Underwriting Process**
- **Other Project Examples**
- **Award-Winning Projects**

Underwriting Process

Step	Investor	MIGA
Preliminary Application	✓	
Definitive Application (fees apply)	✓	
Initial Screening Meeting		✓
Underwriting • Analysis of development impact • Environmental and social review • Integrity checks • Economic, financial viability assessment • Pricing and reinsurance Host Country Approval Public Disclosure		✓
Second Internal Review Meeting		✓
Board Approval		✓
Contract Preparation & Signing	✓	✓
Monitoring/Evaluation	✓	✓

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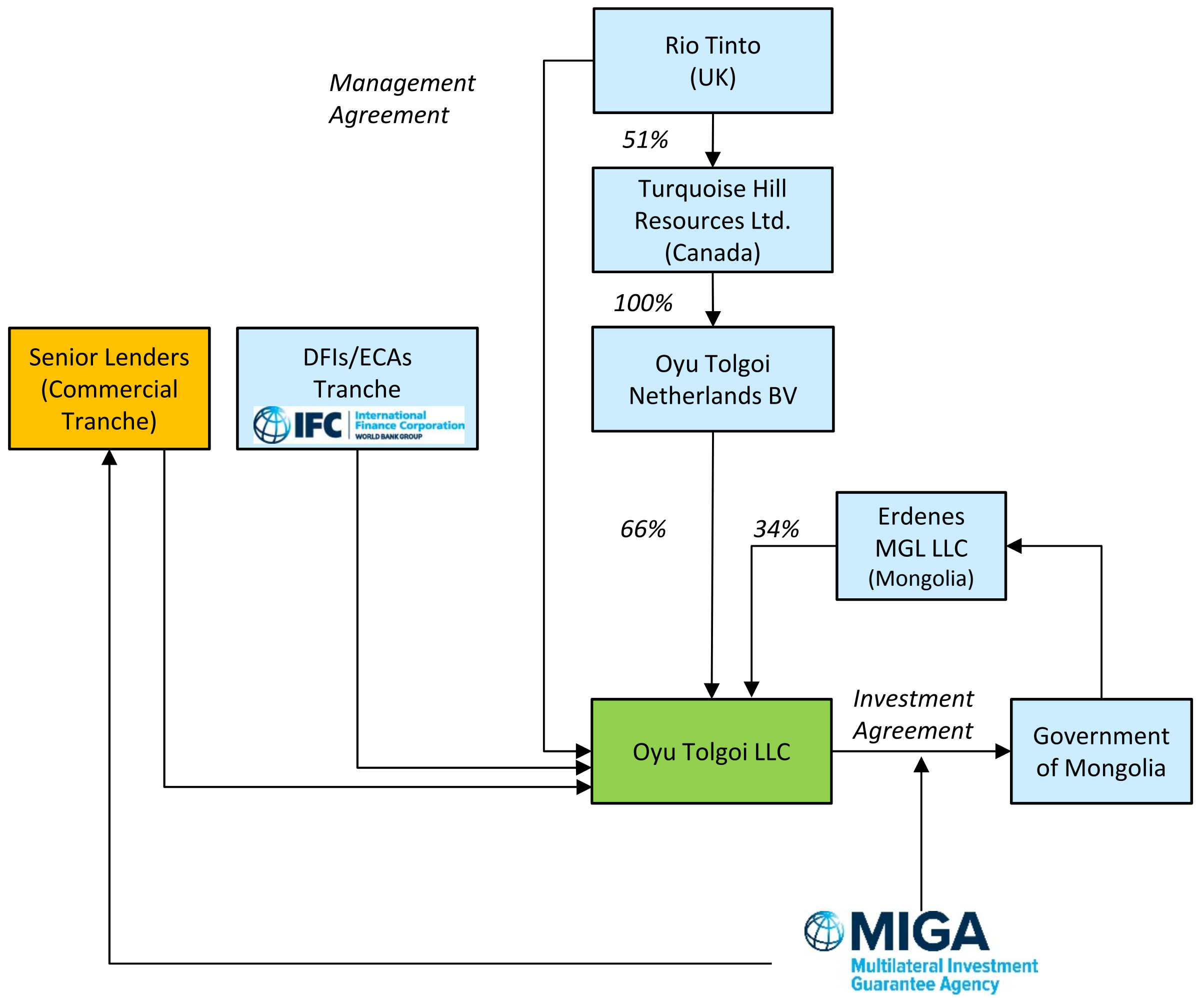
Selected Project Examples by Region

1. **Asia & Pacific**
2. Europe & Central Asia
3. Latin America & the Caribbean
4. Middle East & North Africa
5. Sub-Saharan Africa

Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, War and Civil Disturbance, Breach of Contract Cover

Oyu Tolgoi, Mongolia

- **Project:** One of the largest underground copper mining deposits
- Sponsors: Rio Tinto and Turquoise Hill Resources Ltd.
- Covered Lenders: ANZ Banking; BNP Paribas; CIBC; Credit Agricole Corporate and Investment Bank; HSBC Bank; ING Bank; Intesa Sanpaolo; National Australia Bank; Natixis; Societe Generale; Standard Chartered Bank; Sumitomo Mitsui Banking Corp.; Bank of Tokyo-Mitsubishi UFJ
- **MIGA cover** for Investment Agreement between project enterprise and Mongolia:
  - $1b
  - 12 years
  - 2015



Guarantee holder

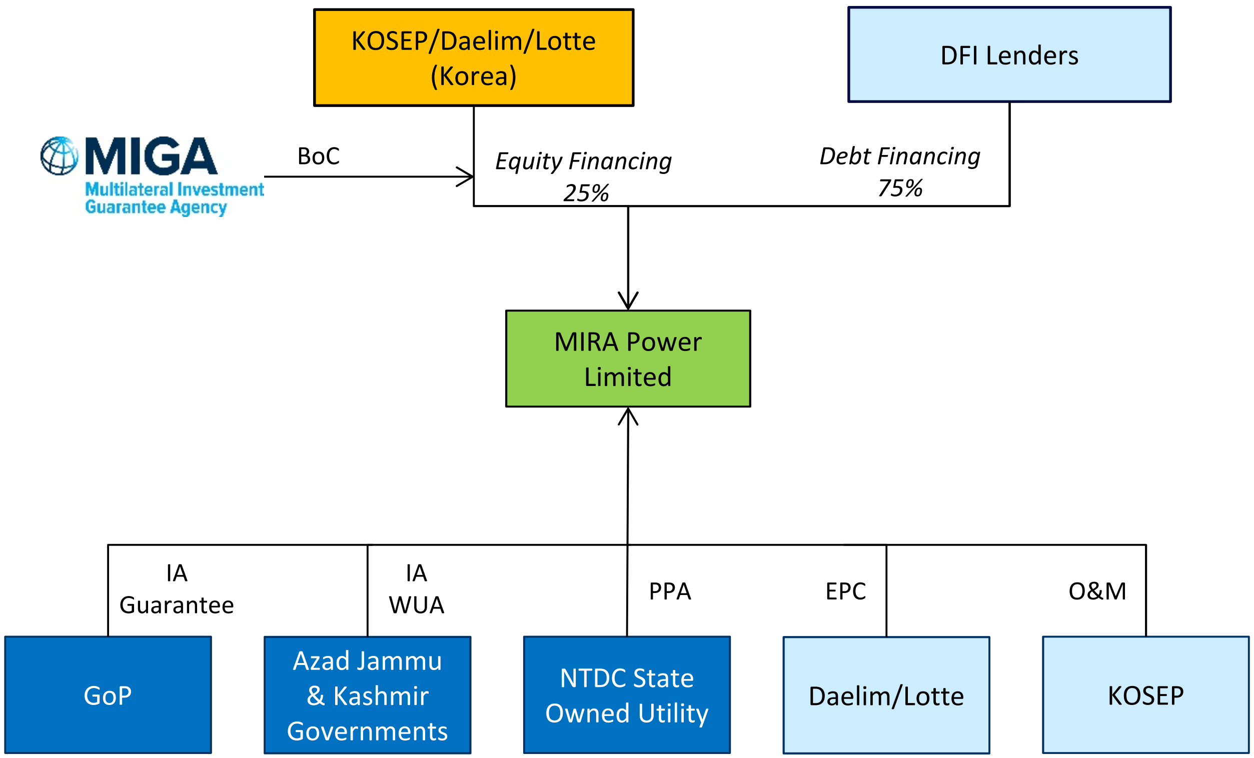
Project enterprise and obligor

Political Risk Insurance – Breach of Contract

Gulpur Hydropower, Pakistan

- **Project:** Construction, operation, and maintenance of a 102 MW run-of-the-river hydropower plant under BOOT

- **MIGA cover:**
  - $83m
  - 15 years
  - 2015
  - BOC covers Pakistan IA and Pakistan Guarantee, triggered by breaches under AJK IA, WUA & PPA



- Guarantee holder
- Project enterprise
- Obligor

Selected Project Examples by Region

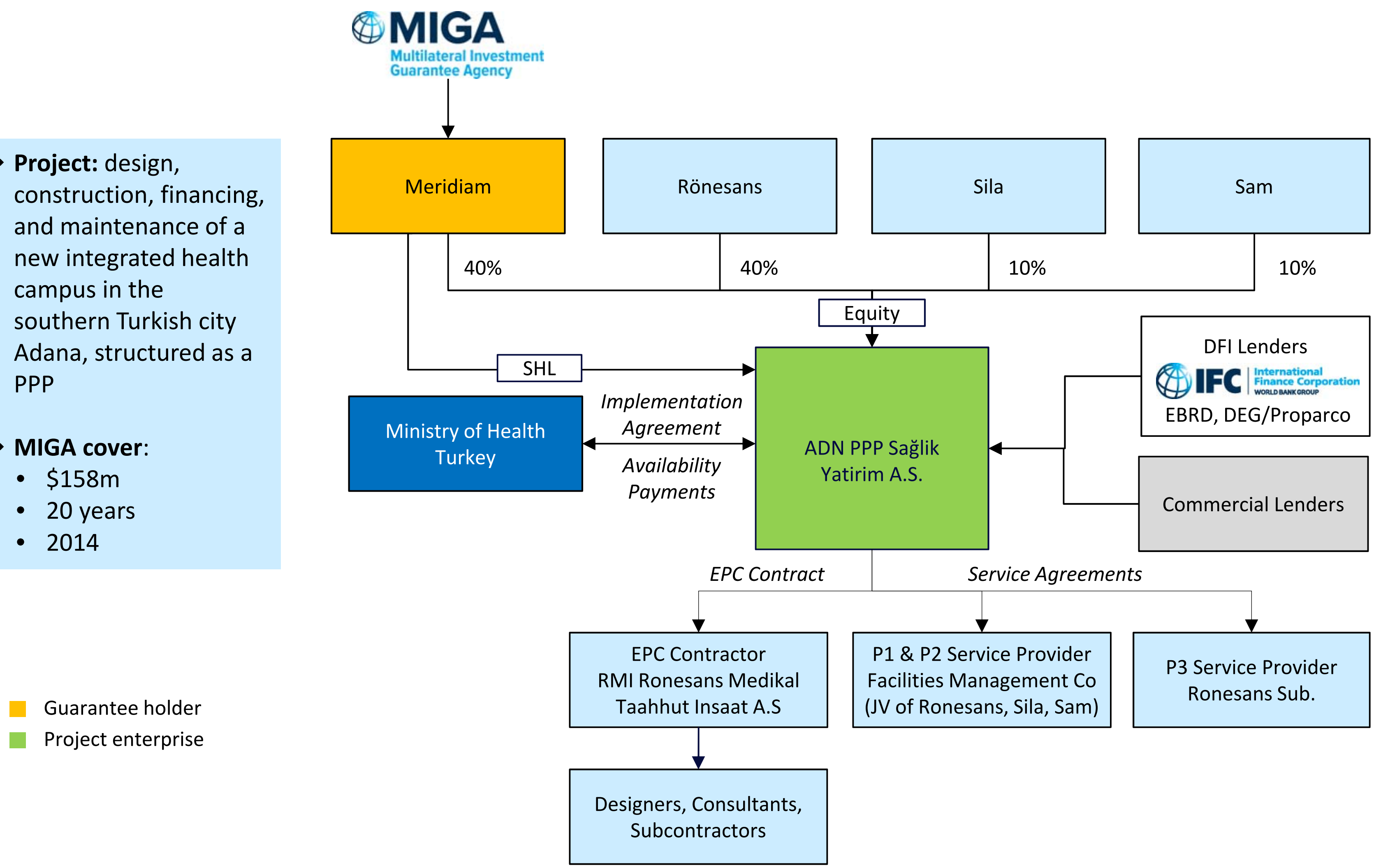
1. Asia & Pacific
2. **Europe & Central Asia**
3. Latin America & the Caribbean
4. Middle East & North Africa
5. Sub-Saharan Africa

Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, Breach of Contract

Adana Integrated Health Campus, Turkey

- **Project:** design, construction, financing, and maintenance of a new integrated health campus in the southern Turkish city Adana, structured as a PPP

- **MIGA cover**:
  - $158m
  - 20 years
  - 2014



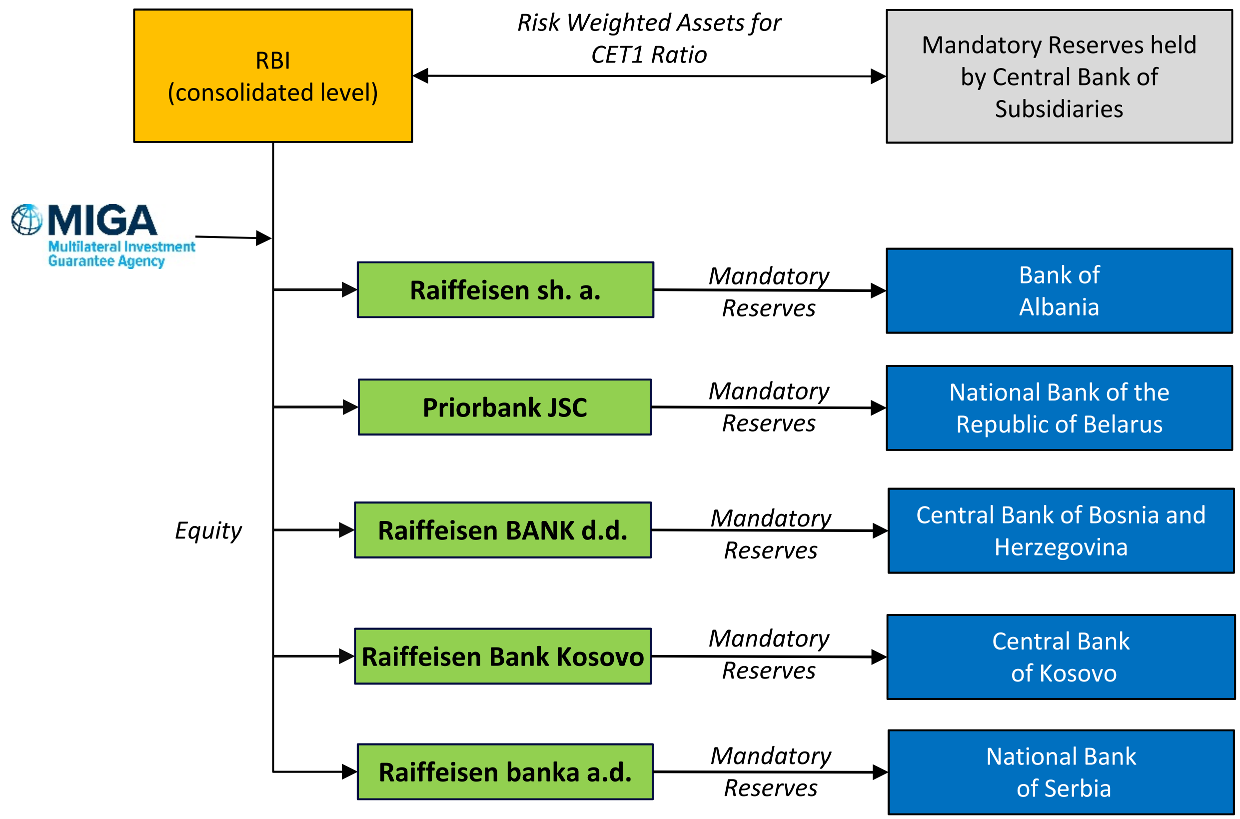
Political Risk Insurance – Capital Optimization, Financial Institutions and Capital Markets

Raiffeisen Bank International AG, Albania, Belarus, Bosnia and Herzegovina, Kosovo, Serbia

- **Project:** Reduction of risk weighting on RBI's consolidated balance sheet of mandatory reserves maintained by subsidiaries with their respective central banks

- Reduces deleveraging pressures and creates room to support additional lending by subsidiaries

- **MIGA Equity cover:**
  - €458m
  - 3 years
  - 2015
  - Expropriation of funds



- Guarantee holder
- Project enterprise
- Obligor

Selected Project Examples by Region

1. Asia & Pacific
2. Europe & Central Asia
3. **Latin America & the Caribbean**
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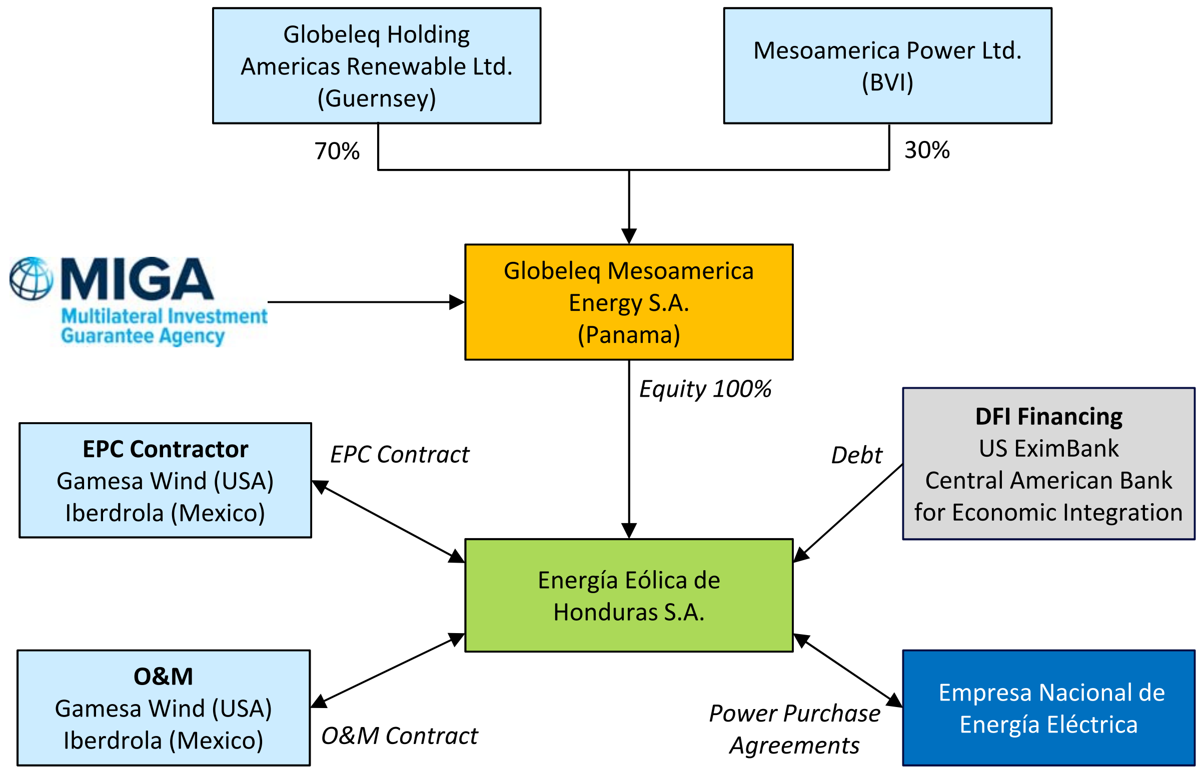
5. Sub-Saharan Africa

Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, War and Civil Disturbance, Breach of Contract Covers

Cerro de Hula Wind Power Project, Honduras

- **Project:** 24MW expansion of existing 102MW wind power project
- Long term Operation Agreement and State Guarantee covering PPA with national utility ENEE
- Eliminates 280,000 tons of carbon emissions per year
- **MIGA Equity cover:**
  - $82m
  - 20 years
  - 2013

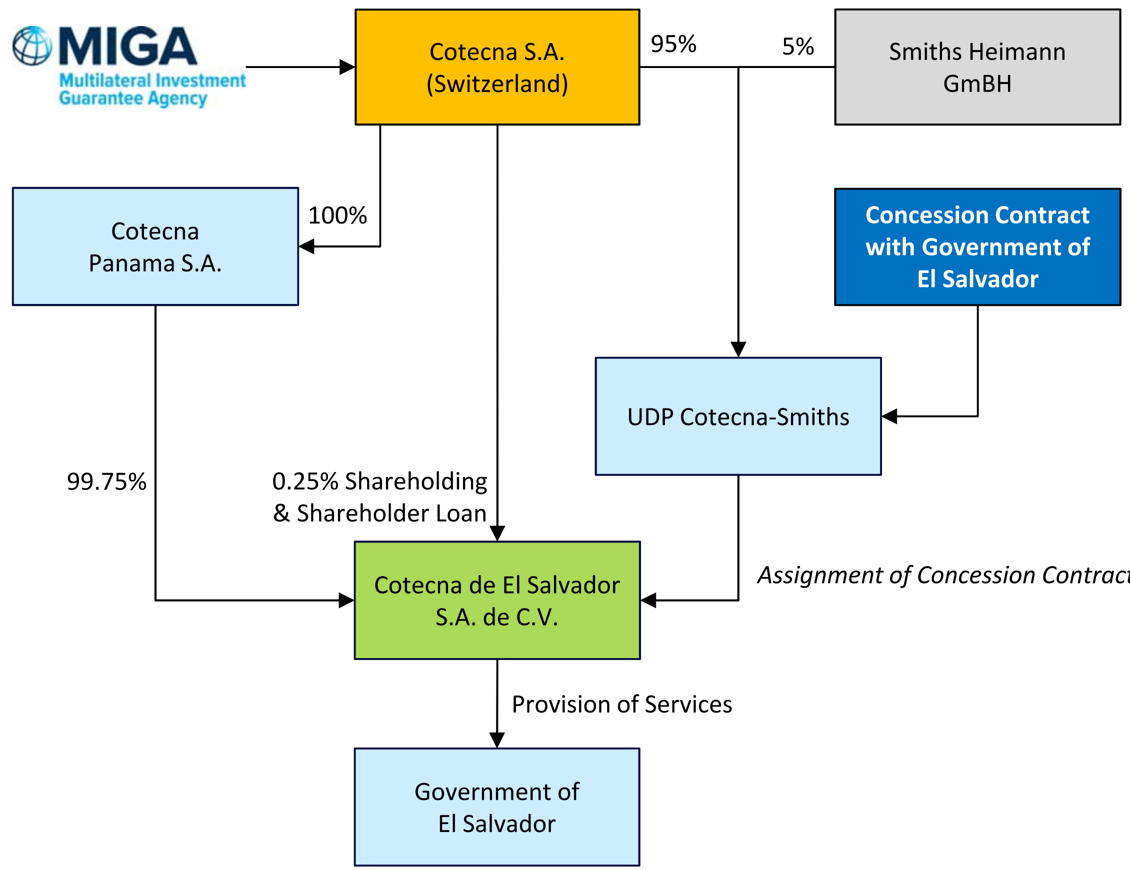


- Guarantee holder
- Project enterprise
- Obligor

Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, War and Civil Disturbance, Breach of Contract

Cotecna de El Salvador S.A. de C.V., El Salvador

- **Project:** Provision of import and export verification services on behalf of government at 8 locations (ports, airports, land borders)
- 10-year BOT concession increases import/export efficiency while reducing opportunities for fraud and evasion of tariffs
- **MIGA cover**:
  - $24m
  - 12 years
  - 2013



Guarantee holder
Project enterprise
Obligor

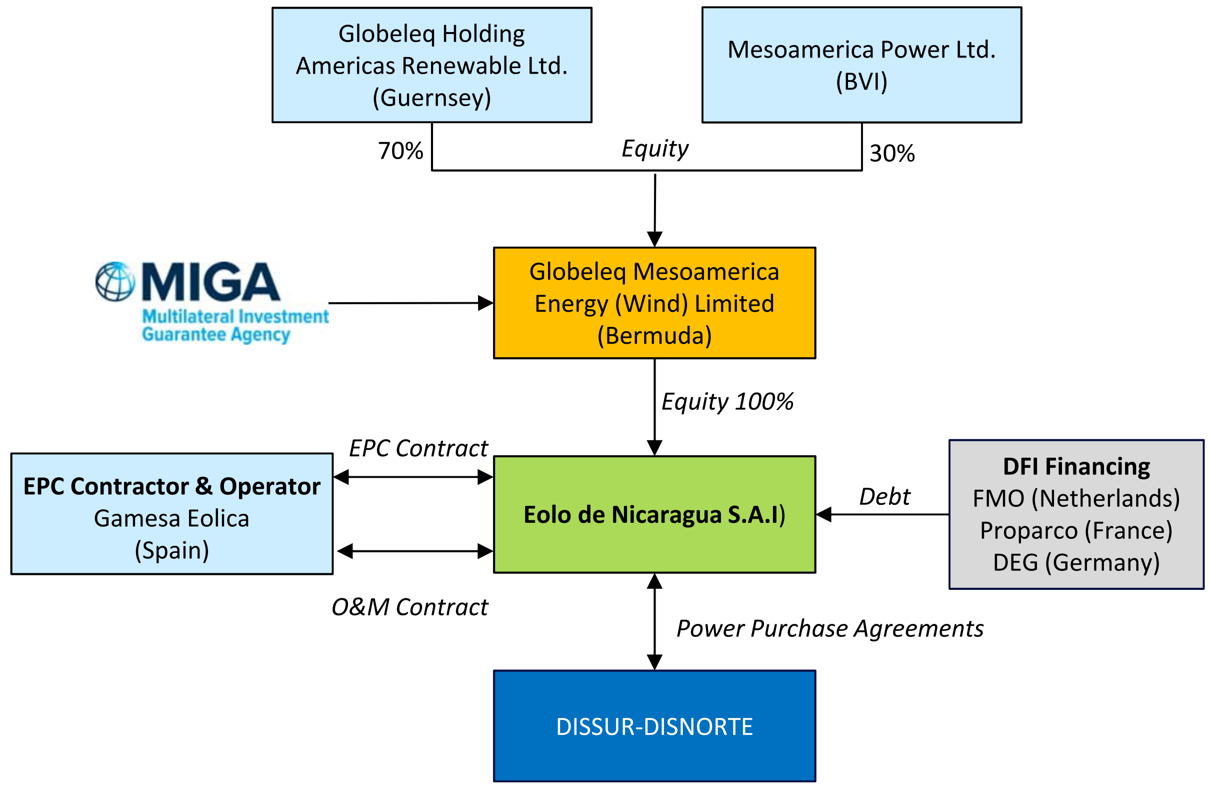
Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, War and Civil Disturbance

Eolo de Nicaragua S.A., Nicaragua

- **Project:** Construction and operation of 44 MW wind farm in Rivas Province on the shores of Lake Nicaragua

- 30-year power generation license from government. 20-year PPA with DISSUR-DISNORTE

- **MIGA cover:**
  - $18m
  - 20 years
  - 2012



- Guarantee holder
- Project enterprise
- Obligor

Selected Project Examples by Region

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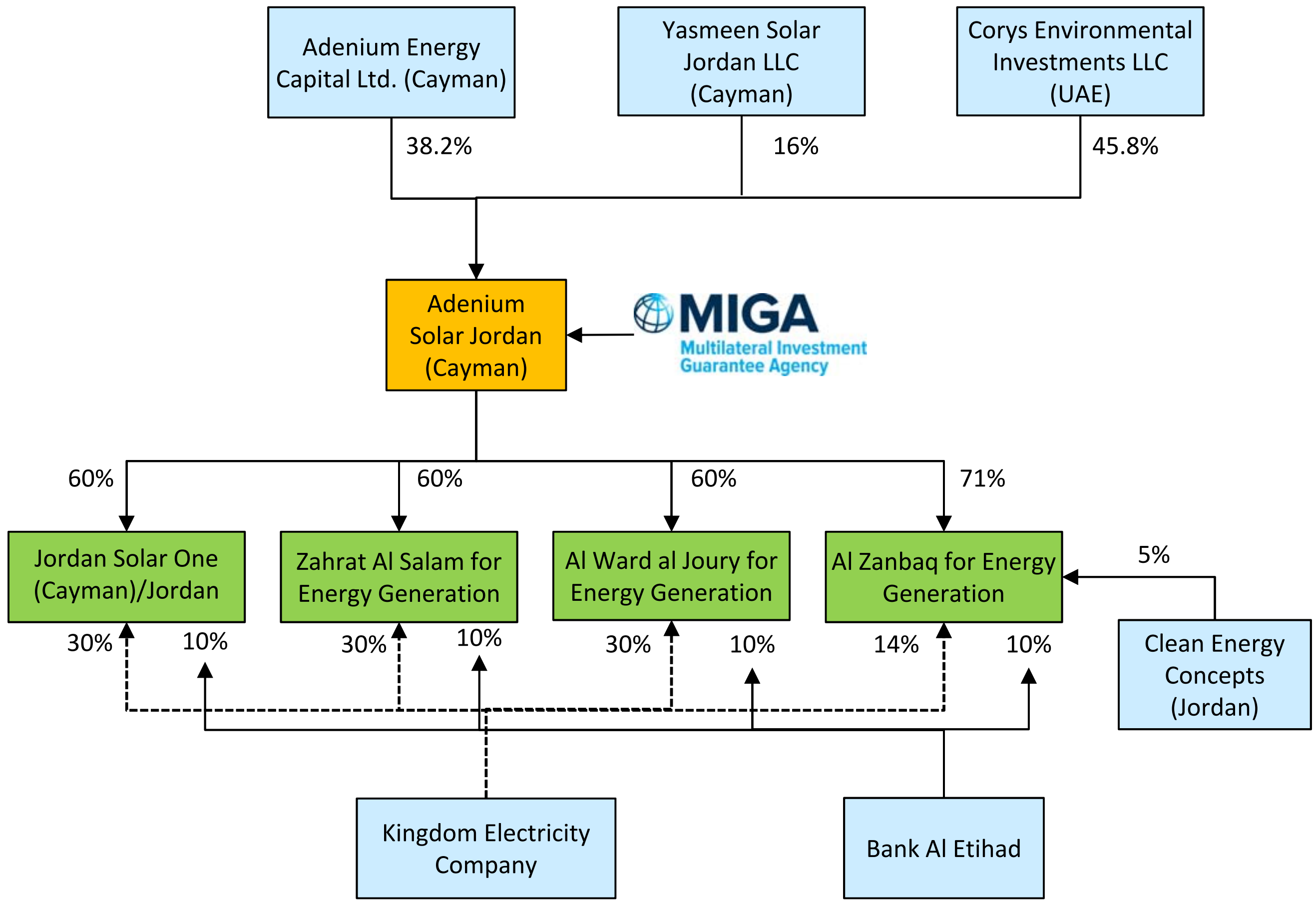
Political Risk Insurance – Expropriation, Transfer Restriction, War and Civil Disturbance, Breach of Contract

Adenium Solar, Jordan

- **Project:** Development, construction, and operation of four photovoltaic power plants
- 20-year PPA with National Electric Power Company (NEPCO), Jordan SOE
- **MIGA cover:**
  - $16m
  - 20 years
  - 2015



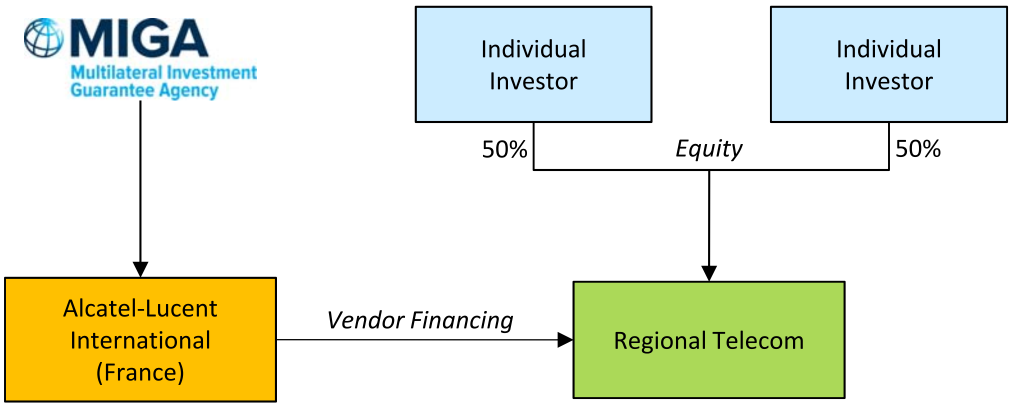
Guarantee holder
Project enterprise
Obligor

Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, War and Civil Disturbance

Regional Telecom, Iraq

- **Project:** Creation and expansion of Regional Telecom, high-speed broadband and mobile internet service provider in Iraq, financed by Alcatel-Lucent International through a vendor financing facility

- **MIGA cover:**
  - $11m
  - 3 years
  - 2013



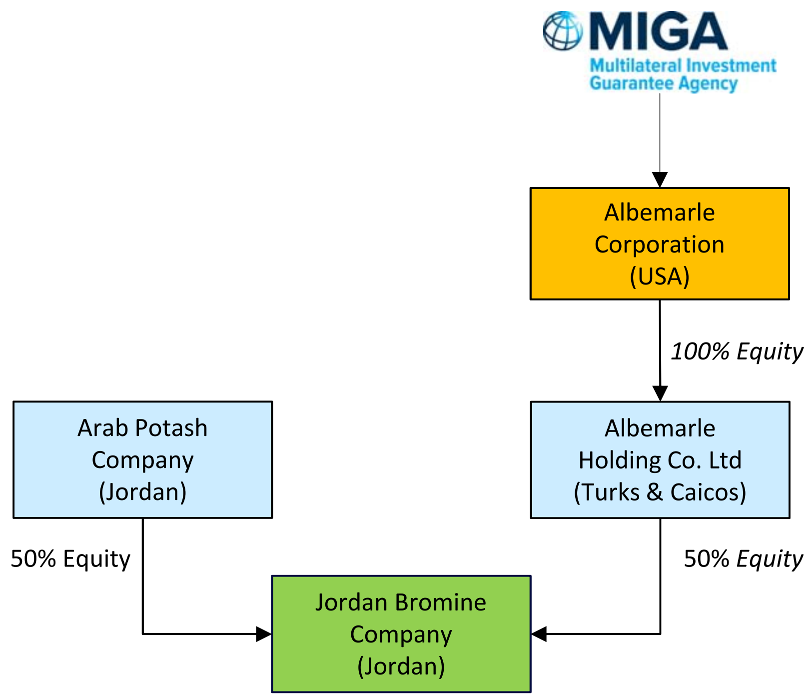
- Guarantee holder
- Project enterprise

Political Risk Insurance – Expropriation, War and Civil Disturbance Covers

Albemarle and Arab Potash Company, Jordan

- **Project:** Expansion and operation of active industrial salt manufacturing plants in Jordan

- **MIGA cover**:
  - $200m
  - 15 years
  - 2012



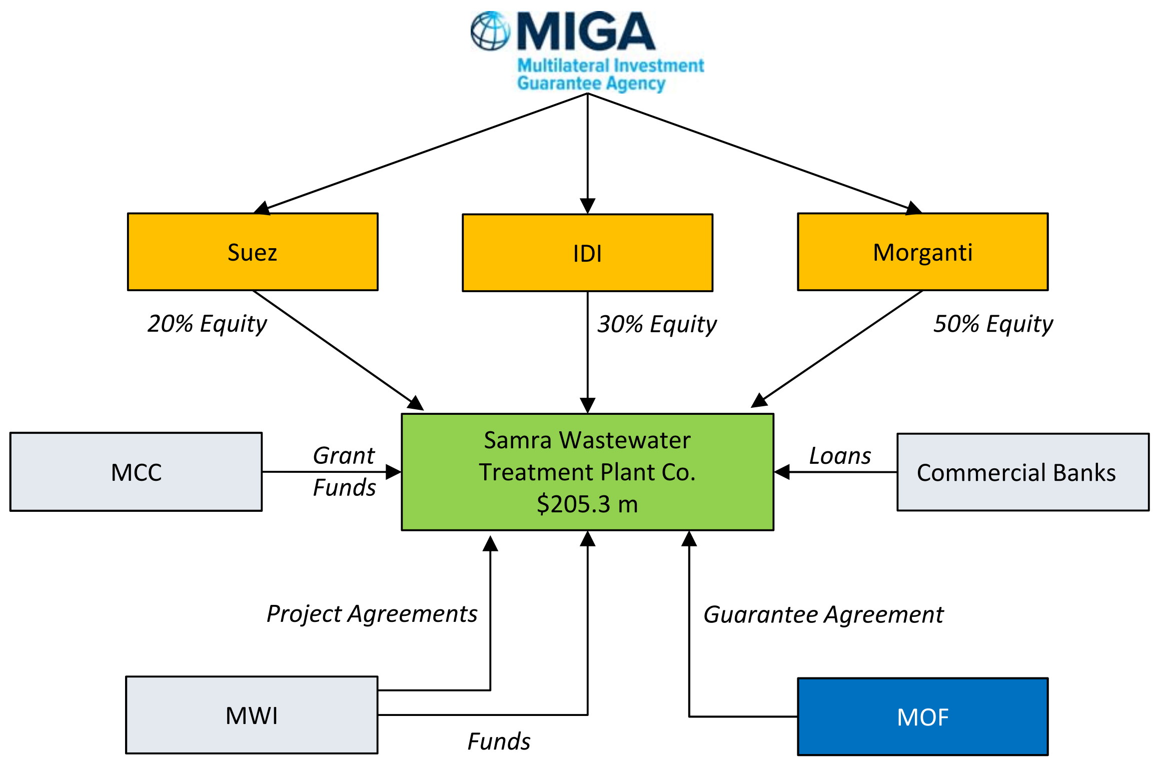
Guarantee holder

Project enterprise

Political Risk Insurance – Breach of Contract Cover

AS Samra Wastewater Treatment Expansion Project, Jordan

- **Project:** Expansion of existing wastewater treatment plant at AS-Samra, by Samra Wastewater Treatment Plant Company
- **MIGA cover:**
  - $13m
  - 20 years
  - 2013



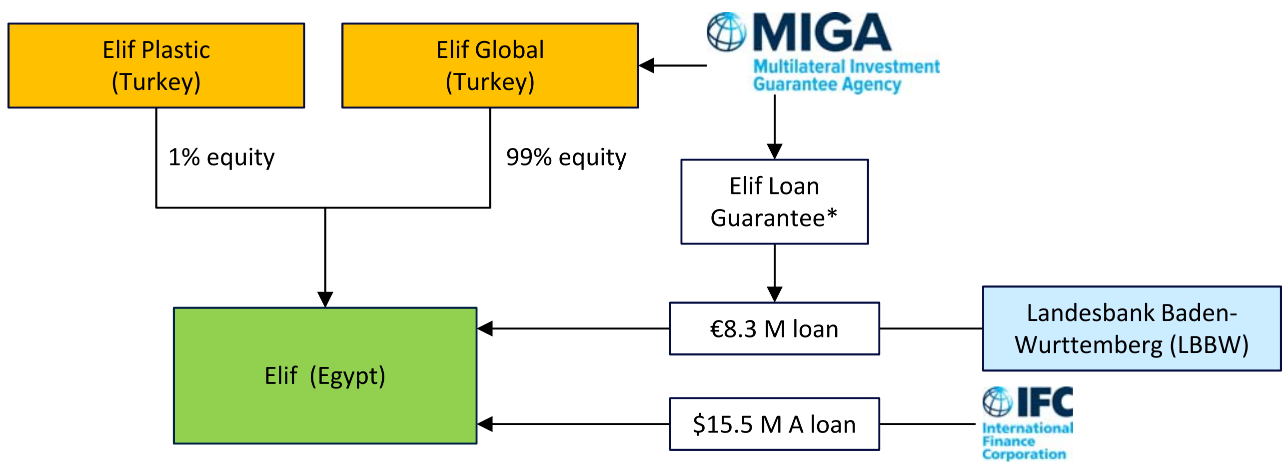
- Guarantee holder
- Project enterprise
- Obligor

Political Risk Insurance – Supporting Private Investment During Political Instability

Elif Global Packaging S.A.E, Egypt

❖ **Project:** New packaging plant with initial annual production capacity of 15,000 tons of plastic packaging

❖ **MIGA cover:**
- $26m
- 15 years (equity); 10 years (loan guarantee)
- June 2014
- Expropriation, Transfer Restriction, War and Civil Disturbance



**Elif Plastik will guarantee the LBBW loan*
Elif Plastik and Elif Global have jointly guaranteed the IFC loan

Guarantee holder
Project enterprise

Selected Project Examples by Region

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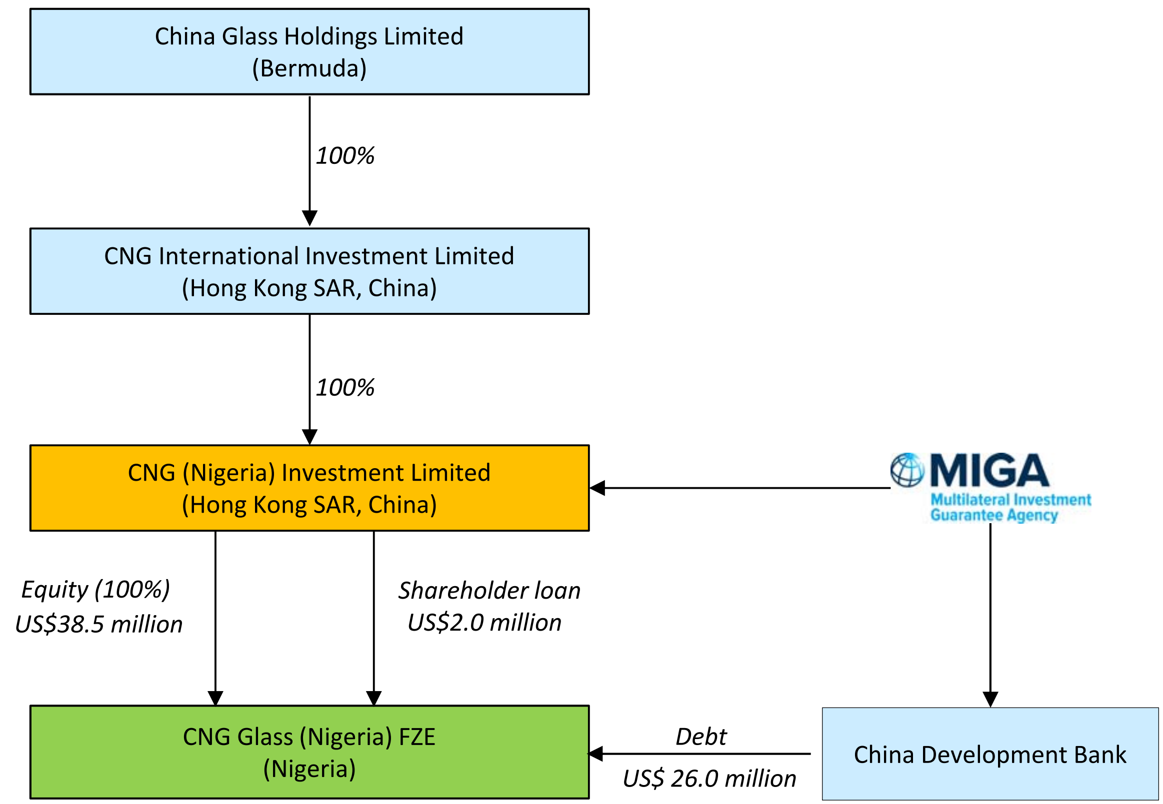
Political Risk Insurance – Manufacturing in Nigeria

Diversifies growth in a non-oil sector & and reduces import of float glass

China Glass, Nigeria

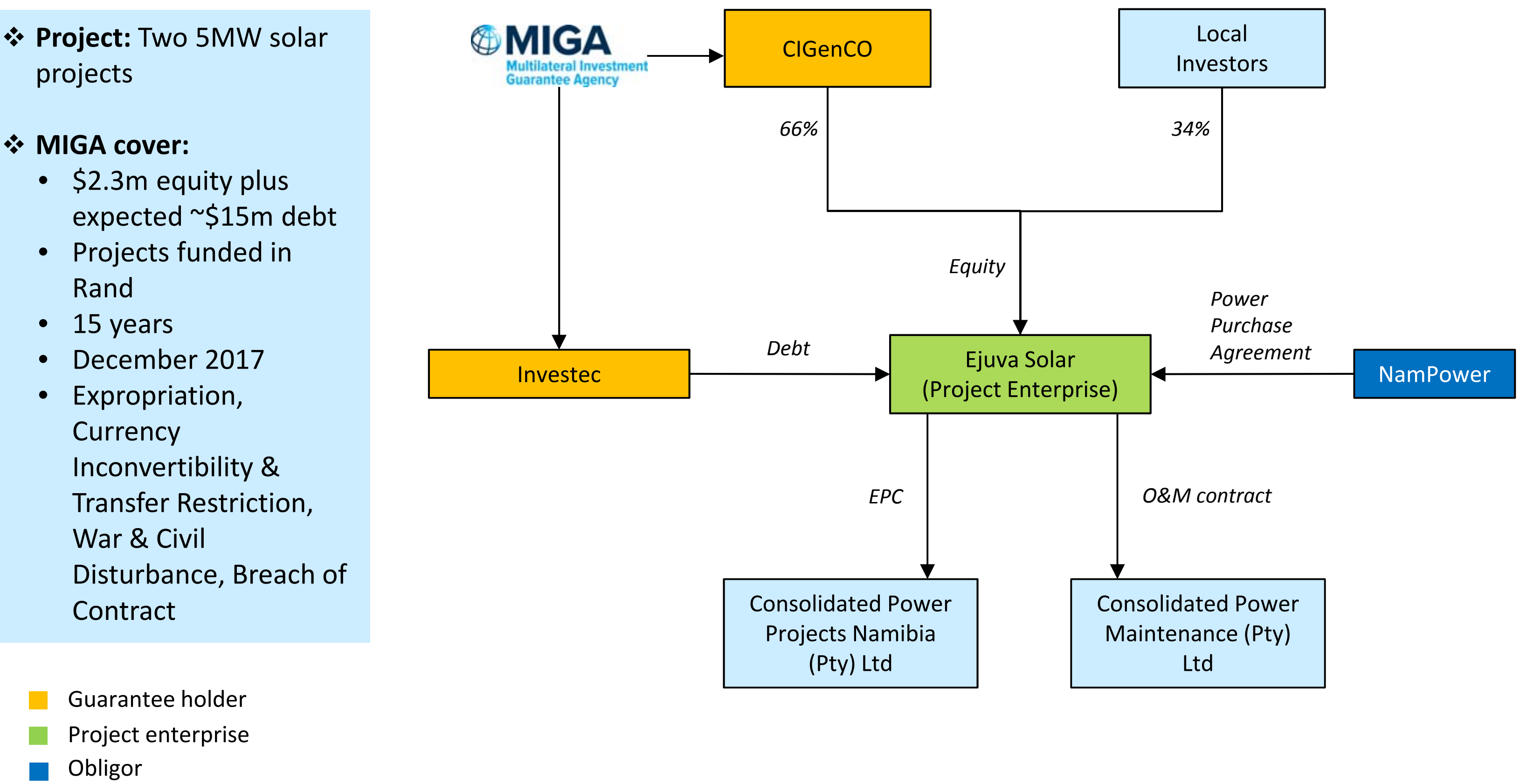
- **Project:** Design, construction and operation of float glass manufacturing plant - 500 ton per day capacity.
- **MIGA cover:**
  - $71.8m (shareholder & non-shareholder loans plus equity)
  - 5 and 10 year tenors
  - December 2017 & May 2018
  - Expropriation, Currency Inconvertibility & Transfer Restriction, War & Civil Disturbance



Guarantee holder
Project enterprise

Political Risk Insurance – MIGA's First Project in Namibia
Part of Namibia's First Renewable Feed-In Tariff Program
Ejuva Solar, Namibia

- **Project:** Two 5MW solar projects
- **MIGA cover:**
  - $2.3m equity plus expected ~$15m debt
  - Projects funded in Rand
  - 15 years
  - December 2017
  - Expropriation, Currency Inconvertibility & Transfer Restriction, War & Civil Disturbance, Breach of Contract

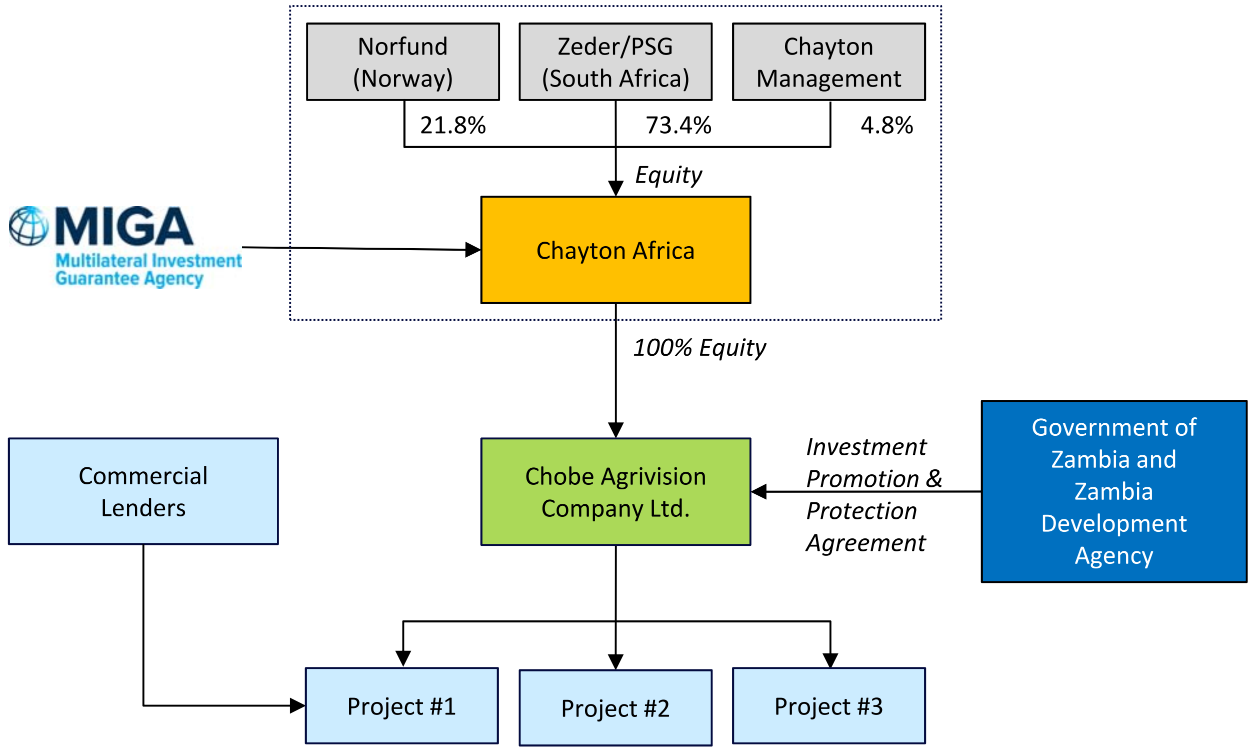


Master Contract for Private Equity Investments – Expropriation, Transfer Restriction, War and Civil Disturbance, Breach of Contract

Chayton Africa, Zambia

❖ **Project:** 3-year master contract leading to 3 specific investment projects (farming wheat, maize, soy, and barley)

❖ **MIGA cover**:
- $50m
- 15 years for specific projects
- 2010

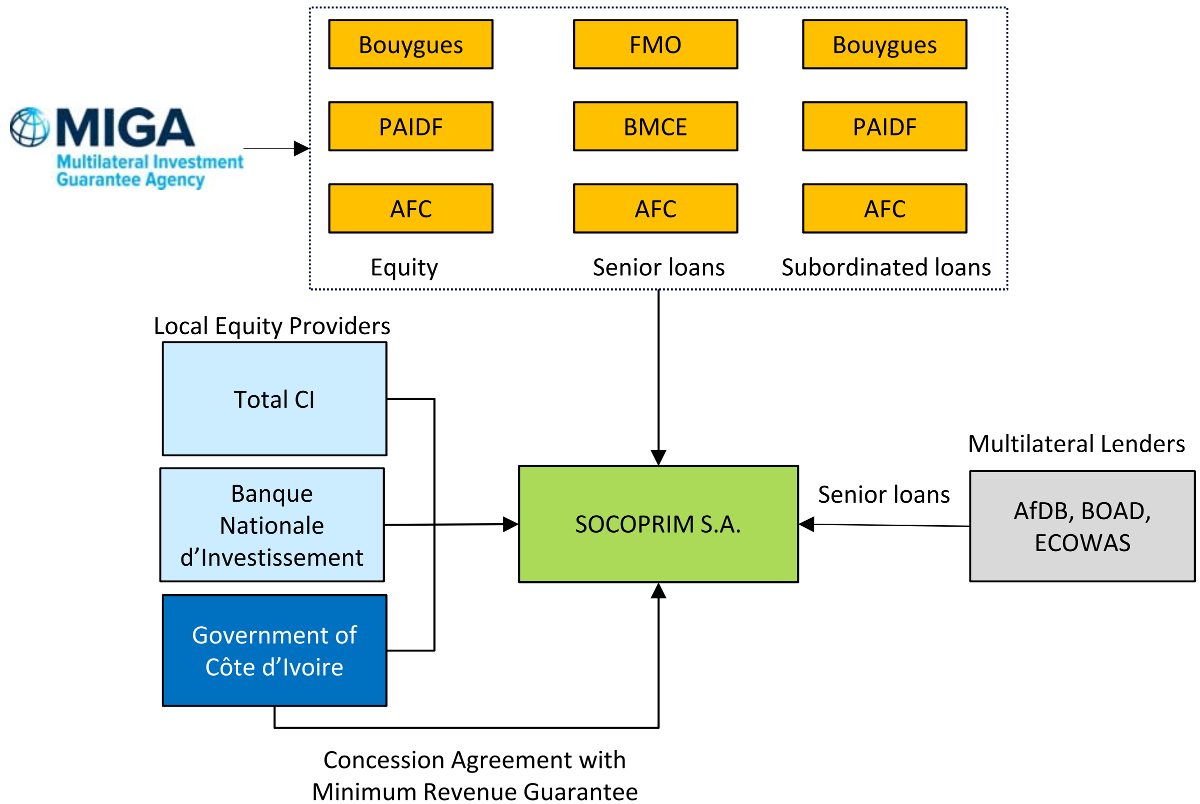


- Guarantee holder
- Project enterprise
- Obligor

Political Risk Insurance – Expropriation, Currency Inconvertibility and Transfer Restriction, War and Civil Disturbance, Breach of Contract

Henri Konan Bédié Bridge, Abidjan, Côte d'Ivoire

- **Project:** Design, construction, and operation of toll bridge in Abidjan
- First PPP in Côte d'Ivoire since civil war and one of the first in West Africa
- **MIGA cover:**
  - All private sector participants in transaction on their equity and subordinated loans
  - $145m
  - 10-15 years
  - 2012



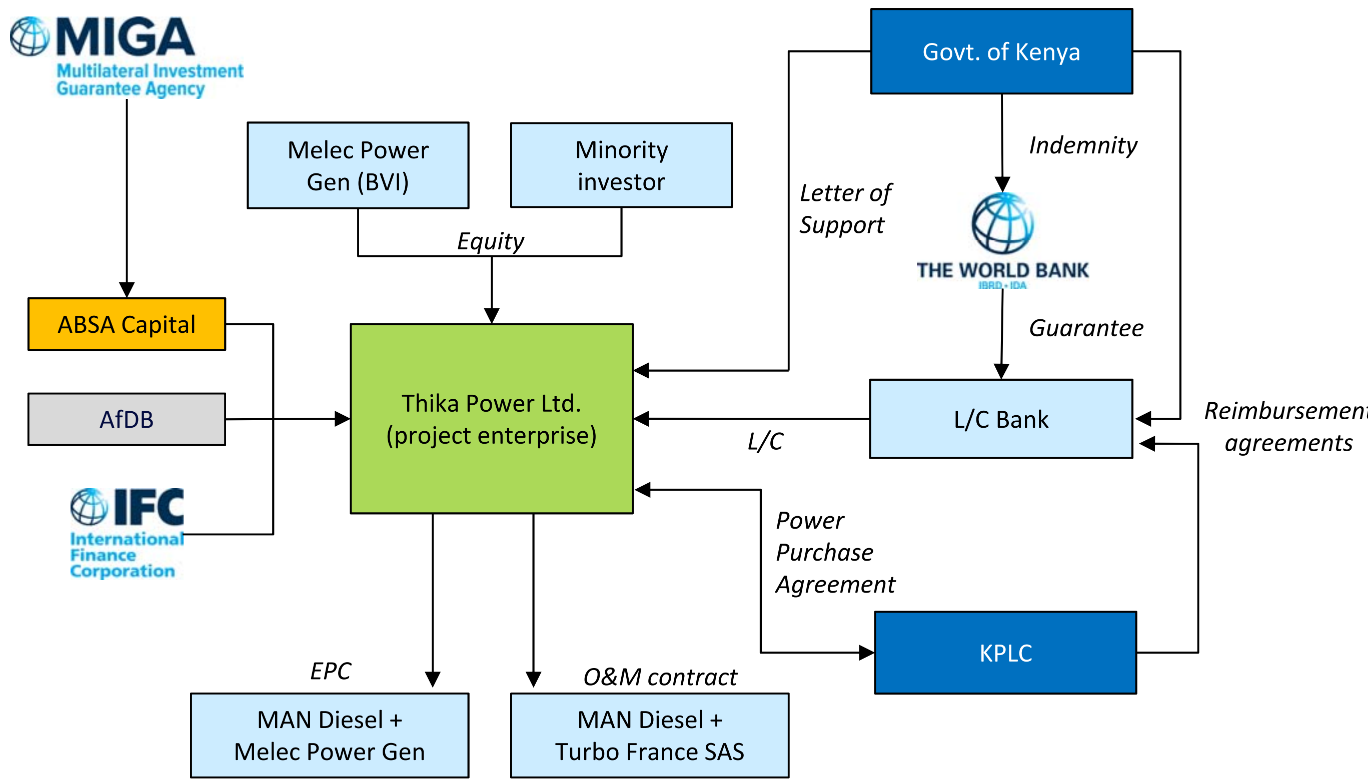
- Guarantee holder
- Project enterprise
- Obligor

PAIDF = Pan African Infrastructure Development Fund
AFC = Africa Finance Corporation
FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
BMCE = BMCE Bank International Plc

Political Risk Insurance – Breach of Contract

Thika Power, Kenya

- **Project:** Construction of heavy fuel-oil plant near Nairobi (87 MW)
- 20-year power purchase agreement with Kenya Power and Lighting Co.
- **MIGA cover:**
  - $62m
  - 15 years
  - 2012

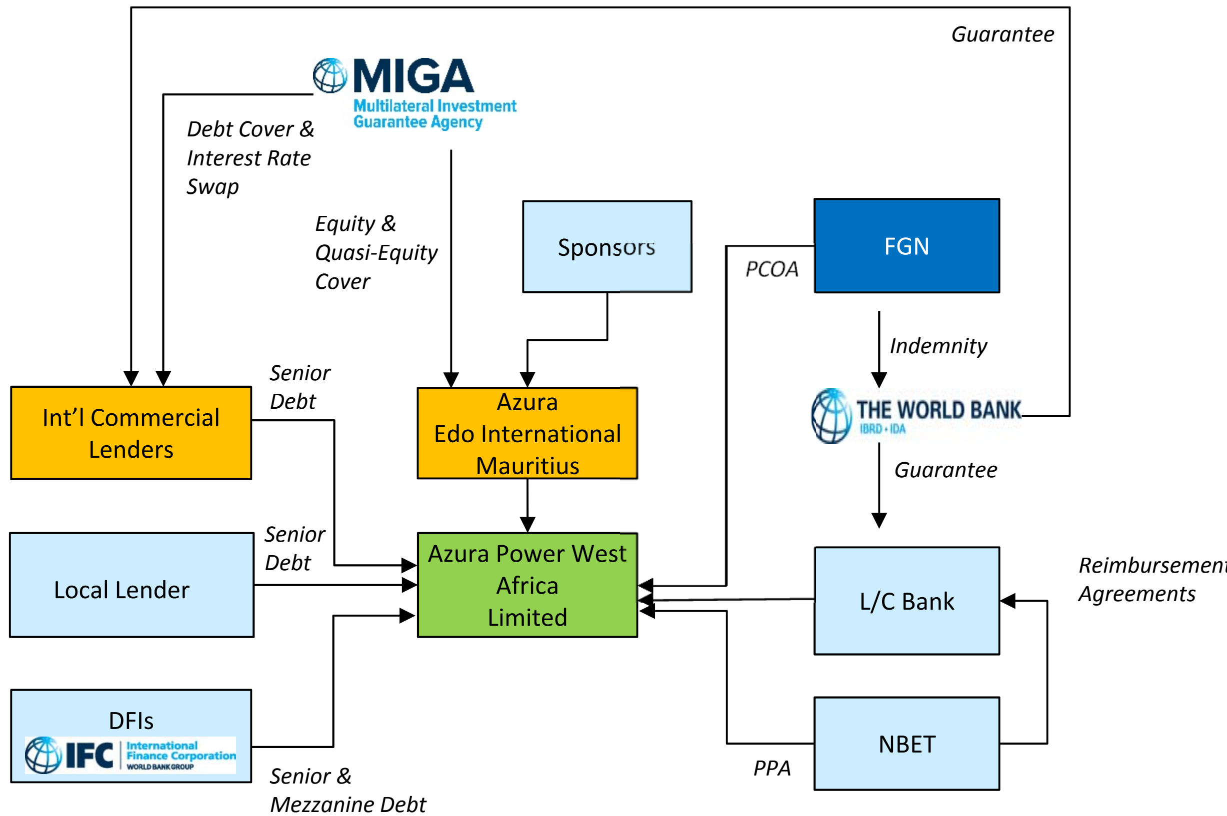


- Guarantee holder
- Project enterprise
- Obligor

Political Risk Insurance – Expropriation, Transfer and Convertibility, War and Civil Disturbance, Breach of Contract Cover

Azura IPP, Nigeria

- **Project:** 459 MW open-cycle gas power plant
- **Sponsors:** Amaya Capital; American Capital Energy & Infrastructure; Aldwych Azura; African Infrastructure Investment Fund 2 Power; Asset & Resource Management
- **Covered Lenders:** Siemens Bank, London Branch; KfW IPEX-Bank; FirstRand Bank (acting through Rand Merchant Bank); Standard Bank of South Africa
- 20 year PPA with Nigerian Bulk Electricity Trader backed by a Put/Call Option (PCOA) Agreement with FGN
- **MIGA cover** for equity, commercial debt, and hedging instruments
  - $492m
  - 12-15 years
  - Dec. 2015



- Guarantee holder
- Project enterprise
- Obligor

Award-Winning Projects
Guaranteed by MIGA

Best African ECA Finance Deal of the Year 2016
OCTP, Ghana
Deal of the Year 2014
São Paulo Sustainable Transport, Brazil
Deal of the Year 2013
Cambambe Hydropower, Angola
Americas Deal of the Year 2013
Panama Metro Line One
Asia- Pacific Deal of the Year 2012
Ashuganj Power Station, Bangladesh
Deal of the Year 2012
Passenger-Car Ferry TANIT, Tunisia
Deal of the Year 2012
Istanbul Metro

Best Deals of the Year 2015
Oyu Tolgoi, Mongolia

Deal of the Year 2015
Senegal Swap 2

Multi-Sourced Financing 2015
Azura-Edo, Nigeria
Best Asia-Pacific Deals of the Year 2015
Mira Power Ltd. (Gulpur Hydro), Pakistan
Power Deal of the Year 2012
Azito Thermal Power Plant & Expansion, Côte d'Ivoire

Best Infrastructure Financing: Central America 2015
Corredor Turistico, Honduras

Turkish Deal of the Year 2016
Elazig Hospital, Turkey
African Transport Deal of the Year 2012
Henri Konan Bedié Bridge, Côte d'Ivoire

Beyond Business Awards 2012
Chayton Atlas Investments, Zambia

Oil and Gas Deal of the Year
OCTP, Ghana
Deal of the Year 2016
Elazig Hospital , Turkey
African Power Deal of the Year 2012
Azito Thermal Power Plant & Expansion, Côte d'Ivoire

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INSURING INVESTMENTS ■ ENSURING OPPORTUNITIES

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