



**MIGA**

**Multilateral Investment  
Guarantee Agency**

WORLD BANK GROUP

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# Political Risk Insurance & Credit Enhancement Solutions

BUSINESS DEVELOPMENT SEMINAR:  
Angola & Mozambique

March 31, 2022

# World Bank Group

Shared Twin Goals: Eliminate Extreme Poverty and Boost Shared Prosperity

## WORLD BANK GROUP



### Public Sector Focus

## IBRD

International Bank for Reconstruction and Development

*Est. 1945*

Financing for middle-income and creditworthy low-income countries

Technical assistance

Policy advice

Support countries' economic and institutional development

## IDA

International Development Association

*Est. 1960*

Financing for the world's poorest countries

Technical assistance

Policy advice

### Private Sector Focus

## IFC

International Finance Corporation

*Est. 1956*

Investment (Equity/Debt)

Advisory Services

Encourage private sector development

## MIGA

Multilateral Investment Guarantee Agency

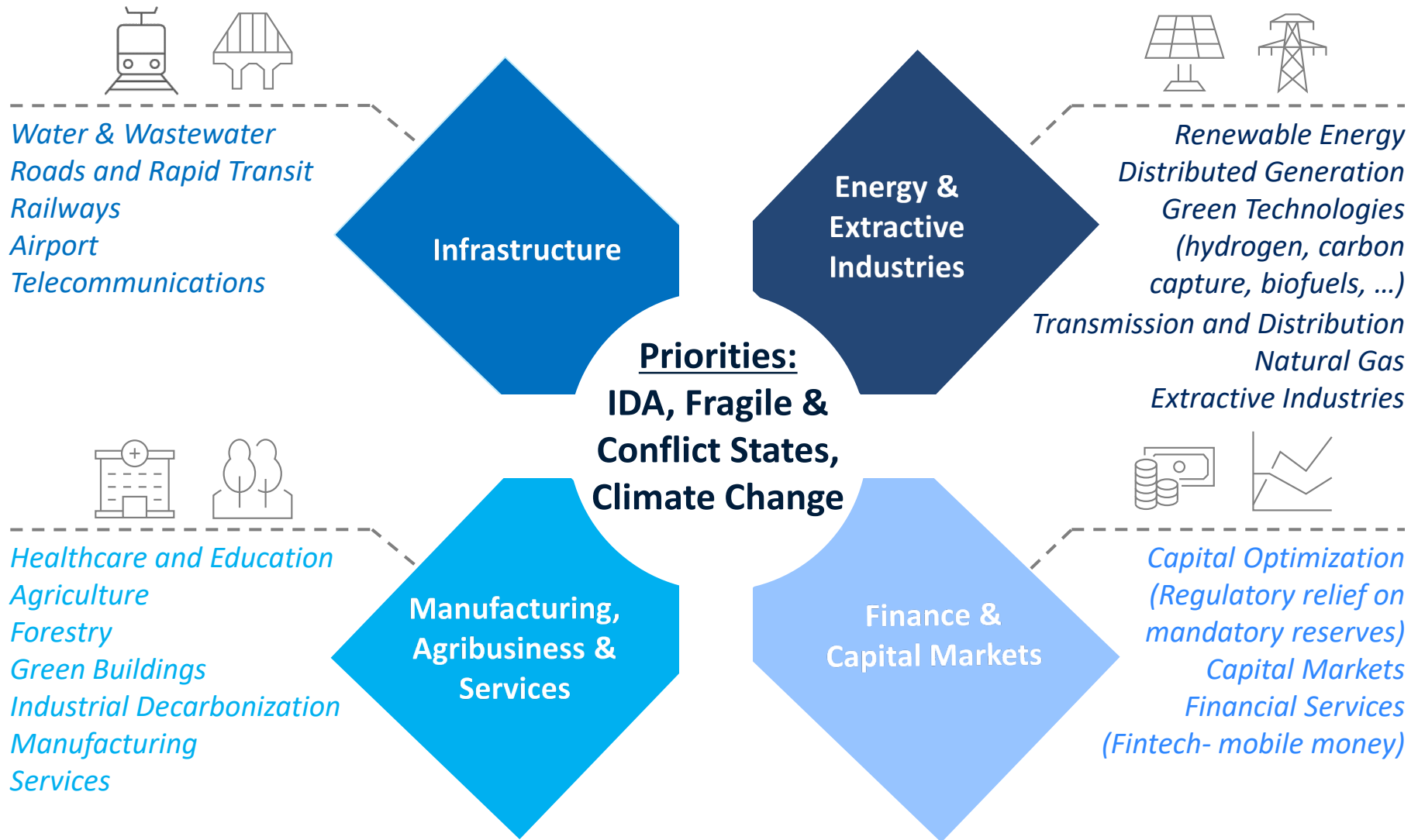
*Est. 1988*

Political Risk Insurance

Credit Enhancement

Promote foreign direct investment

# MIGA's Sectors and Priority Areas



## Political Risk Insurance Solutions for Private Investors and Lenders *(project & corporate finance)*

### Currency Inconvertibility and Transfer Restriction

- ➔ *Inability to convert or transfer dividends or loan payments due to FX restrictions*

### Expropriation

- ➔ *Government nationalizes or otherwise makes it impossible to operate the project through discriminatory measures*

### War and Civil Disturbance

- ➔ *Destruction or interruption of business due to political violence (incl. sabotage and terrorism)*

### Breach of Contract

- ➔ *Failure of government to honor obligations under contractual agreements and subsequent failure to honor arbitral award*

## Credit Enhancement Solutions for Commercial Lenders *(public finance)*

### Non-Honoring of Financial Obligations

- ➔ *Sovereign*
- ➔ *Sub-sovereign*
- ➔ *State-owned Enterprise*

- **Investment:** Applicable for debt-like instruments
- **Transaction type:** Structured/ Export Finance transactions. Borrower's payment obligation is unconditional and irrevocable. Not appropriate for non-recourse project finance
- **Eligible borrowers/guarantors:** Sovereigns, sub-sovereigns and state-owned enterprises with credit ratings of BB- and above
- **Risk:** 95% coverage of principal and interest against losses resulting from non-payment
- **Project:** Must support an underlying investment project with measurable developmental benefits and in some circumstances liquidity needs

#### Key Parameters

- 95% coverage for debt, 90% for equity
- Broad range of cover sizes (e.g., Afghanistan – US\$1m, Djibouti – US\$92m, Uzbekistan – US\$708m, Oman – US\$1,700m)
- Tenors up to 20 years

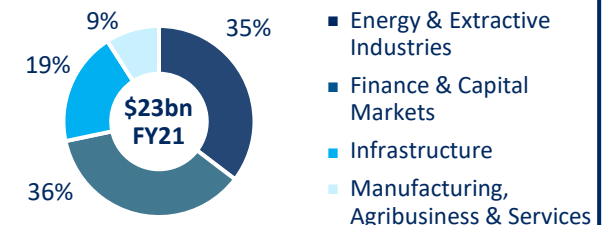
#### Pre-Claim Management & Compensation Track Record

- World Bank Group “Umbrella”; Host Countries are represented at MIGA’s Board of Directors
- As “Honest Broker” MIGA can facilitate amicable resolution of disputes with confidential discussions among stakeholders

~950 Projects supported since inception → 150+ Pre-claims managed → 10 Claims paid

#### Portfolio Overview

- \$23bn outstanding gross exposure
- \$5.2bn new guarantee issuance in FY21





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